Onward Homes Limited

Annual Report and Financial Statements for the year ended 31 March 2026

FCA Registration number 17186R

RSH Registration number LH0250

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Annual Report and Financial Statements

BOARD AND ADVISORS

Members of the Board

Non-Executive Directors

Tim Johnston (Chairman)

Dena Burgher

Diana Hampson

Karl Tupling

Katherine Jones

Kieran Keane

Tina Kokkinos

Executive Directors

Bronwen Rapley, Chief Executive

(resigned 31 January 2026)

Alexander Livingstone, Chief Executive (appointed Chief Executive 1 February 2026 have previously held the position as Executive Director of Growth)

Danielle James, Executive Director (Finance)

Matthew Saye, Executive Director (Operations) (resigned 15 April 2025)

Company Secretary

Sara Byrne

Principal Banker

NatWest Group PLC
1 Hardman Boulevard,
Manchester, M3 3AQ

Principal Solicitors

Devonshires Solicitors LLP

3 South Brook Street, Aire Park, Leeds,
LS10 1FR

Trowers & Hamlins LLP

55 Princess Street, Manchester M2 4EW

External Auditor

RSM UK Audit LLP

Landmark, St Peter's Square, 1 Oxford Street, Manchester, M1 4PB

Internal Auditor

Menzies LLP (formally Beever and Struthers)

One Express, 1 George Leigh Street, Ancoats, Manchester, M4 5DL

STRATEGIC REPORT

Introduction

The Board presents the Strategic Report containing the operating and financial review for the year ended 31 March 2026.

Overview and background

Onward Homes Limited was formed in September 1965 as a Housing Association based in Merseyside. It is a subsidiary of Onward Group Limited (the "Group"). Over the years the Association has grown by developing homes and by acquiring homes from other housing associations. It now operates across the Northwest and fulfils its charitable objectives by offering a large portfolio of affordable rented homes for those in housing need, low-cost home ownership products and associated services.

Onward (the "Group") is one of the largest housing and regeneration organisations operating in the Northwest of England. Our vision and corporate objectives reflect the priorities, needs and aspirations of our customers.

Our Strategy

Our focus continues to be to adapt and evolve the business so that we continue to deliver our Corporate Plan that we have called 'The Onward Difference'.

The Onward Difference is the positive difference we will make by enabling people and communities to be their best. Onward will do this by providing homes that our customers love, in places they are proud of and by working with partners to go beyond housing and invent new ways to do more.

We have defined the following objectives to support delivery of the Onward Difference:

1. **Enabling** – We aim to support people and communities to fulfil their aspirations and potential, by giving them choice, control and responsibility
2. **Technology** – We will use modern technology and better data to find new ways for our customers to have the best possible experience of living in our homes
3. **Environment** – We will become a leading environmentally friendly landlord, providing warm, safe and affordable housing
4. **Listening** – We will be a listening landlord, that leaves our customers delighted
5. **Colleagues** – We will be an employer people love working for and colleagues are proud of

As an organisation we have embedded our values which underpin our vision:

1. **Creative** in our approach and ambition
2. **Excellent** at delivering meaningful services
3. **Respectful** to our customer and each other

The focus of this financial year has been evolving our business so that we can continue to invest in our homes and services for our customers and create a solid foundation to deliver the Corporate Plan.

We are doing this through the continuation of our Evolution Programme with the focus on:

1. **Portfolio management**: providing homes that are affordable and meet the needs of our customers
2. **Customers and communities**: delivering improved services based on customer feedback and data
3. **Solid foundations**: ensuring we are financially resilient and have robust processes in place
4. **People and culture**: nurturing our home-grown talent and developing skills for the future
5. **Systems for our Future:** facilitated by a new housing management system and rationalising the number of systems in use, using data to drive decisions and being open to the opportunities of AI and robotic process automation

Legal structure

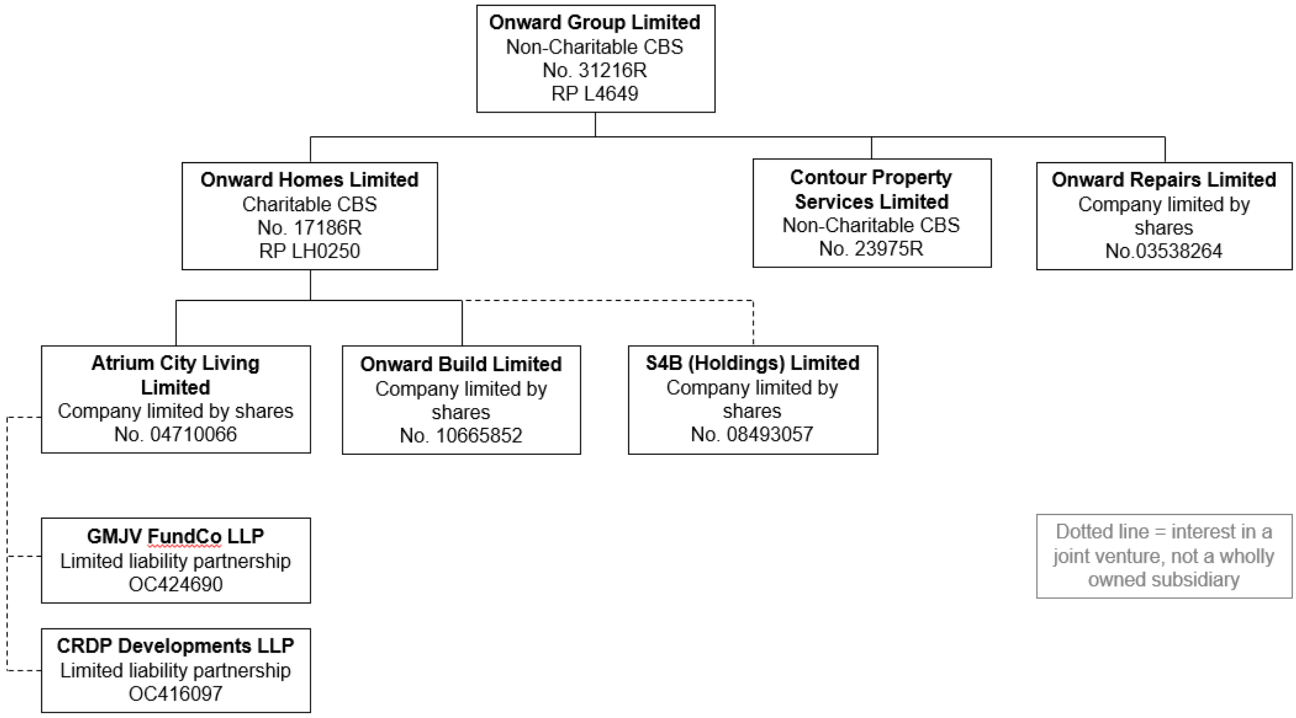
Onward Homes Limited is a wholly owned subsidiary of Onward Group and is the largest and only charitable subsidiary in the Group owning around 30,000 social and affordable homes. Onward Homes delivers the majority of services to customers. Onward Homes holds an interest in joint venture S4B Limited which delivers the PFI contract for Manchester City Council in the Brunswick area of the city and delivers the housing management contract.

Atrium City Living Limited

A wholly owned subsidiary of Onward Homes Limited and acts as a delivery vehicle for development investment via Joint Venture partners. Atrium holds an investment with the Greater Manchester Joint Venture (GMJV).

Onward Build Limited

A wholly owned subsidiary of Onward Homes and is a development company which delivers development services to Onward Homes as well as building units for outright sale. Onward Build has been selected to deliver the Group's flagship development schemes at Basford East and Helsby. These schemes will deliver over 350 new homes for affordable rent, shared ownership and rent to buy.



The Group is governed by a common board which acts as the board for Onward Group and Onward Homes. It has responsibility for Group oversight and ensuring consistency of strategy, service and compliance.

Financial review

The 2026 financial performance reports a surplus before tax for the year of £21.2m (2025: £14.2m), 10.1% as a percentage of turnover (2025: 7.2%). Underlying trading is strong, supported by a slow-down in volume of repairs which is a sector wide trend and further mitigated by improved efficiency and reduced cost from our continued in-sourcing of maintenance and environmental services. There have been challenges specifically relating to cost pressures on disrepair which continue to be an issue and the impact of Awaab's Law was felt towards the end of the year where we saw a significant increase in damp and mould cases.

Financial review (continued)

Overall turnover increased to £209.8m in 2026 (2025: £197.7m). The operating surplus increased to £34.0m from £25.8m in the previous year. The balance sheet remains strong and healthy with an increasing net asset base due to the development of properties and growing reserves from operational surpluses achieved. Reserves have increased from £429.4m to £457.8m this year.

Net Interest less defined benefit assets and liabilities costs were £12.7m, £1.7m higher than the prior year (£11.2m) due to an increase in revolving credit facilities drawn and refinancing in the year. Total cash and short-term investments were £17.1m (2025: £15.8m). The movement in the cash position is a result of lending facilities ahead of anticipated development spend.

Proceeds from property sales totalled £12.1m due to a focus on strategic disposals through our portfolio management programme to ensure we are utilising our financial resources efficiently. Importantly, all surpluses continue to be reinvested into the business with the primary focus on investment in existing homes through capital expenditure and the building of as many new homes as possible.

Lender covenants are based on Onward Homes only as all external financing sits within the Association. The tightest lender covenant (which measures the extent to which the adjusted surplus covers interest payments) was 324% (2025: 314%). Gearing (which measures the level of indebtedness using the value for money metrics definition) is 35.3% (2025: 30.9%). Gearing has increased during the year as an additional net £84m of revolving bank funding has been utilised to support the development programme. These ratios remain comfortably within the levels permitted by funders' loan agreements and contribute to our Moody's A1 rating.

As part of the business planning process, Onward undertakes robust sensitivity and stress testing to assess the potential impact of different scenarios on covenants and other key financial metrics. These scenarios are developed with the Board to ensure a comprehensive range of risks is considered. The analysis demonstrates that, should adverse events arise, Onward retains significant control over its expenditure and has the flexibility to respond effectively, mitigating the risk of a covenant breach.
We are also continuing our data journey, using insight to inform long-term planning and ensure investment is focused where it will have the greatest impact which will help us target resources more effectively and efficiently.

The key future metrics as per our business plan are shown below and show a steady increase over the next five years as we recognise the impact of the savings identified from the Evolution Programme:

Finance Metrics	2026/27	2027/28	2028/29	2029/30	2030/31
Reinvestment %	**13.4%**	**15.4%**	**13.7%**	**12.7%**	**8.2%**
Gearing %	**37.5%**	**40.8%**	**42.4%**	**44.8%**	**46.6%**
EBITDA MRI interest cover	**33.3%**	**49.8%**	**44.0%**	**15.8%**	**79.2%**
Operating Margin % SHL Only	**16.4%**	**19.2%**	**20.3%**	**21.0%**	**21.8%**
Operating Margin % Overall	**12.2%**	**15.9%**	**16.2%**	**19.3%**	**20.0%**
ROCE %	**2.3%**	**3.3%**	**2.7%**	**2.8%**	**2.8%**

Operating review

Overview

It has been a positive year, with continued investment in repairs, maintenance and capital improvements to our homes. Demand for our repairs service stabilised with 91,498 repairs completed, a 2.8% decrease on the previous year. Despite this, investment in repairs and maintenance increased by 2.5% to £26.3m. We also invested £38.7m in capital improvements to our existing properties.

Operating review (continued)

Although we have seen a sector wide slowdown in repairs volumes, the implementation of Awaab's Law has driven an increase in damp and mould cases. In response, we have established an in-house damp and mould team to manage demand, reduce reliance on external contractors and strengthen operational capacity. This year, we also brought gas servicing in-house across Greater Manchester and Merseyside, improving control over service delivery at a time of rising external contractor costs. This supports better value for money through improved operational efficiency, while also providing an improved service for our customers. Building safety continues to be a top priority.

We have continued to see a challenging operating environment and financial backdrop for the sector, which once again has impacted on some of our financial metrics and the cost of living continues to challenge our customers. To help address this, Onward's corporate plan focuses on improving customer services, increasing efficiency through technology, and introducing new ways of working and delivery through the Evolution Programme.

Disrepair continues to be an area of focus, and we saw a decrease in new disrepair cases this year to 344 (2025: 465). A cross functional working group meets monthly to look at ways of improving customer service, focussing on resolving aged cases and mitigating escalation where possible. We are also using data analysis to support our understanding of emerging trends and where to focus our resources.

Onward also continues to invest in its development programme and have delivered 489 new homes (355 through the development programme, 134 from a stock transfer from Auxesia). We have spent £97m on maintaining and improving our existing homes to directly benefit our customers. We are also actively managing our stock and potential investment through a portfolio management programme to ensure we are using our resources wisely. This has enabling Onward to release funds to use in our future development plans where appropriate through a balanced strategic disposal programme.

We invested £8m to retrofit our homes, completing 364 homes that are now EPC C, supported by the Social Housing Decarbonisation Fund. Our goal is to achieve an EPC C sustainability rating across all homes by 2030, and our business plan supports this. All new homes built this year achieved EPC B rating with some exceeding this.

Our money advice and customer accounts team continue to support customers who are experiencing financial difficulty, signposting available support where feasible. Alongside this, we have supported 3,922 customers to access £7.5m of additional income through tailored support and 1,667 job seekers to find new pathways into employment and training.

Performance

The Board provides the following details in relation to its key housing management and maintenance performance. These reflect the subset of the indicators that the Executive Team and Board review to ensure the group is achieving its objectives and strategies.

Empty Homes/Relets

Measure	2026	2025	2024	2023	2022	2021
Void Loss %	2.40%	2.67%	2.70%	2.26%	1.85%	2.36%
Average re-let (days)	36.6	47.9	75.5	48.5	63.2	59.6

One of the Group's key performance indicators is the amount of money lost when properties become empty and cannot be immediately re-let to tenants in need of homes. The Group aims to re-let properties as soon as possible after the previous resident leaves. However, sometimes this may not be possible because the property may require redecoration, refurbishment or improvements.

Operating review (continued)

This year, void loss improved from 2.67% in the previous year to 2.40%, and average re-let days dropped to 36.6 from 47.9, driven by a business initiative to improve the end-to-end management of empty homes and associated costs.

Our portfolio management programme continues to target wise investment by reviewing stock and selling non-viable properties to support growth and manage risk. Long-term voids are also assessed for reinvestment potential or disposal, balancing financial and asset risk. This year, we disposed of 50 empty properties compared to 23 in the previous year.

