Sovereign Network Group

Annual Report and Financial Statements

Annual Report 2026

Sovereign Network Group
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Sovereign Network Group is a charitable Registered Society under the Co-operative and Community Benefit Societies Act 2014, registered with the Financial Conduct Authority no. 7448 and with the Regulator of Social Housing no. 4837. Sovereign Network Group is authorised and regulated by the Financial Conduct Authority.

Registered office: Sovereign House, Basing View, Basingstoke RG21 4FA

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The year in numbers

01 **Quality homes and places**	**1,661** New homes delivered **£702.9m** Invested in the development of new homes
02 **Improved environmental and social impact**	**£119.4m** HACT[1] social value generated **2,000+** Homes supported to address fuel poverty
03 **A great customer experience**	**4.7/5** Rating for customer advisor helpfulness **C2** RSH[2] Consumer Standard rating
04 **A great place to work**	**69/100** Colleague engagement score **30%** Roles filled internally helping colleagues grow their careers with us
05 **Organisational resilience**	**G1/V2** RSH Governance and Financial Viability rating **£900m** In new funding

Note 1: HACT refers to the Housing Association's Charitable Trust (HACT), a charity which enables social housing organisations to drive value by unlocking the potential for lasting, transformational change – backed by research and data.
Note 2: RSH refers to the Regulator of Social Housing.

About us

SNG (Sovereign Network Group) is one of the largest housing associations in England.

Our purpose is to **provide good, affordable homes that are the foundation for a better life** – and our vision is **thriving communities, over generations**. We provide 86,000 homes and invest in communities across the South and South West of England, including London and Hertfordshire, as well as aiming to create thousands of new affordable homes every year.

Everything we earn is reinvested, so that our customers have a sustainable home in a thriving community – now and into the future.

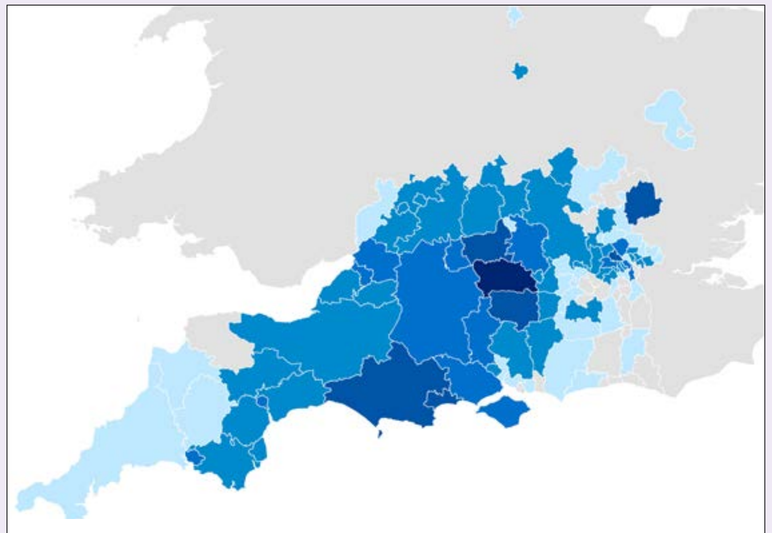


Image:
Wembley Place development

Chair's statement

"We have strengthened our capacity to deliver more new homes and SNG is now one of the sector's leading developers. Over three years we have delivered over 5,000 homes, including more than 1,600 in 2025/26, and we hold a development pipeline of more than 12,000 homes."

This report concludes SNG's first Corporate Plan (2023-26). It provides an opportunity to reflect on what has been achieved since Sovereign and Network Homes came together in October 2023.

We have strengthened our capacity to deliver more new homes and SNG is now one of the sector's leading developers. Over three years we have delivered over 5,000 homes, including more than 1,600 in 2025/26, and we hold a development pipeline of more than 12,000 homes. This includes continued investment in London where we are going against wider sector trends by building urgently needed homes in the capital. We have also invested over £600 million in our existing homes since the merger.

Our development programme is underpinned by a clear asset management approach through the Homes and Place Standard, co-created with customers, which is helping to improve the overall quality of our homes and ensure they remain good places to live for decades to come.

While we have met our targets in many areas the Board remains focused on the areas where we need to keep improving. Our C2 consumer grading from the Regulator of Social Housing in May 2025 recognised many areas of strength, while highlighting areas for further focus – particularly repairs and complaints handling. The Board has maintained close oversight of the organisation's plan to achieve a C1 grading, and we have been encouraged by the progress made during the year. Our Governance rating remains G1 and our Financial Viability rating remains V2.

We have also made continued strides to strengthen customer voice and accountability. I was pleased to welcome two new resident Board members, Theresa Lisk and Ruth Picknett-Powell. Both bring valuable customer insight directly into Board discussions and decision making. The Customer Influence Panel has also continued its work, including presenting its first scrutiny report, and providing ongoing challenge to our approach. This not only enhances the breadth and depth of our oversight but helps ensure customers shape SNG's strategic direction.

Our commitment to building stronger, more resilient communities continues to deliver impact. During the year, we secured £2.19 million in external funding on top of our own £6.2 million to support both the SNG Community Foundation and local partners delivering services to our customers. Programmes such as the SNG #iwill Fund are delivering long term benefits through investment in youth voice and social action. In total, our work generated over £119.4 million in social value across our communities.