Income collection and arrears

Measure	2026	2025	2024	2023	2022	2021
Rent Collection %	100.1%	99.9%	97.4%	99.2%	99.8%	100.3%
Arrears - current residents %	4.4%	4.9%	5.2%	5.1%	5.0%	5.6%
Arrears - former residents %	1.7%	1.8%	1.6%	1.6%	1.5%	1.5%
Arrears - Total %	6.1%	6.7%	6.8%	6.7%	6.5%	7.1%

Rent collected and the volume of arrears is a key indicator of our ability to deliver core business. Our overall rent collection performance has increased to 100.1% (2025: 99.9%) and overall arrears have reduced to 6.1% from 6.7% in the previous year.

New technology and automation have been implemented to enhance customer service and efficiency. This year, we exceeded both our financial and customer targets, generating £7.5m of income for 3,922 customers against targets of £4m and 1,200 customers respectively. This represents an 81% increase in additional income secured for our customers compared with last year.

We know that our customers still face affordability challenges due to the cost-of-living crisis, a volatile economic environment, and rising energy prices affecting their incomes and are providing as much support as we can. This year we have created a hardship fund that will be used to support our most vulnerable customers and neighbourhoods.

Repairs

The average number of responsive repairs per property reduced to 3.18 (2025: 3.27), while the cost per property increased to £914 (2025: £895). During the year, 87.2% of responsive repairs were completed within target timescales (2025: 85.9%), against a target of 90.0%. Demand has begun to stabilise compared with previous years, and the overall reduction in volumes has reduced our reliance on external contractors. However, there remain areas of high demand where specialist contractors continue to be required. Following the implementation of Awaab's Law, demand for damp and mould works increased significantly in the second half of the year and will remain a key focus for resources going forward.

The in-sourcing of the repairs service across the Lancashire and Greater Manchester regions continues to deliver improvements with appointments made and kept 89% (2025: 87%); and repairs completed first time rising to 85.7% (2025: 81.7%)

Measure	2026	2025	2024	2023	2022	2021
Ave no. repairs per property	3.18	3.27	3.46	3.17	2.69	3.30
Repairs cost per property	£914	£895	£784	£613	£613	£480

Operating review (continued)

Development and reinvestment

Our investment commitment of £3.0m (£0.8m equity and £2.2m debt) in Hive Homes, which is a joint venture between ten Greater Manchester housing associations and the Greater Manchester Combined Authority, will deliver over 600 affordable homes for sale in Greater Manchester.

Onward are committed to building 5,000 new homes by 2030 and are on track to deliver this target. This year we delivered 489 homes (of which 134 were a stock transfer from Auxesia) and remain committed to ensuring that we retain sufficient capacity within our business plan to invest in new homes.

Onward Build is now in the process of developing c650 homes at mixed tenure schemes at sites in Basford and Helsby and the Basford scheme has delivered its first handovers this year.

Investing in and maintaining the standard of our existing homes remains our priority. Our Homes Standard will ensure that our customers' homes now, and in the future, will be maintained and improved to the standard they would expect. This year, we invested £25.1m in new kitchens, bathrooms, heating, roofing, windows and doors (2025: £28.2m). We are also continuing to retrofit our homes to meet the decarbonisation target requirement.

Principal risk and uncertainty

An effective risk management framework supports the delivery of The Onward Difference and the objectives we have defined to support the delivery of our Corporate Plan. Our risk management framework is an established methodology that supports the identification, assessment, management and reporting of the risks facing our organisation both at a strategic and operational level.

The Board has overall responsibility for risk management and for setting our risk appetite (the amount of risk we are willing to take to achieve our objectives). Board receives regular reports on the risks facing our business and considers risk at each meeting to ensure they have a comprehensive understanding of current and emerging risks.

The Board formally reviews our risk appetite each year, and considers our appetite regularly given the volatility in the environment we operate and challenges our risk appetite when making strategic decisions, to ensure that it reflects our organisation, our priorities and the challenges in our external environment. This is particularly important given the uncertainty in our operating environment and the wider macro-economic uncertainty which has impacted our customers, our business and the partners we work with.

The Audit & Risk Committee is responsible for the oversight of our risk management framework and for monitoring the effectiveness of our internal controls. Committee reports to Board at each meeting to ensure that Board has the assurance required with respect to our risk management, internal control and governance processes.

Internal Audit

Internal audit provide independent assurance with regards to the management of risk and operation of controls. During the year we worked with our internal audit partner, Menzies LLP (formally Beever and Struthers) to establish an internal audit programme, aligned to our strategic risk register to provide assurance with regards to internal control systems, processes and the management of our key risks.

Key Risks

The Board has identified the following key risks that it considers a potential threat to the achievement of our strategic objectives. These have been considered in line with the sector risk profile produced by the Regulator of Social Housing, the Consumer Standards and our operating environment:

Risk	Mitigation
<u>Complex and Volatile Political and Economic Environment</u> The environment in which we operate remains challenging and the pace and scale of legislative change allied to fiscal challenges, customer demand, media focus and the increasingly volatile and connected macro-economic environment increase the risk inherent in our decision making	We keep a watching brief on the challenges we face and regularly horizon scan for emerging risks, engaging our Board in discussions to consider the potential impact on our business. We model the impact of these risks on our business plan as part of our established stress testing regime and consider the effect on our wider organisation.
<u>Business Plan Capacity</u> Onward is financially robust, however, there is a risk that we are unable to deliver our business plan due to economic pressures, volatility in the macro-economic environment and the financial impact of increased legislation, allied to our stock profile which drives costs and increases risk aligned to the focus on meeting our environmental responsibilities.	We stress test our 30-year business plan using a range of scenarios to support planning and decision making. The scenarios cover a range of potential challenges, for example, increased costs, rent changes and a significant one-off cost which allow us to test potential break points in the plan and are set in conjunction with the Board In addition, the Board has set golden rules to ensure we remain financially resilient; these are reviewed regularly to ensure they remain relevant and are effective in holding us to account for our financial performance. Our strategic approach is underpinned by robust budget setting and monitoring arrangements and a range of KPIs that monitor performance and act as early warning indictors.
<u>Evolution and Change</u> Businesses regularly need to reassess their operations to ensure they reflect the environment in which they operate and external challenges. We are on an evolution journey implementing several key initiatives to ensure that we can improve services to our customers and set our organisation for future success.	We have procured a new housing management system and are on a journey to implementation and integration, allied to this we have brought a number of key services 'in-house' to ensure we can directly influence service delivery in the key areas of repairs and grounds maintenance recognising the importance of these areas for our customers. This enables us to have greater operational control over these services which will in turn deliver value for money and have delivered measurable improvements in the services delivered to our customers. We recognise that a period of change can be challenging for our colleagues and so we have established governance processes to monitor the delivery of our Evolution Programme and the impact on our colleagues.

Risk and uncertainty (continued)

Risk	Mitigation
Unable to Reduce Operating Costs The business is unable to reduce operating costs and improve margins in the face of macroeconomic, organisational and sector challenges to support long term sustainability with respect to spending on existing properties, compliance responsibilities, changing legislation and customer expectations.	We recognise the need to improve our operating margin to ensure that we can deliver sustainable improvements in service delivery and investment in properties, ensuring they are great homes for our customers that deliver our regulatory and legislative expectations. This requirement is recognised by Board, and this challenge is recognised in our budget and business planning decisions, underpinned by robust performance management and KPI reporting.
Property Condition and Portfolio Onward has a significant proportion of older properties within our portfolio which increases our risk in this area. Older properties drive repairs and maintenance costs, increase customer dissatisfaction and are more prone to damp and mould and claims relating to disrepair	We are reviewing our property portfolio to rebalance our asset risk with a targeted disposal programme, allied to this we deliver a rolling capital programme to maintain the condition of our homes. These initiatives ensure our properties reflect the needs of our customers, are safe, warm and efficient homes in areas of housing need. We are working with an external organisation to support our response to Awaab's Law, recognising the increased risk inherent in our property portfolio, to ensure our process reflects examples of best practice and assurance that procedures are embedded and operating effectively. Our decision to move our repairs service to an in-house delivery model is allowing us to deliver a more responsive, customer focussed service. The success we have had to date with in-sourcing is notable and underpins our broader initiatives.
Changing customer vulnerabilities and expectations and the ability to deliver to the required standards Providing a consistent quality service to our customers that considers equality and vulnerability and meets the requirements of the consumer standards and delivers customers' expectations is important to us.	We monitor the service we deliver to our customers using a range of performance indicators which are reported to management and Board. Areas of underperformance are discussed in detail and action plans established, in addition, we regularly ask our customers how they think we are performing and review our service delivery in response to feedback. We recognise that some of our customers are vulnerable and there is pressure on housing and we provide support to these customers to maintain tenancies and live well. To meet this need we have established a range of funded support mechanisms that are underpinned by our neighbourhood approach that sees our colleagues visible in our neighbourhoods, able to identify issues on a timely basis.

Risk and uncertainty (continued)

Risk	Mitigation
	In addition, we have targeted initiatives focussed on customers who may be having difficulties, to visit these customers in their homes. This approach has delivered significant success and in response to this we have been able to address unreported repairs and damp and mould. We also address safeguarding and hoarding concerns and support customers, where needed, to move to more suitable properties.
<u>Reputation</u> Interest in the condition of customers' homes, focus on damp, mould, condensation and complaints and the increasing focus on customer voice increases the risk that the reputation of the sector and individual organisations is compromised.	We continue to work hard to maintain the trust of our customers and our wider stakeholder group as we respond to challenges in our operating environment. Recognising the importance of working with our customers, we reviewed our approach to customer influence during 2025/26 which has resulted in a refreshed approach that creates a real partnership between customers and Onward. In addition, we have established an approach to wider stakeholder engagement which allows us to respond to political change at a local and national level that embeds an inclusive, partnership approach.
<u>Weight and Scale of Regulation</u> As a sector the burden of legislation remains significant with key legislation with respect to fire safety, property condition and environmental responsibilities increasing.	Whilst we do not yet know the specific details of each piece of emerging legislation, we have tested our processes in key areas such as damp and mould and have stress tested our business plan to ensure we can manage the impact of increased legislation and improved standards in key areas such as fire safety and property compliance and keep our customers safe in their homes.
<u>People, Culture and Engagement</u> We recognise that our people and the culture within our business are key to delivering our Corporate Plan objectives and delivering a high-quality service to our customers.	We run regular organisation-wide training to embed our culture and support the delivery of the Onward Difference. In addition, we survey colleagues to assess our culture and how well this is embedded within our business. This remains an area of focus as we deliver our Evolution Programme, and the changes needed to ensure our organisation can respond to future challenges.
<u>Development</u> Delivering our development aspirations allows our customers to live in modern, warm, bright, efficient homes in places they want to live. In addition, our development work supports the work we are doing to rebalance our portfolio reducing overall portfolio risk.	Onward is a Homes England Development Partner and delivers a programme of development to meet the needs of our customers and communities with an objective to deliver real place-based change. Delivering of the programme is overseen by Board who assess schemes for suitability and monitor completion of the development activity seeking assurance that financial, organisation and customer objectives are delivered.

Risk and uncertainty (continued)

Risk	Mitigation
Failure to recognise and support customer influence at a strategic level Failure to evidence that we involve our customers in strategic decisions, that we listen to their views and that we use the information we hold about them to plan service delivery both strategically and on a day to day basis is a risk facing all housing providers as we seek to work with our customers to respond to their service needs and embed the requirements of the consumer regulations	Recognising the increasing focus on customer voice and the importance of listening to our customers, allowing them to support and influence decisions about our services and the valued insight our customers provide we reviewed our approach to customer influence during 2025/26. The work we undertook in consultation with customers and colleagues has resulted in the refreshed approach which will allow Onward to work in partnership with customers to deliver change. We also engaged The Tenant Participation Advisory Service to critically review our processes and in response to this review we have made changes to ensure that we effectively hear the voice of our customers in our governance structure.
Significant Cyber Security Incident and Failure of IT Systems The risk of a cyber-attack which results in data and systems being compromised and impacts on the ability to deliver services and results in the loss of personal and business data is ever present in our operating environment.	We have embedded market leading controls to manage cyber risks and constantly monitor the threat environment. We recognise that this environment is complex and fast changing and we work with an external specialist organisation to ensure we can keep pace with this increasingly challenging risk area. Maintaining services in the event of a cyber-attack remains an area of focus as we consider the robustness of our business continuity arrangements, recognising the need to deliver services to our customers.
Supported Housing Legislation Changes Legislation in this area is under review and there is the potential for significant change, which given the high proportion of supported housing properties in our portfolio, may have a significant impact on our business.	Whilst we do not yet know the detail of any legislative changes we are keeping a watching brief on this area of potential emerging risk, recognising that as a service provider we have the opportunity to influence change at the highest levels within government.

Treasury objectives and strategy

The Association's treasury activities are managed in line with Group's Treasury Management Policy and Treasury Strategy, both of which are reviewed annually. Both the Policy and Strategy are approved by the Treasury & Finance Committee and Board.

The Treasury Strategy and Policy were last approved by the Treasury & Finance Committee in May 2026 and considers the following risks:

- Liquidity risk
- Counterparty credit risk
- Interest rate risk
- Legal and regulatory risk

Treasury objectives and strategy (continued)

- Operational risk

The Association regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities focus on the risk implications for the Association.

It also acknowledges that effective treasury management supports the achievement of Group objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

The Treasury Policy stipulates that liquidity must be at least 24 months per the Board's golden rule. This must be supported by a 24 month forecast as a basis for effective treasury planning. Forecasts from the financial plan approved in June 2026 show that undrawn loan facilities are sufficient to finance group activities until 2029.

This year, we undertook a refinancing exercise to optimise our funding structure and ensure sufficient liquidity to support the development programme in line with the approved Treasury Strategy.

Although the cost of funding has remained consistently high throughout the year, we successfully mitigated most of this impact by having a significant proportion of fixed rate debt. The Treasury Policy stipulates that fixed and floating rate loan exposures must be managed within the following limits:

Debt type	Minimum	Maximum
Fixed Rate	**60%**	90%
Floating Rate	**10%**	40%

As at 31 March 2026, 61.4% (2025: 66.2%) of borrowing was fixed via a combination of fixed rate bank loans and fixed rate capital market funds. Banking and bond interest has increased year on year to £17.5m (2025: £15.3m), primarily due to additional floating rate debt drawn through revolving credit facilities to support the progression of the development programme. On 22 April 2026, £130m of variable rate debt facilities were repaid using funds from the Group's refinancing exercise.