All of this is possible because SNG's financial performance remains robust. Turnover increased by 2.9% (£23.4 million) to £817.6 million (2025: £794.2 million) and SNG made an operating surplus of £193.0 million (2025: £207.9 million), reflecting continued financial discipline. As always, all surplus is reinvested into improving homes and delivering new ones for those who need them most. The organisation also secured £900 million in new funding, providing the capacity to continue building new homes and investing in existing properties.

Delivering strong outcomes for customers depends on having engaged and committed colleagues, and we have been encouraged by increasing levels of colleague engagement during the year, alongside 30% of roles filled internally, reflecting our commitment to supporting colleagues with career progression and development.

During the year we said thank you to Board members stepping down – John Gooding, Adeoye Adebayo, Angela Williams and Jennifer Dykes – for their significant contribution and commitment to SNG.

I would also like to thank all Board and Committee members for their continued dedication to customer outcomes, and for the thoughtful support and constructive challenge they provide.

Paul Massara
Chair

Group Chief Executive's review

"We remain ambitious to deliver the best experience for our customers. Our new Corporate Plan sets out a clear and focused direction to provide the best customer experience of any social housing provider into, throughout and beyond the 2030s."

We continue to navigate a fast-changing world shaped by technological advances, rising costs, ongoing geopolitical and economic uncertainty, and increasing regulatory expectations.

What hasn't changed is that far too many people are still waiting for a decent home they can afford. This includes over 170,000 children living in temporary accommodation in England - over 11,000 more than when I wrote this last year. It is a truly shocking figure, with both immediate and long-term costs to the country, including potentially life-long lost opportunities for the children affected.

This is a symptom of the extreme pressure on the social housing system where limited supply means only those with the greatest need are offered a social home. As a result, the profile of our customers is changing, with a growing proportion requiring greater support. They continue to face rising living costs and financial pressures.

In response, alongside our core activities, we have strengthened our support services. Our new debt advice offer has delivered over £2.2 million in direct savings for our customers and helped them manage £2.5 million of debt more sustainably. Targeted support has also secured a further £7.2 million in financial gains for customers during the year.

The Government's vocal support for housing is welcome, as are the changes in funding announced last year that are starting to come through. But structural challenges built up over decades remain, and addressing them will require a clear and long-term vision to resolve. The new National Housing Bank offers opportunities, and we have been actively engaging to bring forward innovation, including a proposal that would use housing as a catalyst to revitalise existing towns, bringing both homes and economic opportunity.

Innovation will also play a critical role in how we deliver services and meet our customers' rising expectations now, and in the future. Our customers increasingly compare their experience with us to the best of other sectors where next day, or even same day, services are the norm. Artificial Intelligence has the potential to radically change how organisations provide services. It is already an increasingly important part of our work, and we are actively exploring how it can enhance our customer experience as the technology continues to develop.

We remain ambitious to deliver the best experience for our customers. Our new Corporate Plan (2026-2031) sets out a clear and focused direction to provide the best customer experience of any social housing provider into, throughout and beyond the 2030s.

Achieving this ambition will require more than incremental improvement. It will demand a fundamental shift in how we work, enabling us to anticipate and respond to the evolving expectations of our customers. We must continue to transform, building on the foundations laid over the last three years. In some areas, change will need to be radical and far-reaching.

Our three focus areas – Homes and Place (building on the success of our existing long-term asset management approach), Proactive Maintenance, and an End to End Digitalised Experience – will drive a step change in how customers experience our services. Through these priorities, we will continue to improve the quality of our homes, use data and technology to move towards a more proactive and preventative approach to maintenance, and enable our people to deliver simpler, faster and more responsive services. Together, these priorities reinforce one another, helping us create better outcomes for customers and guarantee good homes for generations to come.

While the challenges facing our sector remain significant, so too is the opportunity to make a lasting difference to the lives of our customers and communities. We enter this chapter with a renewed sense of purpose, strong foundations and the ambition to deliver even better outcomes in the years ahead.

We are already seeing what can be achieved through focused ambition and targeted investment. Over the past year, additional investment to transform how we deliver repairs and maintenance has reduced the average time customers wait for a repair by nearly two weeks. This is an important step forward and one we will continue to build on into the future.

I would like to thank our colleagues for their continued commitment and support throughout the year. The progress set out in this report has only been possible through their collective efforts and I look forward to continuing to work together as we deliver the ambitions of our new corporate plan.

Mark Washer
Group Chief Executive

Financial and delivery highlights

Our 2025/26 financial results demonstrate another year of strong underlying operating performance, delivered against a challenging external economic and political backdrop for the UK housing sector.

Sovereign Network Group (SNG) and its subsidiaries (the "Group") reported an operating surplus of £193.0m and an overall surplus of £38.7m. This surplus will be reinvested into both new and existing affordable homes. The overall reported result is impacted by one-off impairment and pension settlement costs totalling £21.7m. This is alongside an increase of £12.2m in the depreciation charge resulting from the continued growth in the Group's asset base driven by new homes in management and a further £112.0m in capital investment in retrofitting, building safety and regeneration. Financing costs have increased by £21.1m to £168.5m (2025: £147.4m), reflecting higher average debt levels during the year to fund investment in maintaining existing and developing new homes.

During the year, the Group invested £702.9m in the development of new homes (2025: £642m) with year-on-year delivery of affordable homes increasing by 11.6% to 1,598 homes with an additional 63 market sale homes delivered through our joint venture partnerships (2025: 1,432 affordable and 158 market sale). Notably, 96% of new homes delivered were affordable, reinforcing our position as one of the sector's leading providers of affordable housing.

EBITDA MRI decreased for the first time in four years, from £180.9m to £153.6m, with EBITDA MRI interest cover reducing from 105.5% to 79.5%. This reflects the one-off impact of the impairment and pension settlement charges noted above, together with higher interest costs. In addition, this measure incorporates the Group's continued investment to support delivery of its long-term strategy including an ambitious retrofit programme. Excluding one-off impacts, EBITDA MRI interest cover is 90.2% (2025/26 Target: 46%).

Notwithstanding these factors, the Group's core financial performance remains robust and aligned to its long-term strategy.

Measure	2026		2025	Change
	Actual	Actual Adjusted[1]	Actual	
Operating surplus £m	193.0	214.7	205.2	(12.2)
Operating margin %[2]	16.0	18.6	20.0	(4.0)
Overall surplus £m	38.7	60.4	74.8	(36.1)
EBITDA MRI £m[3]	153.6	175.3	180.9	(27.3)
EBITDA MRI Interest Cover %	79.5	90.2	105.5	(26.0)

[1] The results have been adjusted for the one-off impairment and pension settlement costs
[2] Operating margin % = Operating surplus excluding sale of housing properties and fair value movement of investment properties divided by total turnover
[3] EBITDA MRI = Earnings before interest, tax, amortisation and major repairs included

Above:
Northwick Park, Brent

Turnover

The Group's total income increased by 2.9% (£23.4m) to £817.6m. Social housing rental income rose by £18.6m to £636.4m, reflecting growth in units under management alongside the 2.7% annual social rent increase.

Shared ownership first tranche sales remained resilient, with proceeds broadly in line with the prior year at £88.6m for 660 units (2025: £90.1m, 687 units). In contrast, open market sales reduced by £7.5m to £2.0m (2025: £9.5m), reflecting lower sales activity in the year of 4 units through the Group. Overall net sales margins remained broadly flat year on year at 10.7% (2025: 10.2%).

Income from other non-social housing activities increased by £18.4m to £70.1m, primarily driven by higher construction services turnover of £59.4m which increased by £14.6m.

Turnover (£m)	2026	2025	Change
Social housing rent	636.4	617.8	18.6
Other social housing income	12.2	16.8	(4.6)
Shared ownership first tranche sales	88.6	90.1	(1.5)
Open market sales	2.0	9.5	(7.5)
Private rent	8.3	8.3	–
Other non-social housing activities	70.1	51.7	18.4
Total	**817.6**	**794.2**	**23.4**

Operating costs

The Group's operating costs increased by 2.8% in the year, from £525.1m to £539.7m. This was primarily driven by higher depreciation charges, which increased by £12.2m, together with impairment totalling £14.2m. Excluding impairment, operating costs have remained stable year on year.

The overall costs reflect:

- Continuing investment in our existing stock through increased maintenance and major repairs; and
- Increased depreciation charge arising from the ongoing investment in new housing property as well as retrofitting, regeneration and building safety.

Operating costs (£m)	2026	2025	Change
Social housing activities			
Management costs (excl. depreciation)	158.5	153.4	5.1
Maintenance costs	158.1	154.4	3.7
Depreciation and other costs[4]	208.5	190.9	17.6
Non-social housing activities	14.6	26.4	(11.8)
Total	**539.7**	**525.1**	**14.6**

[4] Includes impairment of £14.2m.

Other costs and activities

Surplus from the sale of housing properties through the Group's Strategic Asset Management programme increased by £13.9m to £65.9m (2025: £52.0m), driven by 702 completions (2025: 588). This resulted mainly from higher volumes of stock disposals during the year 374 (2025: 281) and a slight increase in shared ownership equity sales (staircasing) of 272 compared to the 256 in the prior year.

During the year, and in line with wider economic conditions in the UK commercial property market, the Group recognised a £3.4m reduction in the fair value of its investment property portfolio.

Statement of Comprehensive Income (£m)	2026	2025	Change
Turnover	817.6	794.2	23.4
Cost of sales	(139.9)	(110.4)	(29.5)
Operating expenditure	(539.7)	(525.1)	(14.6)
Surplus on sale of housing properties	65.9	52.0	13.9
Movement in fair value of investment properties	(3.4)	(5.5)	2.1
Pension settlement costs	(7.5)	-	(7.5)
Operating surplus	**193.0**	**205.2**	**(12.2)**

Right:
Taverners Field, Devon

The Group Statement of Financial Position

The Group's balance sheet continued to strengthen in 2025/26, reflecting a robust, diversified and resilient financial position. Net assets totalled £2,820.9m as at 31 March 2026.

Fixed assets increased by £679.5m to £8,548.0m (2025: £7,868.5m), driven by continued investment in new developments and existing housing stock.

The Group's funding position remains strong, with net debt of £4,296.3m (2025: £3,949.6m) and available cash and undrawn facilities of £1,064.0m at 31 March 2026 (2025: £740.4m). This level of liquidity provides capacity to meet ongoing operational cash requirements and to support the Group's development programme.

At the year-end there was £89.0m (2025: £98.4m) in cash and short-term investments, providing sufficient headroom for day-to-day operational requirements. Revolving bank facilities remain in place to support the Group's overall liquidity position.