As part of that refinancing, the Group entered into SONIA interest rate swaps (Loan-Linked ISDAs) which economically convert a significant proportion of the remaining floating rate borrowings into fixed rate debt. Following completion of the refinancing and associated hedging arrangements, the percentage of debt subject to fixed rates increased to 85.3%.

As of 31st March 2026, the Association has borrowing facilities of £953.2m (2025: £857.3m) of which £543.2m has been drawn (2025: £458.3m). The available facility includes £355m (2024: £400m) of revolving credit facilities of which £172m were undrawn as of 31 March 2026 (2025: £314m).

The cash balance for the Group as of 31 March 2026 was £13.1m (2025: £15.8m), which includes the Onward Homes balance of £8.4m and has not fallen below the £10m group golden rule cash limit set by Board,

We are financed by a combination of retained reserves, long-term debt facilities and project-specific grants to part-fund the acquisition and development of new homes and have the financial capacity to repay debt in accordance with the repayment profile of the debt facilities.

Compliance with lender financial covenants is monitored continuously and reported to the Treasury & Finance Committee on a quarterly basis. The report for March 2026 confirmed that the Association was compliant with all

Treasury objectives and strategy (continued)

loan covenants, and that the approved financial plan demonstrates ongoing compliance with covenants and golden rules.

Loan agreements allow up to 8% of on lending across the entities within the Onward Group. The on-lending percentage compares the total value of the on-lending against the historic cost of housing properties excluding properties under construction. The Board have set a golden rule for on-lending at 6.8% as an early warning indicator and as of 31st March 2026 on-lending was 4.1%. This allows for an additional £41.4m of on lending if required. There were no breaches of loan covenant or Treasury Policy golden rules.

Corporate Governance

The Group Board is responsible for the leadership of our business, for setting our strategy, monitoring the delivery of the Corporate Plan, holding Executive Directors responsible for the performance of the organisation and ensuring that adequate levels of resource are available to deliver our objectives.

The Board has delegated day-to-day management to a group of Executive Directors. The Executive Team is led by the Chief Executive and has responsibility for making decisions in relation to strategic issues and other issues with group-wide implications, overseeing regulation and monitoring financial viability. The Executive Team meets on a regular basis and recommends policy and strategy decisions to the Board.

During last year the Board held 6 formal meetings and 2 strategy days. Attendance of members was as follows.

Board Member	Attendance
Tim Johnston (Chair)	75%
Tina Kokkinos	100%
Kate Jones	100%
Kieran Keane	100%
Karl Tupling	86%
Dena Burgher	75%
Diana Hampson	100%
Bronwen Rapley (resigned 31 January 2026)	100%
Danielle James	100%
Alexander Livingstone	100%

Board Committees

We operate the following committees to support the Board, providing detailed oversight of business operations. Each committee has responsibility delegated by the Board which is detailed in their terms of reference.

- Audit & Risk - oversight of audit and risk matters for the Group.
- Treasury & Finance – oversight and scrutiny of Group finance, performance and treasury strategy.
- Property & Development - oversight of portfolio management, landlord compliance and the development programme with some delegations to approve development schemes and land purchases.
- Governance & People – makes recommendations to the common Board on nomination, remuneration and governance matters in addition to ensuring the health and safety of our colleagues and monitoring the impact of key people strategies.

Corporate Governance (continued)

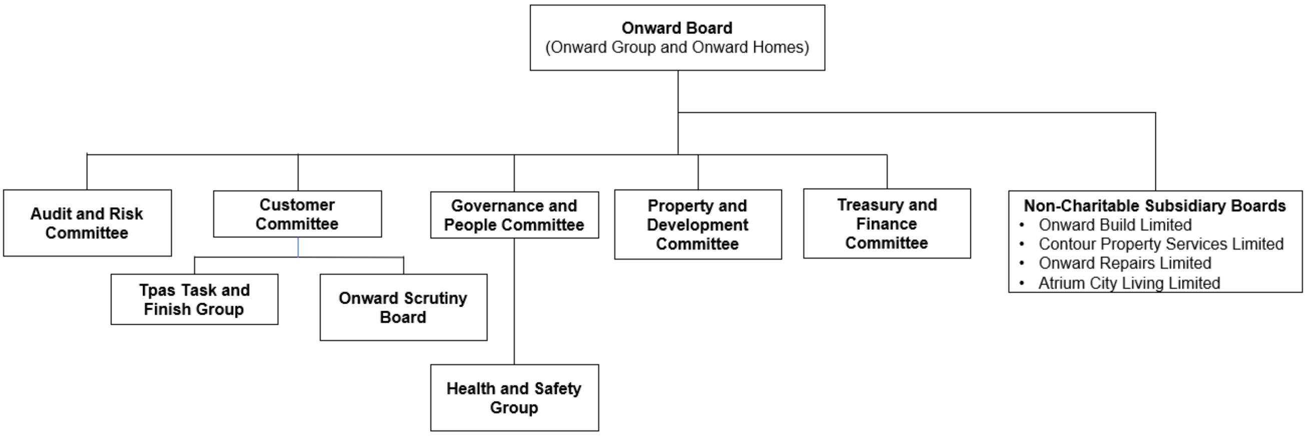
- Customer – oversight of customer engagement and customer voice and the quality of services delivered to our customers. This Committee receives a report at each meeting from Scrutiny Board with Scrutiny Board members attending each meeting to present their findings.

Each Committee reports to the Board at every meeting, with the Committee Chair providing updates on key decisions and matters discussed. Meeting minutes are also shared with the full Board for information.

During the year we established a Task and Finish Group, with membership drawn from our Board and our engaged customer community. The Group was established to support our response to a review of Customer Engagement completed by The Tenant Participation Advisory Service as support our wider aspirations to review customer engagement and hear the voice of our customers within the governance structure. The Group met monthly and the work of the Task and Finish Group was completed in the summer of 2026.

During the year, we commissioned our triennial governance effectiveness review to support our focus on good governance and continuous improvement. The review confirmed the robustness of our arrangements and identified areas of improvement. We will respond to the findings from the review during 2026/27.

Committee Structure



Committee Membership as of 31 March 2026

Committee	Members
Treasury & Finance Committee	Tina Kokkinos (Committee Chair) Tim Johnston Karl Tupling
Audit & Risk Committee	Kieran Keane (Committee Chair) Diana Hampson Kate Jones
Governance and People Committee	Kate Jones (Committee Chair) Dena Berger Tina Kokkinos Kieran Keane
Property and Development Committee	Dena Berger (Committee Chair) Diana Hampson Karl Tupling
Customer Committee	Karl Tupling (Committee Chair) Kate Jones Kieran Keane

Corporate Governance (continued)

The Board regularly reviews committee membership as part of our succession arrangements to ensure a balance of skills and experience. In addition, each Board member, including the Chair receives a formal annual appraisal which supports their personal development.

Board member biographies, which includes information with regards to their skills and experience are available on the Onward website.

Diversity and Inclusion

Board members are appointed on merit, based on their skills and experience with the skills matrix and business strategy informing the skills balance required on the Board with the objective being to establish a Board with a diverse mix of skills, experience and attributes to support the delivery of our Corporate Plan.

The diversity of the Board at the 31 March 2026 was as follows;

Diversity Strand	Board Composition
Gender	4 male 5 female
Ethnicity	8 British 1 British of Caribbean Descent

Regulatory Compliance Statement

Each year we assess compliance with the Regulator of Social Housings Regulatory Standards, comprising the economic standards (Governance and Financial Viability, Rent and Value for Money Standards) and consumer standards (Safety and Quality, Transparency, Influence and Accountability, Neighbourhood and Community, and Tenancy Standards).

Social housing providers have been required to meet the updated Consumer Standards since 1 April 2024. We have a process in place to monitor compliance and have worked with customers to ensure our assessment for the year ended 31 March 2026 is thorough and robust.

The Tenant Satisfaction Measures (TSMs) return, with survey data and management information have been collected in line with the technical guidance. External validation of our methodology and approach has been provided independently.

The Board can confirm that Onward is fully compliant with the Regulatory Standards, including the Governance and Financial Viability Standard.

Governance Compliance Statement

The Board has adopted the National Housing Federation Code of Governance 2020 and is committed to upholding the Code of Practice for Board Members. The Board meets frequently to determine policy and to monitor the performance of the group.

The Board has considered compliance with the Code and has confirmed compliance for the year ended 31 March 2026. To support this assessment a detailed review of evidence underpinning our assessment has been completed.

Value for money

The Association's approach to, and performance on, value for money is set out in the consolidated Group accounts for Onward Group Limited.

Corporate Governance (continued)

Strategic report

The strategic report including the operating and financial review was approved by the Board on 9th September 2026 and signed on the 14th September on its behalf by:

Sara Byrne

Company Secretary

Renaissance Court, 2 Christie Way, Didsbury, Manchester M21 7QY

DIRECTOR’S REPORT

The Board presents the Onward Homes Limited Annual Report (the ‘Annual Report’) and the audited financial statements for the year ended 31 March 2026.

Principal activities

The Association’s principal activity is the provision of general needs, sheltered and supported housing accommodation at affordable rents to those in housing need and providing low cost home ownership. It is also engaged in improving the social, economic and environmental problems facing the neighbourhoods in which it operates.

These objectives are carried out for the public benefit as set out in the financial statements. The Board considers legal advice and Charity Commission guidance when determining the activities that the Association undertakes to deliver these objectives.

Board members and Executive Directors

The Board members of the Association are set out on page 2.
The Board members are drawn from a diverse background bringing together professional, commercial and other experiences. No remuneration was paid to the directors on the Board in their capacity as directors of the Association.

Statement of compliance

The Board report and financial statements have been prepared in accordance with applicable reporting standards and legislation.

Health and safety

Health and safety is an integral part of the proper management of all the undertakings over which the Association has control. The Association promotes safe practices and continuous improvement through a Health and Safety Group, and regional health and safety forums on which all parts of the association are represented. Onward Homes is committed to ensuring:

- The health, safety and welfare of all our customers, leaseholders, staff, contractors and third parties involved in the operations of the Association
- The safety of the general public who use or have access to premises or sites under its control
- The way in which it operates contributes to the wellbeing of the community at large.

Donations

The Association made charitable donations totalling £500 to Homeless International in the year (2025: £500 to Homeless International). No political donations were made during the year.

Employee involvement

The Board recognises that its employees are its greatest asset and that it cannot achieve its aims and objectives without their involvement and contribution and commitment.

We communicate and consult with colleagues through the following groups;

- The Colleague Forum which includes representation from throughout our business and considers key colleague related policies, pay and benefits and is the formal body for communication between our colleagues, the Executive Team and Board.
- The Colleague Equity Forum which includes representation from across our business and ensures that are focussed on inclusion, that we embrace diversity and ensure equality for our colleagues.

Employee involvement (continued)

In addition, we have a number of communication channels supporting these formal groups including regular briefings, a colleague conference and an organisation wide intranet.

We are committed to developing a culture where equality and diversity is embedded and integral to what we do. We actively encourage our colleagues to bring their whole selves to work, and we have a Diversity and Inclusion Strategy which aims to achieve an inclusive culture that respects and values differences and eliminates discrimination.

Corporate social responsibility

Our Corporate Plan defines the commitment we have made as a socially responsible organisation. We act as enablers, supporting people and communities to fulfil their aspirations and potential by giving them choice, control and responsibility. We want to be a great landlord, and we also recognise the importance that good quality housing can have on people's lives and where they live.

As an organisation we work in partnership with customers, local government, public services and private business. Doing more together, by sharing knowledge, coordinating resources and focusing on what will give our customers the best outcome.

The difference we make we have called 'The Onward Difference' and our colleagues are committed to delivering this every day to our customers.

We have articulated our social impact aspirations in a strategy that will ensure that everyone who works at Onward prioritises making or supporting positive social change as an integral part of their work. We want this approach to harness untapped talent and creativity in the communities we serve and to transform the relationship we have with customers, colleagues and partners.

We are on a journey to deliver this aspiration and to date we have made a number of key changes within our organisation to deliver the strategy.

Onward provides Directors and Officers liability insurance to cover claims made against individuals acting in their capacity as Directors or Officers. No claims were made in 2025/26.

Disclosure of information to auditor

So far as each of the Board members is aware, at the time this report is approved:

- There is no relevant information which the Group's auditor is unaware; and
- The Board has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Board members' responsibilities

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

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

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

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent

Board members' responsibilities (continued)

- State whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the entity will continue in business

Instituting Adequate Systems of Internal Controls

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
The Board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

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

Statement of internal control

The Board acknowledges its ultimate responsibility for ensuring that the Group has in place a sound system of internal control and risk management and for the review of the effectiveness of that system during the year.

The Audit & Risk Committee is responsible for monitoring this system and reporting on its effectiveness to the Board. Internal controls are designed to identify and manage, rather than eliminate, risks which may prevent an organisation from achieving its objectives.

The system of internal control is designed to manage risk and give reasonable rather than absolute assurance with respect to:

- The achievement of key business objectives and expected outcomes
- The preparation and reliability of financial and performance information used within the organisation and for publication
- The maintenance of proper accounting and management records
- The safeguarding of assets against unauthorised use or disposal.

Our internal control and assurance arrangements include:

- A risk management framework which is embedded throughout our business and is regularly reviewed by management and Board. As part of this the Board has articulated the risk appetite of the organisation and regularly reviews this to ensure it remains relevant.
- A governance structure with clear delegation of authority from the Board, detailed within the Scheme of Delegation.
- A policy framework that aligns with our corporate objectives and provides a framework for our business to operate.
- A performance management framework that considers performance against a range of KPIs that are reported throughout the governance and management structure.

Statement of internal control (continued)

- Independent assurance arrangements, provided by our internal and external auditors in addition to a range of independent specialist assurance providers with reports to Board and Committee.
- Financial Controls that comprise detailed budget setting and performance monitoring, stress testing of our business plan and robust golden rules that are regularly reviewed by the Board.
- Resilience planning, we have established detailed winter planning arrangements to ensure we can respond to increased demand and the challenge of bad weather in addition to business continuity arrangements and disaster recovery plans.
- A meaningful customer engagement process that allows Onward to get the views of our customers on issues that matter to them and to triangulate their opinions with what we know from our performance management process.
- An increasing focus on data so we can be assured that the information we report is accurate and a sound basis for decision making about the services we offer to our customers.