Statement of Financial Position (£m)	2026	2025
Fixed assets	**8,548.0**	**7,868.5**
Current assets	292.8	393.9
Creditors amounts falling due within one year	(425.7)	(383.0)
Net current (liabilities)/ assets	**(132.9)**	**10.9**
Creditors amounts falling due after more than one year	(5,594.2)	(5,095.5)
Total net assets	**2,820.9**	**2,783.9**
Income and expenditure reserve	2,499.1	2,449.7
Other reserves	321.8	334.2
Capital and reserves	**2,820.9**	**2,783.9**

Cash flow

Operating cashflow increased by 0.7% to £287.3m (2025: £285.2m). The Group continued to invest significantly in new homes and communities, resulting in a net cash outflow from investing activities of £413.8m (2025: £511.1m). As in the prior year, this was principally driven by new housing development expenditure, which increased by £24.1m to £758.1m (2025: £734.0m). This increase was offset by higher grant funding, which rose by £127.7m.

Net new loan borrowings of £340.1m in the year were down on last year (2025: £433.7m), and when combined with interest paid of £220.5m, resulted in a lower cash inflow from financing activities.

Cash flow (£m)	2026	2025
Net cash inflow from operating activities	**287.3**	**285.2**
Cash flow from investing activities		
Net cash flow from jointly controlled entities	0.5	2.4
Purchase of tangible fixed assets	(758.1)	(734.0)
Purchase of intangible fixed assets	(7.3)	-
Proceeds from sale of tangible fixed assets	132.0	133.8
Grants received	207.4	79.7
Interest received	11.7	7.0
Net cash used in investing activities	**(413.8)**	**(511.1)**
Cash flow from financing activities		
Interest paid	(220.5)	(169.3)
Interest element of finance lease rental payment	0.2	(0.2)
Net new borrowing	340.1	433.7
Finance lease rental repayments	0.2	(0.3)
Withdrawal from deposits	(0.1)	-
Net cash from financing activities	**119.9**	**263.9**
Net change in cash and cash equivalents	**(6.6)**	**38.0**
Cash and cash equivalents at beginning of year	118.7	80.7
Cash and cash equivalents at the end of the year	**112.1**	**118.7**

Our approach to Value for Money (VfM)

Our VfM framework reflects our commitment to embedding the four 'Es' of VfM – economy, efficiency, effectiveness and equity – across all of our activities. It sets out a comprehensive approach to delivering value across our business.

It is underpinned by a robust planning, delivery and assurance process, including:

- **Providing a golden thread from our corporate plan:** Our key performance measures are designed to track progress against the Corporate Plan, demonstrate impact and evaluate our success across the four Es.
- **Strategic and financial planning:** VfM is a core consideration in the development of our strategies, annual and directorate delivery plans, and quarterly reviews. Our 30-year business plan is developed using value-based guide rails, including financial golden rules and risk appetite, and shadow credit rating outcomes. It is rigorously stress tested using individual sensitivities and compound scenarios designed to break the plan with board-approved timed and costed mitigations to return the plan to covenant compliance. The annual budget is shaped by a detailed understanding of our cost base, income and cost drivers.
- **Transformation and integration:** Our transformation and integration programmes are designed to drive a strategic step-change in achieving our Corporate Plan. Each programme undergoes rigorous investment appraisal, approval and performance review through our Portfolio Boards, with outcome and financial benefit tracking ensuring delivery stays on course.
- **Strategic asset management (SAM):** We are committed to investing in, maintaining and transforming our housing assets. Our asset grading approach aligns with our Homes and Place Standard, and we are investing in a major programme to create a Single Asset View (SAVi), which will give us a comprehensive understanding of asset performance to support decision-making on future investment.
- **Procurement and supplier performance:** VfM is embedded in our approach to procurement through our Group Procurement Policy and Financial Regulations. With the implementation of the Procurement Act 2023, this provides greater opportunity to drive value for money through the tender process. The business monitors supplier performance, supported by the Procurement Supplier Relationship Management team to ensure the right balance between cost and quality, and our Contractor Framework ensures all new build contracts are subject to rigorous reviews to minimise administrative burden.
- **Remuneration and workforce investment:** We continue to optimise the use of resources in our approach to pay and workforce planning, including job role evaluations and external salary benchmarking. We maintain a clear formal approval process for pay reviews for both employees and Executive Board.
- **Measuring social impact:** We use the HACT UK Social Value Bank to understand and measure the social return on our investments. We report on social value through our corporate KPIs and impact reporting, and we've integrated them into our financial debt facilities through sustainability-linked loans. These products offer lower financing costs where we achieve agreed environmental and social outcomes.

Key strategic VfM achievements:

- **Delivered significant cost efficiencies** through a strategic Microsoft licensing renewal, generating around £800,000 in annual savings while enabling further digital innovation.
- **Continued to integrate core technology services**, including unified print, device refresh and network connectivity, securing £3.6 million in benefits over five years. These improvements allow colleagues to access systems and services seamlessly across SNG, improving flexibility and productivity.
- **The Transformation portfolio delivered £1.9 million in annual financial benefits**, exceeding the original £1.6 million target set in 2022. This was achieved alongside a 15% saving against the approved budget, demonstrating strong financial discipline and effective prioritisation.
- **The Integration programme delivered £4.8 million of annual benefits**. Key milestones included moving to a single collaboration platform and integrating core IT infrastructure across the organisation.
- **Transformation and Integration also delivered the successful integration of Finance and HR systems and processes**, consolidating 19 legacy systems into a single platform through the implementation of Workday. The programme was delivered on time, demonstrating our ability to deliver complex transformation at pace. This has improved data quality, streamlined processes and enhanced the user experience for colleagues.
- **Programme delivery remains strong and consistent.** At any given time, the Transformation and Integration portfolio included around 18 active projects, with an average of 73% maintaining green status month on month, and projects delivered to agreed scope, budget and timelines.