Internal Audit

Internal controls are subject to regular independent review by Menzies LLP (formally Beever and Struthers), our internal audit partners, who provide assurance on the operation of the control framework and the management of risk. The internal audit plan was approved by the Audit and Risk Committee, and the plan is regularly reviewed during the year to ensure it continues to reflect our risk environment.

The Audit & Risk Committee oversees the work of the internal auditor and is responsible for monitoring actions identified as a result of internal audit findings and ensuring that they are implemented in a timely fashion.

External Audit

The work of the external auditors RSM UK Audit LLP provides additional independent assurance over the adequacy of the internal control environment. The Group receives a management letter from the external auditor which details any internal control weaknesses identified during the year end audit. The Board itself, and through the activities of the Audit & Risk Committee has reviewed the outcome of external audit work for 2025/26 and the external audit management letter.

Fraud

Onward has a zero tolerance approach to fraud and has a number of policies in place to support fraud prevention. In addition, fraud risk registers are maintained and the controls tested to ensure controls established to prevent and detect fraud are operating effectively.

Information with respect to frauds is reported to the Audit & Risk Committee. The Board is responsible for reporting material fraud to the Regulator of Social Housing; no frauds have occurred during the year. The Board has also established a Speak Up Policy which encourages colleagues to report any concerns or wrongdoings. Standards of conduct required from colleagues are detailed in the Code of Conduct.

Conclusion

The Board has considered the effectiveness of the system of internal control in place in the year ended 31 March 2026. The Board considers that governance, risk management and internal control arrangements are operating effectively.

Going concern

The Associations business activities, its current financial position, net current assets of £62.9m (2025: £62.8m) and factors likely to affect its future development are set out within the Strategic Report. The Association has in place long-term debt facilities of £953.2m (2025: £857.3m) of which £543.2m has been drawn down (2025: £458.3m) and cash and cash equivalents of £17.1m (2025: £15.8m). The available cash and funding is adequate to finance committed reinvestment and development programmes along with the day to day operating activities.

The long-term business plan shows that it can service its debt facilities whilst continuing to comply with lenders' covenants.

The surplus as a percentage of turnover is 10.1% (2025: 7.2%).

Whilst underlying trading is strong, this has been a challenging year for the Association most notably due to pressures across disrepair, voids and repairs. The Association applied an average rent increase for the year of 2.7% based on the rent settlement of CPI+1% (based on September 2025 CPI of 1.7%). Surplus before tax has increased in the year £21.2m (2025: £14.2m) due to increased interest costs.

A 30-year business plan is produced annually to model future activity of the Association and Group as well as to test for strategic resilience as a result of changes in the economic and political environment. The Group has modelled several scenarios using multiple variants to test the resilience of the business plan.

The Association is confident it can meet the requirements of any loan covenants and can put in place measures, if necessary, to address any unforeseen challenges if required. The Association has sufficient cash and undrawn facilities to cope with this impact.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities the Board believes that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Association's ability to continue as a going concern. The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

On this basis, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report.

Independent auditor

RSM UK Audit LLP were reappointed as auditors in the year.

The Directors' Report, including the financial statements, was approved by the Board on 9h September 2026 and signed on the 14th September on its behalf by:

Sara Byrne

Company Secretary

Renaissance Court, 2 Christie Way, Didsbury, Manchester M21 7QY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ONWARD HOMES LIMITED

Opinion

We have audited the financial statements of Onward Homes Limited (the 'Association') for the year ended 31 March 2026 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities 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.

Summary of our audit approach

Key audit matters	• No key matters identified
Materiality	• Overall materiality: £13.7m (2025: £13.6m) • Performance materiality: £10.2m (2025: £8.38m) • Specific materiality £4.2m (2025: £3.69m) • Specific performance materiality £3.2m (2025: £2.38m)
Scope	• Full scope statutory audit. • Our audit procedures covered 100% of income, 100% of total assets and 100% of surplus for the year.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

No key audit matters have been identified

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

Overall materiality	£13.7m (2025: £13.6m)
Specific materiality	£4.2m (2025: £3.69m)
Basis for determining overall materiality	3.2% of net assets
Rationale for benchmark applied	Lenders are interested in the level of housing stock and overall reserves position as their debt is secured on these assets. Further Registered Providers have social objectives therefore are unable to distribute surpluses therefore focus is unlikely to be on reported surplus/deficit.
Performance materiality	£10.2m (2025: £8.38m)
Specific performance materiality	£3.2m (2025: £2.38m)
Basis for determining performance materiality	75% of overall materiality (2025: 65%)
Reporting of misstatements to the Audit Committee	Misstatements in excess of £684,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

Net assets has been assessed as the most appropriate overall materiality benchmark, there has been no change to our assessment from the prior year audit. However, we also determined that for other classes of transactions and balances in income and expenditure recognised within the statement of comprehensive income that are used in covenant calculations and sector benchmarking metrics, as well as other financial statement areas such as property for sale stock and receivables that are subject to greater scrutiny by key stakeholders, a misstatement of less than materiality for the financial statements as a whole could influence the economic decisions of the users of the financial statements.

As a result, we applied a specific materiality calculated using adjusted operating surplus as the benchmark to these balances and transactions. Adjusted operating surplus is considered to be a key metric to use for this purpose due to the scrutiny it receives from lenders.

In addition, in the prior year a lower percentage was applied to overall materiality to compute performance materiality reflecting the fact this was a first year audit for RSM UK Audit LLP, this reduction has not been assessed as necessary in the current year.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our evaluation of the board's assessment of the Association ability to continue to adopt the going concern basis of accounting included review of business plans, an assessment of the Associations cash flow forecast and consideration of compliance with loan covenants.

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 annual report, other than the financial statements and our auditor's report thereon. The Board are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- proper books of account have not been kept by the association in accordance with section 75; or
- a satisfactory system of control over transactions has not been maintained by the association in accordance with section 75; or
- the income account and the balance sheet are not in agreement with the books of account of the association; or
- we have not obtained all the information and explanations which, to the best of our knowledge and belief, we consider necessary for the purposes of our audit.

Responsibilities of Board

As explained more fully in the Board members' responsibilities set out on pages 19 to 20, the Board are 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

Responsibilities of Board (continued)

concern basis of accounting unless the Board either intend to liquidate the association or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the association operates in and how the association is complying with the legal and regulatory framework.
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected, or alleged instances of fraud.
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

Legislation / Regulation	Additional audit procedures performed by the audit engagement team included:
FRS102	Review of the financial statement disclosures and testing to supporting documentation. Completion of disclosure checklists to identify areas of non-compliance
Housing SORP 2018 update	Review of the financial statement disclosures and testing to supporting documentation. Completion of disclosure checklists to identify areas of non-compliance
General Data Protection Regulations (GDPR)	Inquiry of management and those charged with governance whether the association is in compliance; Inspected any relevant correspondence.
Co-operative and Community Benefit Societies Act 2014	Inquiry of management and those charged with governance whether the association is in compliance. Inspected any relevant correspondence.
Housing and Regeneration Act 2008	Inquiry of management and those charged with governance whether the association is in compliance. Inspected any relevant correspondence.
Accounting Direction for Private Registered Providers of Social Housing 2022	Inquiry of management and those charged with governance whether the association is in compliance. Review of financial statements against the Accounting Direction requirements. Review of financial statement disclosures.
Health & Safety at Work Act 1974	Review of any Health & Safety reports during the year. Inquiries of personnel responsible for Health & Safety; Review of relevant Health & Safety accreditations; Searches of the HSE website.
Regulator of Social Housing Regulatory Standards (Economic & Consumer)	Inquiry of management and those charged with governance whether the association is in compliance; Review of RSH Narrative Regulatory Judgement published on www.gov.uk 27 November 2024. Inspected any relevant correspondence.
Tax compliance regulations	Inquiry of management and those charged with governance whether the Association is in compliance; Review of tax computations prepared over the course of the year.
Financial Services and Markets Act 2000	Inquiry of management and those charged with governance whether the Association is in compliance;

	Inspected any relevant correspondence.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition – property sales (cut off & completeness)	Testing a sample of property sales around the year end date in order to assess whether they have been recorded in the appropriate period. Testing a sample of bank receipts through to property sale to ensure all appropriate revenue has been recorded.
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

The engagement partner on the audit resulting in this independent auditor's report is John Guest.

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

Use of our report

This report is made solely to the association's members, as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP,
Statutory Auditor
Chartered Accountants
Landmark
St Peter's Square
1 Oxford Street
Manchester
M1 4PB

14/09/26

FINANCIAL STATEMENTS

Statement of Comprehensive Income
for the year ended 31 March 2026

	Notes	2026 £'000	2025 £'000
Turnover	3	**209,820**	197,713
Cost of sales	3	**(8,947)**	(8,718)
Operating costs	3	**(171,550)**	(163,297)
Gain on disposal of housing properties	6	**4,655**	126
Operating surplus		**33,978**	25,824
Share of operating profit in joint venture	36	**250**	275
(Loss) on disposal of other tangible fixed assets	10	**(22)**	(134)
Interest receivable and similar income	11	**7,978**	7,402
Interest payable and similar charges	12	**(20,956)**	(19,197)
Surplus on ordinary activities before taxation		**21,228**	14,170
Taxation on (deficit)/surplus on ordinary activities	13	**-**	-
Surplus for the year after taxation		**21,228**	14,170
Other comprehensive income			
Effective portion of cash flow hedges		**4,959**	-
Amount recycled to I&E		**(1)**	-
Net movement in cash flow hedge reserve		**4,958**	-
Actuarial surplus/(deficit) in respect of pension schemes	29	**2,221**	4,321
Other comprehensive surplus/(deficit) for the year		**7,179**	4,321
Total comprehensive income for the year		**28,407**	18,491

The accompanying notes form part of these financial statements.

Historical cost surpluses and deficits are the same as those shown in the statement of comprehensive income.

No material hedge ineffectiveness has been identified in the period. The Statement of Comprehensive Income has been updated to include other comprehensive income arising from cash flow hedge accounting, with the effective portion of hedge movements recognised in reserves and recycled to the Income and Expenditure account in line with underlying cash flows.

The financial statements were approved by the Board on 9th September 2026 and signed on the 14th September on its behalf by:

…………………………	……………………..	……………………..
Tim Johnston	Danielle James	Sara Byrne
Chair	Director	Company Secretary

Statement of Changes in Equity

	Non-equity share capital £'000	Revenue reserves £'000	Cash Flow Hedge Reserves £'000	Total reserves £'000
Balance at 31 March 2024	**-**	410,950	**-**	**410,950**
Surplus for the period	-	14,170	**-**	**14,170**
Other comprehensive income Actuarial (loss) in respect of pension schemes	-	4,321	**-**	**4,321**
Balance at 31 March 2025	-	429,441	**-**	**429,441**
Surplus for the period	-	21,227	**-**	**21,228**
Other comprehensive income Actuarial (loss) in respect of pension schemes	-	2,221	**-**	**2,221**
Cash flow hedge reserve: Effective portion of hedge movements	-	-	4,959	**4,959**
Recycling to I&E	-	-	(1)	**(1)**
Balance at 31 March 2026	-	452,890	4,958	457,848

The accompanying notes form part of these financial statements.

A cash flow hedge reserve has been recognised in the year following the designation of SONIA interest rate swaps as hedging instruments. The reserve represents the cumulative effective portion of fair value movements on hedging instruments, with £0.6k recycled to the Income and Expenditure account in line with the timing of hedged interest cash flows.

FINANCIAL STATEMENTS (continued)

Statement of Financial Position
as at 31 March 2026

	Notes	2026 £'000	2025 £'000
Tangible fixed assets			
Housing properties	14	1,443,155	**1,325,958**
Investments including properties	15	15,122	**23,084**
Other tangible fixed assets	16, 26	20,885	**14,626**
		1,479,162	**1,363,668**
Current assets			
Debtors due after one year	17	63,951	**65,594**
Properties for sale and work in progress	18	26,825	**18,518**
Debtors due within one year	19	24,368	**23,058**
Investments	20	50	**50**
Cash and cash equivalents		17,173	**15,840**
		132,367	**123,060**
Creditors: amounts falling due within one year	21	(69,508)	**(60,275)**
Net current assets		62,859	**62,785**
Total assets less current liabilities		1,542,021	**1,426,453**
Creditors: amounts falling due after one year	22	(1,081,920)	**(989,730)**
Provisions for liabilities and charges	28	(2,077)	**(2,137)**
Pension liabilities	29	(175)	**(5,145)**
		(1,084,172)	**(997,012)**
Total net assets		457,849	**429,441**
Capital and reserves			
Non-equity share capital	30	-	**-**
Derivative Financial Asset	26	4,949	
Revenue reserves		452,900	**429,441**
Total capital and reserves		457,849	**429,441**

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 9th September 2026 and signed on the 14th September on its behalf by:

…………………………	……………………………	………………………………
Tim Johnston	Danielle James	Sara Byrne
Chair	Director	Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

Onward Homes Limited (the "Association") is registered under the Housing Act 1996 with the Homes and Communities Agency, the regulator of Social Housing in England, as a Registered Provider of social housing (registration number of LH0250). The registered office is Renaissance Court, 2 Christie Way, Didsbury, Manchester M21 7QY.

The Association is a charitable Registered Society under the Cooperative and Community Benefit Societies Act 2014. It is registered with the Financial Conduct Authority, registration number of 17186R. The Association is a public benefit entity.

2. Accounting policies

a) Basis of accounting

The financial statements of the Association are prepared in accordance with Financial Reporting Standard 102 – the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022. The financial statements are presented in sterling (£) and have been rounded to the nearest £1,000. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Association has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- The requirements of Section 7 Statement of Cash Flows;
- The requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- The requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- The requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- The requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Onward Group Limited as at 31 March 2026.

b) Measurement convention

The financial statements are prepared on the historical cost basis except where fair value accounting is required for investment properties. The entity also utilises hedge accounting in order to manage its exposure to variability in cash flows arising from floating-rate borrowings.

c) Going concern

The Associations business activities, its current financial position, net current assets of £62.9m (2025: £62.8m) and factors likely to affect its future development are set out within the Strategic Report. The Association has in place long-term debt facilities of £953.6m (2025: £857.3m), of which £543.2m has been drawn down (2025: £458.3m) and cash and cash equivalents of £17.1m (2025: £15.8m). The available cash and funding is adequate to finance committed reinvestment and development programmes, along with the Association's day to day operations. The Association's long-term business plan shows that it can service its debt facilities whilst continuing to comply with lenders' covenants.

The surplus as a percentage of turnover is 10.1% (2025: 7.2%).

Whilst underlying trading is strong, this has been a challenging year for the Association most notably due to pressures across disrepair, voids and repairs. The Association applied an average rent increase for the year of 2.7% based on the rent settlement of CPI+1% (based on a CPI of 1.7%). Surplus before tax has increased in the year £21.2m (2025: £14.2m) due to increased interest costs.

2. Accounting policies (continued)

c) Going concern (continued)

A 30-year business plan is produced annually to model future activity of the Association and Group as well as to test for strategic resilience as a result of changes in the economic and political environment. The Group has modelled several scenarios using multiple variants to test the resilience of the business plan. The Association is confident it can meet the requirements of any loan covenants and can put in place measures, if necessary, to address any unforeseen challenges if required. The Association has sufficient cash and undrawn facilities to cope with this impact.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities the Board believes that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Association's ability to continue as a going concern. The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

On this basis, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report.

d) Judgement and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and assumptions will, by definition, seldom equal the related actual results. These are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable based on the information available.

The following judgements have had the most significant effect on the amounts recognised in the financial statements.

Impairment; In line with the impairment policy Onward undertakes a review of its assets taking into account void levels, strategic reviews of certain asset types and development programme to ascertain if any impairment are present. Full analysis and rationale will be provided to support any impairment decision, where appropriate.

Impairment risk continues to be a major feature in 2025/26. Costs to develop continue to rise and so it remains vital to assess whether impairment triggers are evident and if so, ascertain the level of impairment required based on best available information.

For Onward the particular areas considered were:

- Assets under construction, including Section 106 purchases;
- Completed development schemes;
- Assets/group of assets being considered under strategic reviews, such as sheltered schemes, geographical areas identified as needed operational change;
- Void analysis of units which shows high voids and/or hard to let units
- De-conversions where strategic decisions have been made to reclassify units to improve ability to let.
- Development schemes with cost overruns due to challenging economic conditions and increased cost of staffing and materials.
- The Preston blocks and the level of strategic voids held ahead of further regeneration plans.
- The rise in borrowing costs causing an increase in the cost to build.

2. Accounting policies (continued)

d) Judgement and estimates (continued)

Basic financial instruments: Onward Group has various borrowings, all of which have been assessed and categorised as basic. The assessment of certain loans and interest rates fixes as basic financial instruments require judgement.

Bonds have been classed as a "basic financial instrument" as they meet the criteria under Section 11.9 of FRS 102.

Management have considered how bond and loan discount on issue should be dealt with in the financial statements and determined that these should be written off over the life of bond (31 years) using the effective interest rate method.

Management have considered how bond and loan issue costs should be dealt with in the financial statements and determined that these should be written off over the life of the respective instruments in equal annual instalments (note 26).

The following estimates have had the most significant effect on the amounts recognised in the financial statements.

Establishing the useful economic lives ("UEL") of components; The UEL of each component of our social benefit housing properties are reviewed at each reporting date and compared to actual performance to ensure the assumed lives remain appropriate. A review each year seeks to ensure that the UELs remaining terms and component splits are applied consistently. The professional opinion of the Assets team is sought based on their knowledge and experience.

Within the period new, more environmentally friendly products have been applied to our building practices. Their UELs have been assessed in line with accounting standards and an estimate has been made based on expectations of future events that are believed to be reasonable.

We do not believe that the UELs for the other components need changing and therefore remain the same (see note 16).

Investment property valuations; The Group reviews its properties' classification and where properties do not meet the criteria for social benefit these have been identified and classified as investment properties. These non-financial assets have been valued at fair value (note 15).

The valuation is based on either third-party valuation reports or an update to those reported based on market conditions. The valuation is most sensitive to assumptions on rental growth and the discount rate applied to those cash flows. Onward relies on the assumptions and estimates applied by the valuer in accordance with the RICS red book valuation standards in determining the market valuation.

Defined benefit obligations; the cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the Group relies on the expert input of actuaries and accepts the estimations they use as reasonable.

Pension valuations will be affected by the impact of events on the stock markets, other asset valuations and changes to discount rates (note 35).

Leases; Categorising leases into finance leases or operating leases requires judgement. Management assess whether significant risk and rewards of ownership have transferred to the Group as lessor before determining categorisation. Management will assess each lease to determine where risk lies and report on this accordingly in the accounts (note 27).

2. Accounting policies (continued)

d) Judgement and estimates (continued)

Bad debt; A bad debt provision is held in the accounts to counter the risk of failure to recover current and former tenants rent and service charge arrears. A judgement is made based on the age of the debt whether it is likely to be recovered, despite actions by the neighbourhood teams. Therefore, based on previous practice and knowledge of debt recovery a provision is estimated. The policy also takes into account current year considerations, credit risk rates and any other condition that is present in the current period that was not present in the historic period. Bad debt provision for 2026 is £7,440k (2025: £6,898k).

Capitalisation of salaries: Within the capital cost of property, a proportion of development and investment team staff time has been included to recognise the time spent in managing and delivering the development and investment programmes. This cost is incurred as a result of the programmes and hence agreed to be capitalised. This has been continually reviewed throughout the year with changes made to reflect the current workloads and roles across the development and investment teams.

e) 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 historic cost model. These include bank loans, bonds and similar debt instruments.

Bonds are classed as a "basic financial liability" as they meet the criteria for "basic financial instruments" under Section 11.9 of FRS 102. They are initially recognised at the transaction price, including any discount on issue and transaction costs, and subsequently measured at amortised cost using the effective interest method. Coupons payable are also classed as "basic financial liabilities" and are recognised on the basis of the effective interest method, and are included in the finance costs, with any discount on issue and transaction costs being written off over the life of the bond.

Tenant arrears, trade and other debtors
Tenant arrears, trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Trade and other creditors
Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

2. Accounting policies (continued)

Other financial instruments and hedge accounting
The Group enters into derivative financial instruments in the form of SONIA-linked interest rate swaps in order to manage its exposure to variability in cash flows arising from floating-rate borrowings. These derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to fair value at each reporting date.

The Group applies cash flow hedge accounting to qualifying hedging relationships in accordance with FRS 102 Section 12 where the following conditions are met:

- the hedging relationship consists only of a qualifying hedging instrument and qualifying hedged item;
- the relationship is consistent with the Group's risk management objectives;
- there is an economic relationship between the hedged item and the hedging instrument;
- the hedge relationship is formally designated and documented at inception; and
- sources of hedge ineffectiveness have been identified and documented.

The hedged items are future variable SONIA-linked interest cash flows on floating-rate borrowings. The hedging instruments are SONIA interest rate swaps, including Loan-Linked ISDAs, which economically convert floating-rate debt into fixed-rate debt.

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges is recognised in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of the hedge is recognised immediately in the Income and Expenditure account within finance costs.

Amounts accumulated in the cash flow hedge reserve are reclassified to the Income and Expenditure account in the periods when the hedged cash flows affect profit or loss, so that the hedge results are recognised in the same period as the hedged item.
When hedge accounting is discontinued, amounts accumulated in the cash flow hedge reserve remain in equity and are reclassified to profit or loss when the hedged cash flows occur. If the forecast hedged cash flows are no longer expected to occur, the cumulative gain or loss recognised in equity is recognised immediately in the Income and Expenditure account.

f) Turnover
Turnover represents rental and service charge income receivable (net of void losses), fees receivable, proceeds from first tranche sales of low-cost home ownership, from properties developed for open market sales and amortisation of Social Housing Grant (SHG) under the accrual model.

Rental income is recognised on the execution of tenancy agreements and covers rent charged up to and including 31 March. Proceeds on sales are recognised on practical completions. Other income is recognised as receivable on the delivery of services provided.

g) Expenses
Cost of sales
Cost of sales represents the costs including capitalised interest and direct overheads incurred in the development of the properties, and marketing, and other incidental costs incurred in the sale of the properties.

Operating leases
Payments (excluding costs for services and insurance) made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

2. Accounting policies (continued)

h) Interest

Interest payable and similar charges include interest payable and finance charges on liabilities recognised in the statement of comprehensive income using the effective interest method and unwinding of the discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of housing properties that take a substantial time to be prepared for use are capitalised as part of the cost of that asset.

Other interest receivable and similar income includes interest receivable on funds invested.

i) Taxation

The Group comprises charitable and non-charitable entities. Where activities may fall within the scope of the relevant tax regulations and may be subject to tax liability the entity provides for this where appropriate on the basis of amounts expected to be paid to the tax authorities.

The tax charge for the year is based on the profit for the year end and includes current tax on any taxable profits for the year and deferred taxation. Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

j) Value added tax

The Group is VAT registered but a large proportion of its income, rent, is exempt from VAT giving rise to a partial exemption calculation. Therefore, the financial statements includes VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

k) Tangible fixed assets - housing properties

Tangible fixed assets – housing properties are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs, interest at the average cost of borrowing for the development period, and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties.

Shared ownership properties are split between current assets and fixed assets based on percentage of equity retained, less any provisions needed for impairment or depreciation. The first tranche proportion is classified as current asset and related sales proceeds included in turnover. The remaining element is classified as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

The capital cost of property includes a proportion of development and investment team staff time to recognise the time spent in managing and delivering the development and investment programmes. This cost is incurred as a result of the programmes and hence capitalised.

2. Accounting policies (continued)

Depreciation
Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each component part of housing properties. Freehold land is not depreciated. The estimated useful lives of assets which are separately identified are as follows:

Housing structure	100 years
Boundary walls and car hard-standings	50 years
Roofs	50 years
Fascia	40 years
Windows	30 years
Electrical installation	30 years
Bathrooms	30 years
External doors	30 years
Heating systems	30 years
External Wall insulation	30 years
Fire Compartmentation	30 Years
Kitchens	20 years
Boilers	15 years
Air source heat pumps	15 years
Adaptations	15 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

Non-component works to existing properties
The amount of expenditure incurred which relates to an improvement, which is defined as an increase in the net rental stream or the life of a property, has been capitalised. Expenditure incurred on other major repairs, cyclical and day-to-day repairs to housing properties is charged to the statement of comprehensive income in the period in which it is incurred.

Interest capitalised
Interest on borrowings is capitalised to housing properties within Onward Homes during the course of construction up to the date of completion of each scheme.

Interest on borrowing costs within Onward Build is capitalised against properties held for sale and work in progress due to the design and build nature of the entity. Once the properties reach golden brick stage the assets will be sold to Onward Homes on an arm's length basis.

The interest capitalised is either on borrowings specifically taken to finance a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was raised.

Interest has been capitalised at an average rate that reflects the weighted average effective interest rate on the entity's borrowings required to finance housing property developments.

l) Social Housing Grant
Social Housing Grant (SHG) is initially recognised at fair value as a long-term liability, specifically as deferred grant income and released through the statement of comprehensive income as turnover income over the life of the structure of housing properties in accordance with the accrual method applicable to social landlords accounting for housing properties at cost.

On disposal of properties, all associated SHG is transferred to the Recycled Capital Grant Fund (RCGF) until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

2. Accounting policies (continued)

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.

m) Other grants

These include grants from local authorities and other organisations. Grants in respect of revenue expenditure are credited to the statement of comprehensive income in the same period as the expenditure to which they relate. Other grants which are received in advance of expenditure are included as a liability. Grants received from other organisations are accounted for in accordance with the performance method.

n) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost. Any gains or losses arising from changes in the fair value are recognised in the statement of comprehensive income in the period that they arise. Rental income from investment property is accounted for as described in the turnover accounting policy.

o) Shared equity investments

Investments in shared equity arrangements are stated at cost as concessionary loans. They are subsequently updated to reflect any impairment loss which would be recognised in the statement of comprehensive income and any accrued interest payable or receivable. At the present time there is no interest charge and the loans are repayable at the time the property is disposed of by the owner. Security is in the form of a second legal charge over the property.

p) Investment in joint ventures

Investments in joint ventures are stated at cost less any accumulated impairment losses.

Any distributions received from the investment will be recognised as income without regard to whether the distributions are from accumulated profits of the jointly controlled entity arising before or after the date of acquisition.

q) Properties held for sale and work in progress

Shared ownership first tranche sales and property under construction are valued at the lower of cost and estimated selling price less cost to complete and sell. Cost comprises materials, direct labour and direct development overheads. Estimated sales price is stated after allowing for all further costs of completion and disposal.

r) Impairment

A financial asset not carried at fair value through the statement of comprehensive income is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its fair value less cost to sell and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the statement of comprehensive income.

2. Accounting policies (continued)

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

s) Housing property sales

Completed properties and properties under construction for open market sales are recognised at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Interest incurred is also capitalised during the course of obtaining planning and throughout the work in progress up to the point of practical completion of the development scheme.

Assessing net realisable value requires use of estimation techniques. In making this assessment, management considers publicly available information and internal forecasts on future sales activity. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Properties sold through customers exercising their preserved right to buy or right to acquire, proceeds from the first tranche sales of shared ownership properties, subsequent tranche sales and properties sold that were developed or acquired for outright sale are included within turnover as part of normal operating activities. Non-housing asset sales are included within gain / (loss) on disposal of fixed assets.

t) Other tangible fixed assets

Other tangible fixed assets include those assets with a continued economic benefit to the group.

Depreciation is provided on a straight line basis 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 as follows:

Office premises	50 years
Office improvements	10 years
Furniture, fixtures and fittings	5 years
Equipment & machinery	5 years
Motor vehicles	4 years
IT and office equipment	3 years
Scheme equipment	Over expected life of component

u) Bad debt provisions

A bad debt provision is held against the risk of failure to recover current and former tenant rent and service charge arrears. The provision is calculated as at 31 March and any adjustment required is written off or back through the statement of comprehensive income.

The provision is calculated in line with the following aged debt:

• Current arrears aged 1-8 weeks	10%
• Current arrears aged 9-16 weeks	50%
• Current arrears aged 17-32 weeks	75%
• Current arrears aged 33+ weeks	90%
• Former arrears	100%
• Other debts (accounts receivable)	Case by case basis

v) Property managed by agents

Where the Group carries the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the statement of comprehensive income.