Above:
Brockworth development, Cheltenham

VfM metrics explained

All registered providers are required to report annually on their performance against a suite of metrics defined by the Regulator of Social Housing in the Value for Money Standard. This aims to encourage transparency and allow comparison between different providers. This year, we are reporting targets for the next financial year in our VfM scorecard.

We benchmark against the G15 group of registered providers, a group of large housing associations who are a similar peer group with significant property holdings in London and across the country.

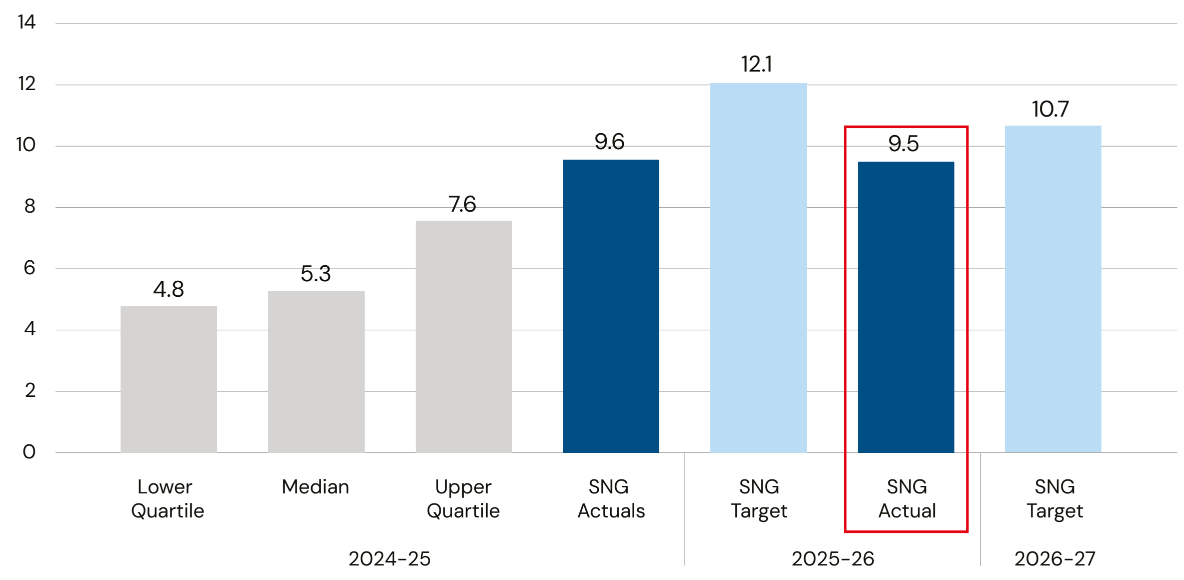
VfM Metric Tables	2024–25				2025–26		2026–27
	Lower Quartile	Median	Upper Quartile	SNG Actual	SNG Target	SNG Actual	SNG Target
Reinvestment	4.8%	5.3%	7.6%	**9.6%**	12.1%	**9.5%**	10.7%
New Supply (Social)[1]	0.9%	1.2%	1.8%	**1.8%**	2.1%	**2.0%**	2.1%
New Supply (Non-Social)[2]	0.0%	0.1%	0.2%	**0.2%**	0.0%	**0.0%**	0.2%
Gearing	44.0%	50.3%	51.9%	**51.9%**	53.8%	**52.5%**	54.5%
EBITDA MRI Interest Cover	35.1%	81.9%	98.3%	**105.5%**	46.0%	**79.5%**	52.2%
Headline Social Housing Cost per unit	6,355	6,929	8,097	**5,929**	6,054	**6,307**	6,462
Operating Margin (Social Housing Letting)	15.0%	22.3%	25.8%	**22.3%**	22.2%	**20.2%**	21.5%
Operating Margin (Overall)	11.5%	15.1%	18.9%	**20.0%**	20.5%	**16.0%**	19.1%
ROCE	1.7%	2.4%	3.1%	**2.7%**	2.7%	**2.4%**	2.5%

Note 1: Social new supply relates to the following tenure types – General needs housing, Affordable Rent general needs housing, social rent supported housing and housing for older people, Affordable Rent supported housing and housing for older people, Low-Cost Home Ownership, Care homes, other social housing units, Social leasehold.
Note 2: Non-social new supply relates to the following tenure types – Total non-social rental housing units owned (Market rent and Commercial), non-social leasehold units owned, New outright sale units developed or acquired.