2. Accounting policies (continued)

v) Property managed by agents (continued)

Where the agency carries the financial risk, the statement of comprehensive income includes only that income and expenditure which relates solely to the Group.

w) Provisions

A provision is recognised in the statement of financial position when the group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

The Group provides for public liability claims based on known cases and is measured at estimated cost of claim. It also provides 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 liability is measured at actual salary costs payable for the period.

x) Employee benefits

Defined contribution plans and other long term employee benefits
A defined contribution plan is a post-employment benefit plan under which the group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The group's net obligation in respect of defined benefit plans and other long term employee benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted.

The group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the statement of financial position date on AA credit rated bonds denominated in the currency of and having maturity dates approximating to the terms of the group's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The group recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in the statement of comprehensive income.

Re-measurement of the net defined benefit liability/asset is also recognised in the statement of comprehensive income.
The Group participates in two defined benefit plans as set out below:

- LGPS schemes –Greater Manchester Pension Fund
- Onward Pension Scheme – Onward Homes Limited

Termination benefits

Termination benefits are recognised as an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

2. Accounting policies (continued)

Termination benefits for voluntary redundancies are recognised as an expense if the group has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than twelve months after the reporting date, then they are discounted to their present value.

y) Basis of consolidation
The Group accounts consolidate the accounts of the Association and all it's subsidiaries at 31st March as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Onward Homes has taken advantage of the exemption under CCBS legislation - Section 98 (2) from the requirement to prepare consolidated financial statements as it is a wholly-owned subsidiary of Onward Group Limited and it's subsidiary undertakings are included in the consolidated financial statements of the Association for year ended 31 March 2026. The registered office is Renaissance Court, 2 Christie Way, Didsbury, Manchester M21 7QY. The financial statements present information about the Association as an individual entity and not as a group.

Onward Homes have taken advantage of the exemption available under FRS 102 paragraph 33.1A not to disclose transactions and compensation of key management personnel in its individual financial statements. Equivalent disclosures are provided in the consolidated financial statements of the group, in which the company is included.

3. Turnover, cost of sales, operating costs and operating surplus

				2026				2025
	Turnover	Cost of sales	Operating costs	Operating surplus	Turnover	Cost of sales	Operating costs	Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings								
General needs accommodation	**138,320**	**-**	**(110,813)**	**27,507**	131,276	-	(108,743)	22,533
Older persons housing	**27,340**	**-**	**(22,385)**	**4,955**	26,134	-	(22,357)	3,777
Supported housing	**18,460**	**-**	**(16,780)**	**1,680**	17,534	-	(15,705)	1,829
Low cost home ownership	**5,377**	**-**	**(4,304)**	**1,073**	4,304	-	(3,479)	825
	189,497	**-**	**(154,282)**	**35,215**	179,248	-	(150,284)	28,964
Other social housing activities								
Regeneration and development	**1,611**	**-**	**(6,739)**	**(5,128)**	476	-	(4,684)	(4,208)
Management services	**2,728**	**-**	**(2,972)**	**(244)**	1,480	-	(1,775)	(295)
Group payroll	**1,424**	**-**	**(1,424)**	**-**	1,434	-	(1,434)	-
Estate services	**-**	**-**	**-**	**-**	-	-	(25)	(25)
Shared Ownership first tranche sales	**10,024**	**(8,947)**	**(300)**	**777**	9,365	(8,718)	(375)	272
Other	**-**	**-**	**(4)**	**(4)**	-	-	(45)	(45)
	15,787	**(8,947)**	**(11,439)**	**(4,599)**	12,755	(8,718)	(8,338)	(4,301)
Total social housing activities	**205,284**	**(8,947)**	**165,721**	**30,616**	192,003	(8,718)	(158,622)	24,663
Non-social housing activities								
Market rent	**1,530**	**-**	**(1,428)**	**103**	1,396	-	(1,232)	164
Revaluation of investment properties	**189**	**-**	**(1,426)**	**189**	1,617	-	-	1,617
Commercial	**1,285**	**-**	**(1,013)**	**272**	1,529	-	(1,194)	335
Management Services	**357**	**-**	**(321)**	**36**	87	-	(548)	(461)
Leaseholders	**1,175**	**-**	**(1,641)**	**(466)**	995	-	(1,511)	(516)
Other	**-**	**-**	**-**	**-**	86	-	(190)	(104)
Total non-social housing activities	**4,536**	**-**	**(5,829)**	**(1,293)**	5,710	-	(4,675)	1,035
Total	**209,820**	**(8,947)**	**(171,550)**	**29,323**	197,713	(8,718)	(163,297)	25,698
(Surplus) on disposal of housing properties	**4,655**	**-**	**-**	**4,655**	126	-	-	126
Total	**214,475**	**(8,947)**	**(171,550)**	**33,978**	197,839	(8,718)	(163,297)	25,824

4. Income and expenditure from social housing lettings

	General needs accommodation £'000	Older persons housing £'000	Supported housing £'000	Low cost home ownership £'000	Total 2026 £'000	Total 2025 £'000
Income						
Rents receivable net of voids	126,309	18,768	12,477	4,306	**161,860**	154,562
Service charge income	7,063	7,958	5,378	519	**20,918**	18,686
Amortised government grants	4,564	600	599	358	**6,121**	5,688
Supporting people grants	-	1	-	1	**2**	1
Other income from social housing	384	13	6	193	**596**	311
Turnover from social housing lettings	**138,320**	**27,340**	**18,460**	**5,377**	**189,497**	179,248
Expenditure						
Management	(22,768)	(7,538)	(4,779)	(2,679)	**(37,764)**	(34,716)
Service charge costs	(8,369)	(6,402)	(4,767)	(460)	**(19,998)**	(19,088)
Routine maintenance	(39,437)	(2,275)	(2,046)	(90)	**(43,848)**	(45,950)
Planned maintenance	(18,018)	(3,489)	(2,869)	(244)	**(24,620)**	(24,343)
Major repairs expenditure	(1,013)	(120)	(54)	(16)	**(1,203)**	(1,261)
Rent losses from bad debts	(1,041)	(119)	(235)	(27)	**(1,422)**	(1,492)
Depreciation of housing properties	(20,116)	(2,442)	(1,938)	(775)	**(25,271)**	(23,097)
Other costs	(51)	-	(92)	(13)	**(156)**	(337)
Expenditure on social housing lettings	**(110,813)**	**(22,385)**	**(16,780)**	**(4,304)**	**(154,282)**	(150,284)
Operating surplus on social housing lettings	**27,507**	**4,955**	**1,680**	**1,073**	**35,215**	28,964
Void losses	**(1,318)**	**(224)**	**(1,415)**	-	**(2,957)**	(3,238)

5. Accommodation owned, managed and under development

	2026 Number	2025 Number
The number of properties in ownership at the year-end were:		
General needs accommodation (social rent)	**20,155**	20,276
General needs accommodation (affordable rent)	**2,820**	2,597
Older persons housing	**3,765**	3,876
Supported housing	**1,993**	2,023
Low-cost home ownership	**1,678**	1,470
	30,411	30,242
The number of properties in ownership but managed by others at the year-end were:		
General needs accommodation (social rent)	**2**	2
Supported housing	**287**	287
Low-cost home ownership	**17**	17
Total homes owned	**30,717**	30,548
Accommodation managed by other bodies	**(306)**	(306)
Accommodation managed for other bodies / owner occupiers	**760**	783
Leasehold	**1,087**	1,071
total homes managed	**32,258**	32,096

	2026 Number	2025 Number
Non-social housing in ownership and management at the year-end:		
Market rent	**175**	169
	175	169

	2026 Number	2025 Number
The number of properties under development at the year-end were:		
General needs accommodation	**424**	270
Rent to buy home ownership	**208**	248
Supported housing	**-**	-
Low-cost home ownership	**224**	259
Open market sales	**29**	-
	885	777

6. Disposal of housing properties

	2026 £'000	2025 £'000
Disposal proceeds from property sales	**12,066**	6,505
Proceeds from land sales	**11**	3
	12,077	6,508
Carrying value of fixed assets from property sales	**(4,923)**	(2,890)
Costs on disposal	**(2,499)**	(3,492)
Gain/(Loss) on disposal of housing properties	**4,655**	126

	2026 Number	2025 Number
Analysis of housing property sales		
Preserved Right to Buy sales	**31**	18
Right to Acquire	**20**	14
Shared ownership staircasing	**31**	11
Other sales	**52**	23
	134	66

7. Operating surplus

Operating surplus is stated after charging:	2026 £'000	2025 £'000
Depreciation of housing properties (note 14)	**25,265**	21,406
Depreciation of other fixed assets (note 16)	**1,501**	1,267
Gain on disposal of housing properties (note 6)	**4,655**	(126)
(Gain)/Loss on disposal of other tangible fixed assets (note 10)	**22**	(134)
Amortisation of government grant (note 24)	**(6,181)**	(5,821)
Revaluation of investment properties (note 15)	**-**	1,617
Impairment (note 33)	**1,426**	-
Pension adjustments (note 29)	**-**	(3,963)
Operating lease receipts (note 27)	**(1,024)**	(989)
Operating lease payments (note 27)	**1,314**	1,761
Auditor's remuneration (excluding VAT): In their capacity as auditors	**172**	176
Additional work carried out by the company's auditors	**7**	-

Audit fees and fees to the auditors for other services were paid by Onward Group Limited in the year and recharged via group charges to all subsidiaries.

8. Board members

No remuneration was paid to the directors on the Board in their capacity as directors of the Association.

9. Employee information

	2026 Number	2025 Number
Average number of employees (including Executive Directors) expressed as full time equivalents (based on an average of 35 hours per week)	**909**	931

	2026 £'000	2025 £'000
Staff costs (for the above persons)		
Wages and salaries	**32,994**	32,722
Social security costs	**4,220**	3,279
Other pension costs	**4,211**	4,068
Severance payments	**488**	235
	41,913	40,304

Remuneration between	2026 Number	2025 Number
£60,000 and £69,999	**55**	39
£70,000 and £79,999	**7**	7
£80,000 and £89,999	**13**	15
£90,000 and £99,999	**11**	8
£100,000 and £109,999	**6**	4
£110,000 and £119,999	**4**	2
£120,000 and £129,999	**2**	3
£130,000 and £139,999	**4**	3
£140,000 and £149,999	**-**	1
£150,000 and £159,999	**2**	-
£160,000 and £169,999	**-**	1
£190,000 and £199,999	**1**	2
£200,000 and £209,999	**2**	-
£220,000 and £229,999	**-**	1
£230,000 and £239,999	**1**	-
£260,000 and £269,999	**-**	1
£270,000 and £279,999	**1**	-

Onward Homes have taken advantage of the exemption available under FRS 102 paragraph 33.1A not to disclose transactions and compensation of key management personnel in its individual financial statements. Equivalent disclosures are provided in the consolidated financial statements of the group, in which the company is included.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Disposal of other tangible fixed assets

	2026 £'000	2025 £'000
Disposal proceeds from other fixed asset	**-**	124
Carrying value of other fixed assets	**(22)**	(258)
(Loss) on disposal of other fixed assets	**(22)**	(134)

11. Interest receivable and similar income

	2026 £'000	2025 £'000
Bank and building society interest	**205**	204
Interest income on net deficit benefit plan assets	**4,192**	3,714
Intercompany interest receivable	**3,421**	3,374
Joint venture loan interest	**160**	110
	7,978	7,402

12. Interest payable and similar charges

	2026 £'000	2025 £'000
Interest payable on bank and building society loans	**11,681**	9,433
Interest payable on bond	**5,875**	5,875
Bond arrangement fee	**50**	50
Bond admin fee	**1**	29
Amortised loan arrangement fees	**774**	359
Loan administration fees	**18**	32
Loan security costs	**91**	133
Non utilisation fees	**1,390**	1,591
Interest expense on net defined benefit liabilities	**4,440**	4,282
	24,320	21,784
Capitalised interest	**(3,364)**	(2,587)
	20,956	19,197

Interest has been capitalised at 4.0% (2025: 4.0%) per annum.

13. Taxation

	2026 £'000	2025 £'000
UK corporation tax		
Current tax charge for the year	**-**	-
Adjustment in respect of previous years	**-**	-
Total tax charge on surplus on ordinary activities	**-**	-

All amounts of taxation are recognised in the statement of comprehensive income.

Factors affecting the tax charge for the period

The current rate of tax for the year is the same as the standard rate of corporation tax in the UK of 25% (2025: 25%). The differences are explained below:

	2026 £'000	2025 £'000
(Deficit)/Surplus on ordinary activities before taxation	**21,071**	14,170
Current tax at standard corporation tax rate	**5,268**	3,542
Effects of tax-free income due to charitable activities	**(5,268)**	(3,542)
Expenses not deductible for tax purposes	**-**	-
Income not taxable for tax purposes	**-**	-
Adjustments in respect of prior periods	**-**	-
Total tax charge on surplus on ordinary activities	**-**	-

14. Housing properties

	Social housing properties held for letting £'000	Social housing properties under construction £'000	Completed low-cost home ownership properties £'000	Low-cost home ownership properties under construction £'000	Total £'000
Cost					
At 1 April 2025	**1,476,928**	**66,218**	**111,302**	**21,478**	**1,675,926**
Additions	38,738	80,977	-	22,569	142,284
Capitalised interest	-	1,944	-	1,420	3,364
Disposals	(6,214)	-	(934)	-	(7,148)
Component Write Offs	(7,686)	-	-	-	(7,686)
Transfer from/(to) stock	-	-	-	(9,275)	(9,275)
Transfer to abortive works	-	-	-	(28)	(28)
Transfer/Purchase from RP	13,435	-	-	-	13,435
Transfer on completion	44,648	(44,648)	18,824	(18,824)	-
Transfers to held for sale	915	-	-	-	915
At 31 March 2026	**1,560,764**	**104,491**	**129,192**	**17,340**	**1,811,787**
Depreciation					
At 1 April 2025	**(343,016)**	**-**	**(5,386)**	**-**	**(348,402)**
Charge for the year	(24,510)	-	(755)	-	(25,265)
Disposals	1,579	-	67	-	1,646
Component write-offs	4,863	-	-	-	4,863
Transfers to held for sale	92	-	-	-	92
At 31 March 2026	**(360,992)**	**-**	**(6,074)**	**-**	**(367,066)**
Impairment					
At 1 April 2025	**(1,494)**	**-**	**(72)**	**-**	**(1,566)**
Charge for the year	-	-	-	-	-
Release on disposal	-	-	-	-	-
At 31 March 2026	**(1,494)**	**-**	**(72)**	**-**	**(1,566)**
Net Book Value					
At 1 April 2025	**1,132,418**	**66,218**	**105,844**	**21,478**	**1,325,958**
At 31 March 2026	**1,198,278**	**104,491**	**123,046**	**17,340**	**1,443,155**
Freehold	998,606	104,491	122,942	17,340	**1,243,379**
Long-leasehold	199,672	-	104	-	**199,776**
At 31 March 2026	**1,198,278**	**104,491**	**123,046**	**17,340**	**1,443,155**

14. Housing properties (continued)

Additions to housing properties in the year included improvement works to existing properties of £38,738,000 (2025: £43,476,000) and capitalised interest of £3,364,000 (2025: £2,587,000) at an average rate of 4.0% (2025: 4.0%). Expenditure on works to existing properties charged to the statement of comprehensive income totalled £68,470,000 (2025: £70,475,000).