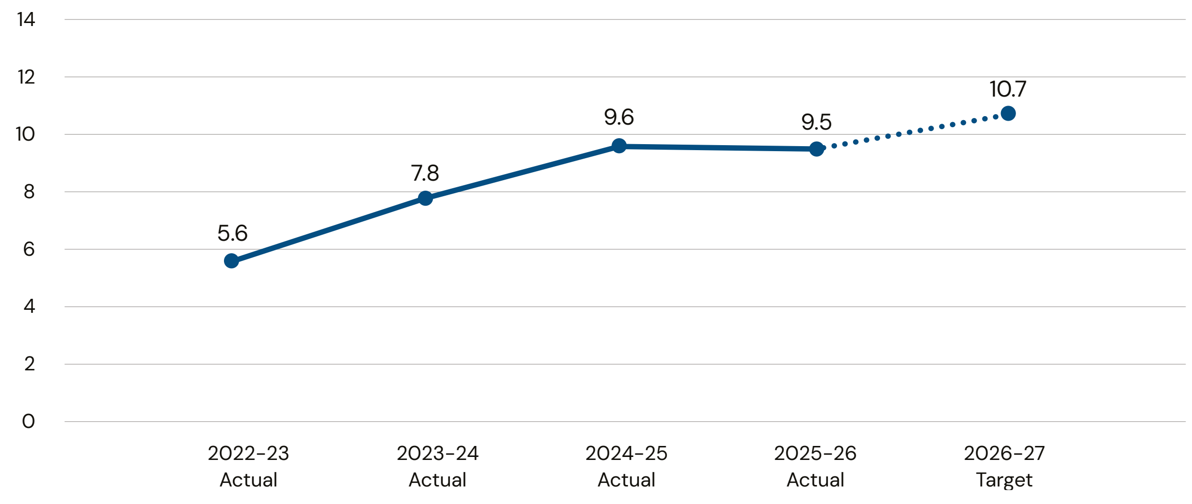
Reinvestment

The reinvestment metric measures investment in new and existing properties as a percentage of the book value of properties held. Despite increased investment in the year, the metric has decreased as the Group's investment is measured against a larger asset base, but remains above the upper quartile. This reflects the Group's continued substantial investment in its homes, with development and capital major repairs totalling £770.6m (2025: £727.2m).

Reinvestment (%)