15. Investments including properties

	Joint Venture Investments	Investment in subsidiary undertaking	Investment properties	Total
	£'000	£'000	£'000	£'000
At 1 April 2025	**15**	**234**	**22,835**	**23,084**
Additions	**-**	-	813	**813**
Held for sale	**-**	-	(8,775)	**(8,775)**
At 31 March 2026	**15**	**234**	**14,873**	**15,122**

Onward Homes Limited invested £234,000 in Atrium City Living Limited in March 19 which comprised a further £50,000 £1 shares and the remaining £184,000 as working capital. To date, Onward Homes Limited holds a total of £50,001 in shares in Atrium City Living Limited, which is used as an investment vehicle for development investment. Atrium holds an investment in the Greater Manchester Joint Venture.

Full valuations of the properties were carried out in March 2026 by external valuers, Thomson Associates, Chartered Surveyors in accordance with the RICS Appraisal and Valuation Manual. Their reports indicated that the market value of investment property and land was £14.9 million (2025: £22.8 million). Reduction against prior year relates to the decision to dispose of some properties, which are reflected in increased properties for sale and work in progress (note 18).

If the investment properties were shown at historic cost less depreciation the carrying value would be as follows:

	2026 £'000	**2025** £'000
Historic costs	7,114	12,150
Accumulated depreciation	(2,545)	(2,403)
	4,569	**9,747**

Reduction against prior year related to decision to dispose of a scheme which is currently held in assets for disposal. Corresponding adjustment can be seen in note 18.

Onward Homes Limited comprises the following entities, all registered in England.

Organisation	Status	Registration number	Principal activity	Share capital held £
Atrium City Living Limited	Private Limited Company (by shares)	4710066	Commercial property services	50,001
Onward Build Limited	Private Limited Company (by shares)	10665852	Development company	100

15. Investments including properties (continued)

Atrium City Living Limited, and Onward Build Limited are not consolidated into the results of Onward Homes Limited as a full consolidation takes place at the ultimate parent undertaking level, Onward Group Limited.

16. Other tangible fixed assets

	Freehold land and buildings £'000	Scheme equipment £'000	Vehicles, fixtures and equipment £'000	Total £'000
Cost				
At 1 April 2025	**16,278**	**5,679**	**2,739**	**24,696**
Additions	26	1,775	1,032	2,833
Disposals	-	(37)	-	(37)
Eliminations and adjustments	(730)	(618)	(1,319)	(2,667)
At 31 March 2026	**15,574**	**6,799**	**2,452**	**24,825**
Depreciation				
At 1 April 2025	**(6,010)**	**(2,287)**	**(1,773)**	**(10,070)**
Charge for the year	(712)	(216)	(573)	(1,501)
Disposals	-	15	-	15
Eliminations cleardown	730	618	1,319	2,667
At 31 March 2026	**(5,992)**	**(1,870)**	**(1,027)**	**(8,889)**
Net book value				
At 1 April 2025	**10,268**	**3,392**	**966**	**14,626**
At 31 March 2026	**9,582**	**4,929**	**1,425**	**15,936**

17. Debtors: amounts falling due after one year

	2026 £'000	2025 £'000
Loans to Group entries	**63,935**	**65,594**
Pension past service deficit	**16**	**-**
	63,951	**65,594**

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Properties for sale and work in progress

	2026 £'000	2025 £'000
Properties under construction – low-cost home ownership	**15,037**	15,724
Completed properties	**2,795**	1,263
Assets held for disposal	**8,993**	1,531
	26,825	18,518

19. Debtors

	2026 £'000	2025 £'000
Amounts falling due within one year:		
Rent and service charge arrears	**11,720**	11,178
Bad debt provision	**(7,440)**	(6,898)
	4,280	4,280
Trade debtors	**808**	1,328
Social Housing Grant and other grant receivable	**-**	-
Amounts owed by group entities (note 31)	**6,308**	4,760
Prepayments and sundry debtors	**9,292**	9,434
Loans to group entities	**1,238**	975
Loans to joint ventures	**2,442**	2,281
	24,368	23,058

20. Other Investments

	2026 £'000	2025 £'000
Investments in credit unions	**50**	50
	50	50

In FY14/15 OHL invested £50k in 50,000 £1 non-deferring interest bearing shares in both Central Liverpool Credit Union Limited (25,000 shares) and in Halton Credit Union Limited (25,000 shares). These are minority shareholdings.

21. Creditors: amounts falling due within one year

	2026 £'000	2025 £'000
Bank and building society loans (note 23)	**5,568**	12,476
Other loans (note 23)	**434**	856
Bond discount (note 23)	**(244)**	(244)
Bond issue costs (note 23)	**(50)**	(50)
Issue costs (note 23)	**(708)**	(362)
	5,000	12,676
Trade creditors	**7,465**	6,259
Capital creditors and retentions	**940**	1,373
Rent and service charges received in advance	**9,177**	7,157
Other taxation and social security	**991**	982
Deferred Government Grant (note 24)	**6,363**	6,158
Recycled capital grant fund (note 25)	**998**	1,364
Accruals and deferred income	**35,026**	23,891
Amounts owed to related parties	**2,825**	-
Other creditors	**723**	415
	69,508	60,275

22. Creditors: amounts falling due after one year

	2026 £'000	2025 £'000
Bank and building society loans (note 23)	**257,906**	166,000
Other loans (note 23)	**14,341**	13,919
Bond (note 23)	**265,000**	265,000
Bond Discount (note 23)	**(6,332)**	(6,576)
Bond issue costs (note 23)	**(1,290)**	(1,340)
Issue costs (note 23)	**(2,805)**	(824)
	526,820	436,179
Capital creditors and retentions	**2,053**	1,821
Recycled Capital Grant Fund (note 25)	**3,967**	3,739
Deferred Government Grant (note 24)	**544,146**	543,592
Other Creditors	**162**	103
Amounts owed to leaseholders	**4,772**	4,296
	1,081,920	989,730

23. Debt analysis

	2026 £'000	2025 £'000
Bank and Building Society loans	**263,474**	178,476
Other loans	**14,775**	14,775
Bond	**265,000**	265,000
Bond Discount	**(6,576)**	(6,820)
Bond issue costs	**(1,340)**	(1,390)
Issue costs	**(3,513)**	(1,186)
	531,820	448,855

All bank, building society and other loans are secured by charges either on the Association's housing properties or on the rental streams arising from properties. Loans are repayable in instalments with final dates up to 2040. The bond is repayable in one instalment due in 2053. As at 31 March 2026 interest rates chargeable on Bank & Building Society loans varied from 4.26% to 11.67%. The interest rate on the Bond was fixed at 2.13%

	2026 £'000	2025 £'000
Gross debt is repayable in instalments as follows:		
Within one year	**6,002**	12,676
Between one and two years	**20,805**	11,497
Between two and five years	**179,653**	137,633
After five years	**336,789**	296,445
	543,249	458,251

	Properties under charge	**Amount drawn £'000**	Valuation of units £'000
Loan charges	12,960	473,249	728,669

Bond analysis

	Principal amount of the Issued Bond £'000	Discount on Issue £'000	**Bond Issue costs £'000**	Amount due to bond holders £'000
At 31 March 2025	265,000	(6,820)	(1,389)	256,791
Amortisation of discount on issue and Bond issue costs during year	-	244	50	294
At 31 March 2026	265,000	(6,576)	(1,339)	257,085

On 25th March 2021, the Association issued a 32 year £350m bond ("Bond") at a re-offer yield of 2.215%. The initial offer to the market was for a principal amount of £215m (the "Principal Amount", the issued Bond) with a principal amount of £135m of bonds retained for later issue (the "Retained Bond"). A £50m tranche of the retained bonds were sold on 2nd February 2022. £2.9m of the proceeds were drawn down in February 2022 with the remaining proceeds drawn in June 2022.

23. Debt analysis (continued)

A coupon rate of 2.125% meant that the initial issued bond was priced at 97.945% (the "bond issue Price"), equivalent to a discount on issue of £4.4m (2.055%).

The net funds received were £210.6m (£97.945 per £100.00 issued). The £50m tranche of retained bonds were issued at a price of 93.42%, a discount of £3.3m. £2.9m was received in February 2022 with net funds outstanding of £43.8m. These were received in June 2023.

The discount on Issue and the Bond Issue costs will be amortised over the term of the Bond. Interest is payable by the Association to the bondholders at a rate of 2.125% six monthly in arrears on the principal amount, starting in September 2021. The principal amount is due for repayment on 25th March 2053.

"During FY2025/26, the Association completed a refinancing exercise in October 2025, securing £290m of new facilities comprising £190m of term debt and £100m of revolving credit facilities. As part of the refinancing, an initial £50m tranche of term debt was drawn, of which £37.4m was utilised to repay existing term debt. Concurrently, £145m of existing revolving credit facilities were cancelled. The refinancing therefore increased the Association's total available facilities by £107.6m. The remaining £140m term debt facility was drawn in April 2026."

24. Deferred Capital Grant (Financial Assistance)

	2026 £'000	2025 £'000
The total accumulated government grant and financial assistance received or receivable at 31 March:		
Held as deferred capital grant at start of the year	**549,750**	539,607
Grants allocated from RCGF	**2,310**	208
Grant received in the year	**10,747**	31,422
Grant Repaid	**-**	(2,444)
Grant transferred to other housing association	**(5,664)**	(10,035)
Grants in advance	**231**	212
Disposals	**(1,792)**	(2,113)
Transfer to properties held for sale	**1,118**	(936)
Recognised in the Statement of Comprehensive Income in the year – Income	**(10)**	(350)
Recognised in the Statement of Comprehensive Income in the year - Amortisation	**(6,181)**	(5,821)
At end of the year	**550,509**	549,750

Due within one year	**6,363**	**6,158**
Due after one year	**544,146**	**543,592**
	550,509	**549,750**

Amounts recognised in the statement of comprehensive income of £6,181,000 includes non-social housing grant of £60,000. Only the social housing grant of £6,121,000 is recognised in note 4.

25. Recycled Capital Grant Fund

	2026 £'000	2025 £'000
At start of the year	**5,103**	3,870
Grants recycled	**2,890**	1,697
Homebuy loans redeemed	**-**	-
Interest	**103**	326
Recycled to new build development	**(2,574)**	(406)
RTA discounts	**(559)**	(384)
At end of the year	**4,963**	5,103

Due within one year	**996**	1,364
Due after one year	**3,967**	3,739
	4,963	5,103
Amount three years or older where repayment may be required	**-**	-

26. Financial instruments

	2026 £'000	2025 £'000
Financial assets measured at transaction price adjusted for transaction costs (historic cost):		
Trade receivables (note 19)	**808**	1,328
Other receivables (note 17 & 19)	**87,511**	86,937
Cash and cash equivalents	**17,174**	15,840
Total financial assets	**105,493**	104,105
Financial liabilities measured at transaction price adjusted for transaction cost (historic cost):		
Loan payable (note 23)	**543,249**	458,251
Trade creditors (note 21)	**7,465**	6,259
Other creditors (note 22 & 23)	**53,884**	41,905
Total financial liabilities	**604,598**	506,415

The organisation's policy on treasury management, capital structures, cash flow and liquidity are set out on page 12 of the Strategic Report.

	2026 £'000	2025 £'000
The organisation's financial liabilities are sterling denominated. The interest rate profile of the organisation's financial liabilities (loans and finance leases) at 31 March was:		
Floating rate	**209,474**	154,887
Fixed rate	**333,775**	303,364
	543,249	458,251

26. Financial instruments (continued)

	2026 £'000	2025 £'000
Financial Derivatives:		
Derivative Financial Asset	**4,949**	-
Derivative Financial Liability	**-**	-
	4,949	-

The Group uses SONIA interest rate swaps, including Loan-Linked ISDAs, to manage exposure to variability in cash flows on floating rate borrowings. These derivatives are designated as cash flow hedges and are measured at fair value at the reporting date.

27. Obligations under operating leases

The Association leases some of its land and buildings. Payments are accounted for in the month in which they are receivable. The future minimum lease receipts under non-cancellable operating leases are as follows:

	Land and buildings	
	2026 £'000	2025 £'000
Leases expiring:		
Within one year	**961**	954
In the second to fifth years	**3,720**	3,618
In more than five years	**1,088**	1,927
At end of the year	**5,769**	6,499

During the year £1,024,000 was recognised as income in the statement of comprehensive income in respect of operating leases receivable (2025: £989,000).

The Association holds some of its office equipment on operating leases and contract hires some of its motor vehicles. Payments are accounted for in the month in which they fall due. The future minimum lease payments under non-cancellable operating leases are as follows:

	Vehicles and equipment		Land and buildings	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Leases expiring:				
Within one year	**819**	775	**691**	694
In the second to fifth years	**450**	736	**1,135**	1,826
In more than five years	**-**	-	**1,042**	1,042
At end of the year	**1,269**	1,511	**2,868**	3,562

During the year £1,314,000 was recognised as an expense in the statement of comprehensive income in respect of operating leases (2025: £1,761,000).

28. Provisions for liabilities

	2026 £'000	2025 £'000
Public liability insurance and disrepair claims:		
At start of the year	**2,137**	2,113
Additional provision in year	**295**	603
Transfer out of provisions	**(355)**	(579)
At end of the year	**2,077**	2,137

29. Pension liabilities

	2026 £'000	2025 £'000
At start of the year	**5,145**	12,861
Interest on pension liabilities	**248**	568
Transfers to reserves (actuarial gain in period)	**(2,221)**	(4,321)
Contributions in period	**(3,325)**	(4,108)
Administration expenses	**304**	23
Settlement gain	**-**	-
Current service costs in the period	**24**	31
Past service costs in the period	**-**	91
At end of the year	**175**	5,145

30. Non-equity share capital

	2026 £	2025 £
Shares of £1 each fully paid and issued:		
At start of the year	**8**	9
Shares issued in the year	**0**	0
Cancelled during the year	**0**	(1)
At end of the year	**8**	8

The Association's shares are not transferable or redeemable. Payments of dividends or other benefits are forbidden by the Association's rules and by the Housing Association Acts.