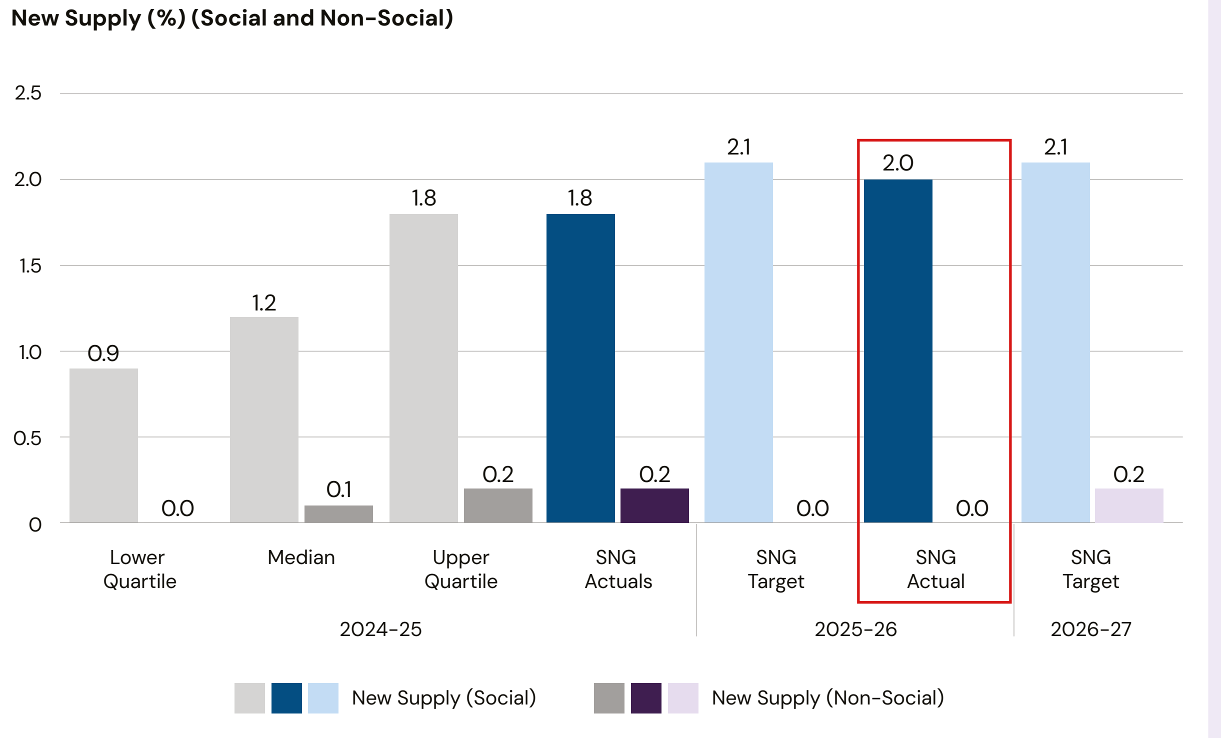


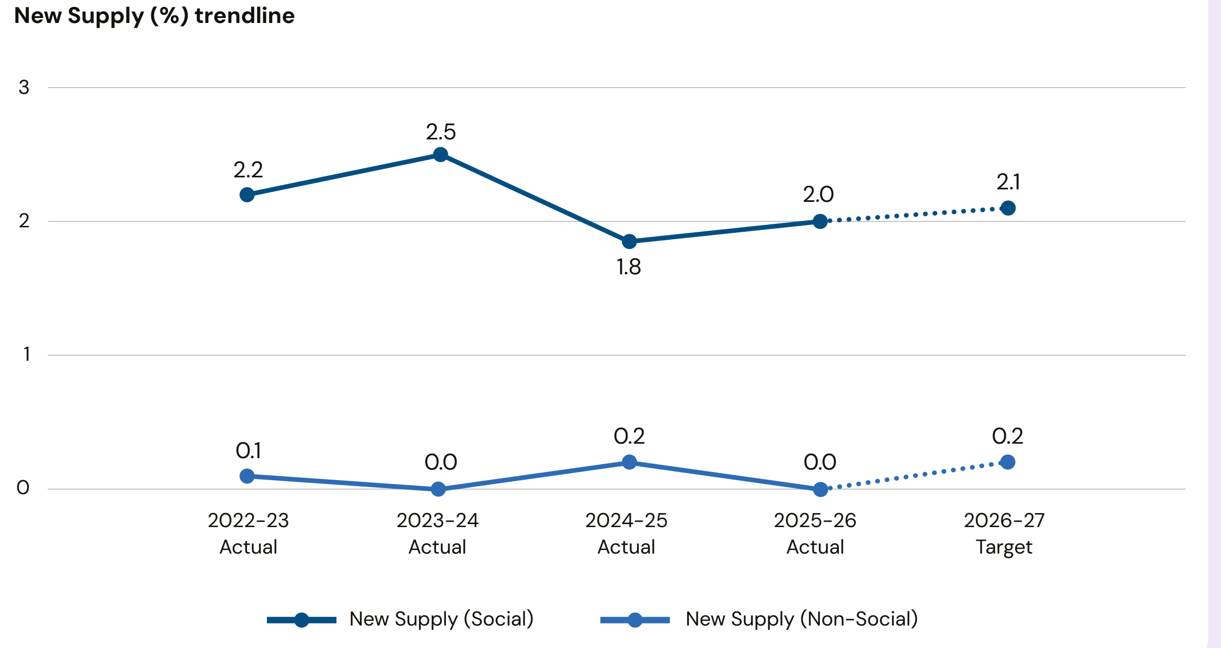
Reinvestment (%) trendline



New Supply (Social and Non-Social)

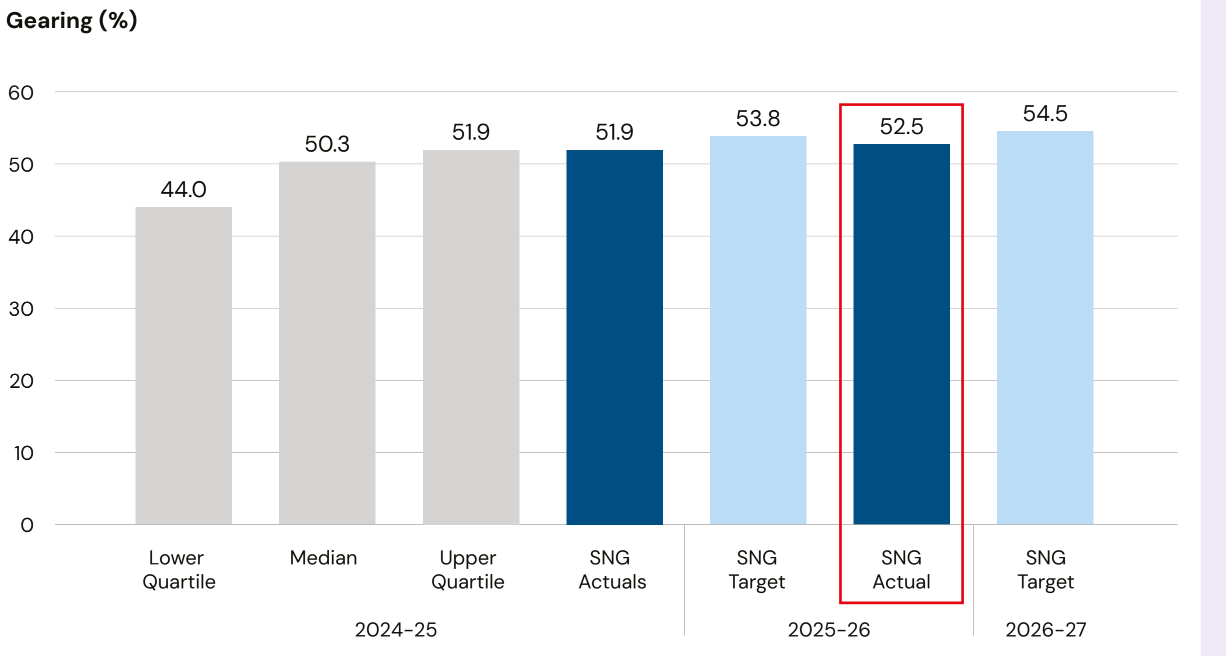
The new supply metric assesses the number of new homes delivered during the year, both social and non-social, relative to total stock. During the year, the Group delivered 1,598 new affordable homes, up 11.6% from 2025 (2025: 1,432 affordable and 158 market sale). Total delivery is broadly in line with the prior year, although annual output can fluctuate due to the complexity of the development programme and wider supply chain factors. Not included in the non-social metric are an additional 63 market sale units delivered through our joint venture partnerships.