**This note is shown in £s rather than £'000s*

31. Transactions with related parties

During the year the Association transacted with Onward Group, its ultimate parent organisation and other subsidiaries as set out below. There are no guarantees given over and above the normal trading terms set out in the intra-group agreement. There are no provisions required for uncollectible balances and no bad debt expense is required.

	2026 £'000	2025 £'000
Recharge by related party		
Onward Group Limited	**522**	564
Atrium City Living Limited (non- regulated)	**160**	715
Onward Repairs Limited (non-regulated)	**586**	386
Contour Property Services (non-regulated)	**859**	139
Onward Build (non-regulated)	**3,089**	3,003
	5,216	4,807

	2026 £'000	2025 £'000
Recharge by service		
Management services	**1,735**	1,433
Loan Interest	**3,481**	3,374
	5,216	4,807

Management services are non-salary related corporate recharges which include IT costs, human resources, finance costs, marketing and communication costs etc.

The Association received charges from:	2026 £'000	2025 £'000
Recharge from subsidiary		
Onward Group Limited	**3,951**	5,276
Onward Build Limited (non-regulated)	**40,930**	11,712
Onward Repairs Limited (non-regulated)	**19,885**	16,367
	64,666	33,355

Debtors falling due within one year (note 19)	2026 £'000	2025 £'000
Onward Group Limited	**2,668**	3,474
Onward Repairs Limited (non-regulated)	**-**	1,264
Contour Property Services Limited (non-regulated)	**3,478**	752
Onward Build Limited (non-regulated)	**162**	238
Atrium City Living Limited (non- regulated)	**-**	7
	6,308	5,735

31. Transactions with related parties (continued)

Debtors falling due after more than one year (note 17)	2026 £'000	2025 £'000
Atrium City Living Limited (non-regulated)	**2,855**	2,202
Contour Property Services Limited (non-regulated)	**1,900**	900
Onward Build Limited (non-regulated)	**55,580**	58,892
Onward Repairs Limited (non-regulated)	**3,600**	3,600
	63,935	65,594

All transactions with related parties are provided and received at cost and are apportioned in accordance with an agreed group recharge methodology. The recharge methodology recharges costs mainly on the basis of time, headcount or service usage. Transactions with Atrium City Living Limited, and Onward Repairs Limited (non-regulated) are based on an agreed fee structure per unit for management and development or per property sale.

Creditors falling due within one year (note 22)	2026 £'000	2025 £'000
Atrium City Living Limited (non-regulated)	**-**	-
Contour Property Services Limited (non-regulated)	**-**	-
Onward Build Limited (non-regulated)	**2,683**	-
Onward Repairs Limited (non-regulated)	**142**	557
	2,824	557

32. Capital commitments

	2026 £'000	2025 £'000
Capital expenditure contracted for but not provided for in the financial statements general balance	**77,408**	100,818
Capital expenditure authorised by the Board but not yet contracted for general balance	**49,545**	53,637

Capital expenditure commitments are funded through grant funding (Homes England Affordable Homes Programme) and recycled grant, £17,899,000 and cash from approved loan agreements, property sales and retained surpluses, £109,053,000.

33. Impairment

Under FRS102 the Association is required to perform impairment tests on its housing stock so that properties are not shown at an amount exceeding their recoverable amount. At the year end, a review of impairment indicators was carried out and considered by the Board. No impairments were identified.

34. Contingent liabilities

The association had no contingent liabilities at 31st March 2026 (2025: £nil).

35. Pension costs

Summary

	OPP	GMPF	MPF	Total
	£'000	£'000	£'000	£'000
At start of the year	6,049	(916)	12	5,145
Net interest on pension liabilities	274	(26)	-	248
Transfers to reserves (actuarial gain in period)	(2,361)	140	-	(2,221)
Contributions in period	(3,300)	(25)	-	(3,325)
Administration expenses	-	-	-	304
Current service costs in the period	-	24	-	24
Past service costs in the period	-	-	-	-
At end of the year	966	(803)	12	175

The company participated 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.

On 1 July 2023, Onward transferred its share of assets and liabilities in the Social Housing Pension Scheme (SHPS) multi-employer scheme to a defined benefit scheme sponsored by Onward, the Onward Pension Plan (OPP). There are no participating employers outside of the Onward Group.

Benefits in the OPP for transferring members are identical to SHPS. Onward closed the defined benefit section in SHPS on31 March 2016 and only operates a defined contribution scheme for future benefit contributions, the Onward Defined Contribution Pension Scheme run by Aviva.

The OPP is a trust-based defined benefit pension scheme. The Trustee is responsible for running the OPP in accordance with it's trust Deed and Rules, which sets out their powers. The Trustee of the OPP is required to act in the best interests of the beneficiaries of the OPP.

The OPP 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 OPP will pay any remaining administration expenses and all levies, including the PPF levy.

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.

The Board is aware of the Court of Appeal judgment in Virgin Media Limited v NTL Pension Trustees II Limited, which upheld the High Court's decision regarding amendments made to contracted-out defined benefit pension schemes between 6 April 1997 and 5 April 2016. The judgment established that certain amendments affecting section 9(2B) rights may be invalid where the statutory actuarial confirmation required under section 37 of the Pension Schemes Act 1993 was not obtained.
In response to the judgment, the Government announced on 5 June 2025 that legislation would be introduced to enable affected pension schemes to obtain retrospective actuarial confirmation that historical benefit amendments met the relevant statutory requirements. Draft legislative provisions have subsequently been published setting out a framework through which affected schemes may validate potentially impacted amendments.
The Board understands that the trustees of the relevant pension schemes and their advisers continue to assess the implications of the judgment and the proposed legislative remedy. Based on information currently available, and subject to the successful application of the legislative solution and any required actuarial confirmations being obtained, the Board does not currently expect a material impact on the valuation of the

35. Pension costs (continued)

scheme liabilities recognised in these financial statements. However, uncertainty remains pending enactment of the legislation and completion of the trustees' review.

(a). Onward Pension Plan

Assumptions	2026	2025
Inflation	2.90%	2.80%
Rate of discount on scheme	6.40%	6.00%
Rate of salary increase	3.90%	3.80%
Rate of increase of pensions	2.90%	2.80%
Life expectancy male non-pensioner	22.3	21.7
Life expectancy female non-pensioner	24.8	24.5
Life expectancy male pensioner	21.1	20.4
Life expectancy female pensioner	23.3	23.0

The OPP's membership data as at 30 June 2023 has been valued using assumptions as at 31 March 2026 by a qualified independent actuary.

The fair value of the schemes' assets at 31 March 2026, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and are thus inherently uncertain, were:

	2026 £'000	2025 £'000
Fair value of assets	**70,397**	68,137
Present value of liabilities	**(71,363)**	(74,186)
Deficit in the scheme	**(966)**	(6,049)

35. Pension costs (continued)

(a). Onward Pension Plan (continued)

	2026 £'000	2025 £'000
Market value		
Insurance-Linked Securities	**-**	-
Property	**-**	-
Cash	**1,931**	3,182
Gilts	**24,672**	26,132
Equity Options	**699**	6,819
Gilt Swaps	**119**	(1,822)
Inflation Swaps	**149**	(331)
Interest Rate Swaps	**(375)**	366
Liquidity Fund	**-**	-
Strategic Income	**-**	-
Private Markets	**12,751**	12,392
Credit Fund	**22,054**	21,222
Total	**70,397**	68,140

Analysis of the amount credited to other finance income	2026 £'000	2025 £'000
Expected return on pension assets	**4,076**	3,621
Interest on pension liabilities	**(4,350)**	(4,199)
Net Return	**(274)**	(578)

	2026 £'000	2025 £'000
Movement in (deficit) during the year		
Deficit in schemes at the start of the year	**(6,049)**	(13,568)
Scheme bulk transfer from SHPS	**-**	-
Contributions	**3,300**	4,083
Expected return on plan assets	**(1,389)**	(8,025)
Interest on pension liabilities	**(274)**	(578)
Administration expenses	**(304)**	(23)
Actuarial gain/(loss) in SCI	**3,750**	12,062
Deficit in scheme at end of the year	**(966)**	(6,049)

35. Pension costs (continued)

(a). Onward Pension Plan (continued)

Amount recognised in the Statement of Comprehensive Income		
Actual return less expected return on pension scheme assets	**(1,389)**	(8,025)
Experienced gains/(losses) arising on the scheme liabilities.	**(475)**	2,256
Change in assumptions underlying the present value of scheme liabilities	**4,225**	9,806
Actuarial (loss) recognised in SCI	**2,361**	4,037

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

History of experienced surpluses and deficits	2026 £'000	2025 £'000
Difference between actual and expected returns on assets	**(1,389)**	(8,025)
% of scheme assets	**(2.0%)**	2.5%
Experienced (losses)/gains on liabilities	**(475)**	2,256
% of scheme liabilities	**0.1%**	(2.5%)
Total amount recognised in SCI	**2,361**	4,037
% of scheme liabilities	**3.3%**	5.4%

	2026 £'000	2025 £'000
Reconciliation of assets		
Initial recognition of multi-employer defined benefit	**68,137**	72,298
Assets bulk transfer from SHPS	**-**	-
Employer contributions	**3,300**	4,083
Benefits paid	**(3,423)**	(3,817)
Administration expenses	**(304)**	(23)
Interest Income	**4,076**	3,621
Expected return on plan assets	**(1,389)**	(8,025)
Assets at end of year	**70,397**	68,137

35. Pension costs (continued)

(a). Onward Pension Plan (continued)

	2026 £'000	2025 £'000
Reconciliation of liabilities		
Initial recognition of multi-employer defined benefit	**74,186**	85,866
Defined benefit obligation bulk transfer from SHPS	**-**	-
Interest cost	**4,350**	4,199
Benefits paid	**(3,423)**	(3,817)
Actuarial (gain) / loss	**(3,750)**	(12,062)
Benefit obligation at end of year	**71,363**	74,186

(b) Local Government Pension Scheme

The major assumptions used in this valuation for Greater Manchester Pension Fund is as follows.

Assumptions	2026	2025
Inflation	3.00%	2.75%
Rate of discount on scheme	6.20%	5.80%
Rate of salary increase	4.50%	3.55%
Rate of increase of pensions	3.00%	2.75%
Life expectancy male non-pensioner	23.5	21.8
Life expectancy female non-pensioner	26.2	25.6
Life expectancy male pensioner	20.4	20.0
Life expectancy female pensioner	23.9	23.3
Mortality assumptions (normal health)		
Basis	Vita curves CMI 2023 model	Vita curves CMI 2022 model
Non-retired members	CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.	CMI 2022 model, with a 25% weighting of 2022 data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.
Retired members	CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.	CMI 2022 model, with a 25% weighting of 2022 data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.

35. Pension costs (continued)

(b) Local Government Pension Scheme

The major assumptions used in this valuation for Merseyside Pension Fund is as follows. As of 2024 there are no pensioners in the fund.

	2026 £'000	2025 £'000
Fair value of assets	**1,995**	2,006
Present value of liabilities	**(1,613)**	(1,563)
Surplus/(Deficit) in the scheme	**342**	443

The variance in the scheme surplus is due to the Contour Homes transfer and is not considered material.

The market value of the assets of the scheme and the expected long term rates of return at 31 March were as follows.

	2026 £'000	2025 £'000
Market value		
Equities	**1,257**	1,264
Government Bonds	**359**	361
Property	**180**	180
Cash/liquidity	**199**	201
Total	**1,995**	2,006

	2026 £'000	2025 £'000
Analysis of the amount charged to operating surplus		
Current service cost	**24**	31
Past service cost (including curtailments)	**-**	91
Total operating charge	**24**	122

	2026 £'000	2025 £'000
Analysis of the amount credited to other finance income		
Expected return on pension assets	**116**	93
Interest on pension liabilities	**(90)**	(83)
Net return	**26**	10

35. Pension costs (continued)

(b) Local Government Pension Scheme (continued)

	2026 £'000	2025 £'000
Movement in (deficit) during the year		
Deficit in schemes at start of the year	**904**	707
Movement in year:		
Current service cost	**(24)**	(31)
Past service Cost (including curtailments)	**-**	(91)
Contributions	**25**	25
Expected return on plan assets	**116**	93
Interest on pension liabilities	**(90)**	(83)
Actuarial gain / (loss) in SCI	**(140)**	284
Deficit in schemes at end of the year	**791**	904

	2026 £'000	2025 £'000
Amount recognised in the Statement of Comprehensive Income		
Actual return less expected return on pension scheme assets	85	(16)
Change in assumptions underlying the present value of scheme liabilities	(225)	300
Actuarial gain/(loss) recognised in SCI	**(140)**	**284**

	2026	2025
History of experienced surpluses and deficits		
Difference between actual and expected returns on assets (£'000)	**85**	(16)
% of scheme assets	**4.30%**	(0.80%)
Experienced (losses)/gains on liabilities (£'000)	**-**	-
% of scheme liabilities	**-**	-
Total amount recognised in SCI (£'000)	**(140)**	284
% of scheme liabilities	**8.70%**	18.30%

	2026 £'000	2025 £'000
Reconciliation of assets		
Assets at start of year	**814**	704
Employer contributions	**25**	25
Employee contributions	**13**	13
Benefits paid	**(38)**	(5)
Expected return on plan assets	**116**	93
Remeasurement of assets	**(167)**	(16)
Settlement on exit	**-**	-
Assets at end of year	**763**	814

35. Pension costs (continued)

(b) Local Government Pension Scheme (continued)

	2026 £'000	2025 £'000
Reconciliation of liabilities		
Benefit obligation start of year	**(91)**	(4)
Operating charge	**24**	122
Interest cost	**90**	83
Employee contributions	**13**	13
Benefits paid	**(38)**	(5)
Actuarial gain/(loss)	**(27)**	(300)
Benefit obligation at end of year	**(29)**	(91)

36. Share of operating profit/(loss) in joint venture

	2026 £'000	2025 £'000
Share of operating profit/(loss) in joint venture	**250**	275
	250	275

37. Post Balance Sheet Events

There are no post balance sheet events to report.