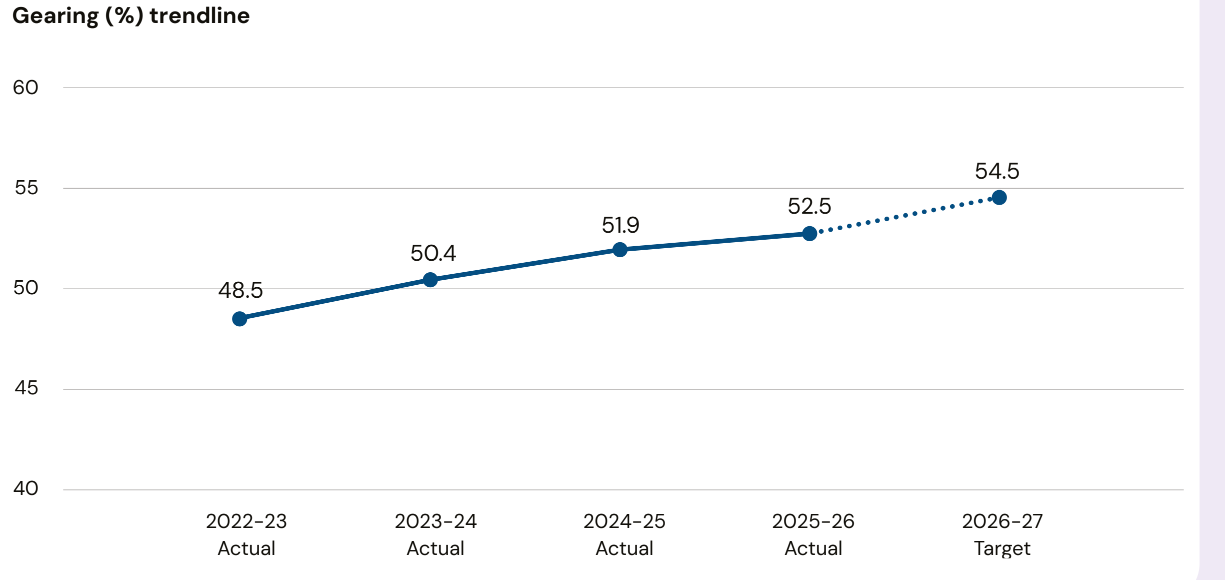




Gearing

The gearing metric compares net debt (cash and financing balances) to the value of properties held and reflects the Group's approach to risk and growth. Gearing has increased by 0.6 percentage points, placing the Group in the upper quartile. This is consistent with an increase in borrowing to support the Group's planned investment in new and existing homes over the next decade.





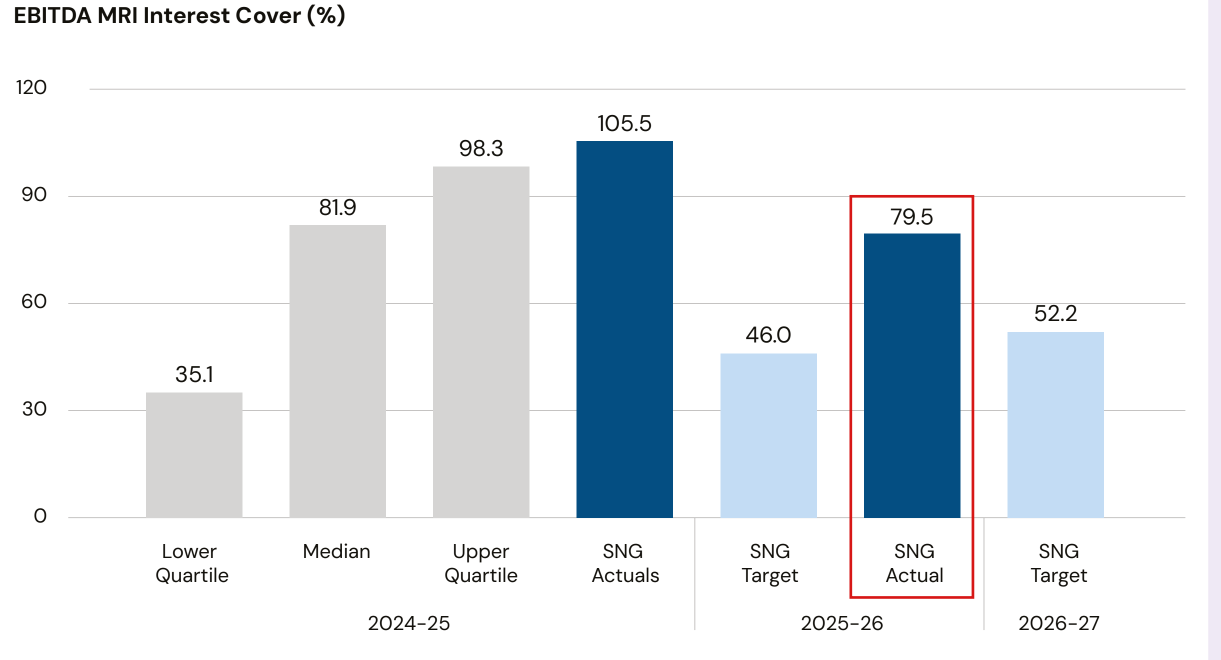
EBITDA MRI Interest Cover

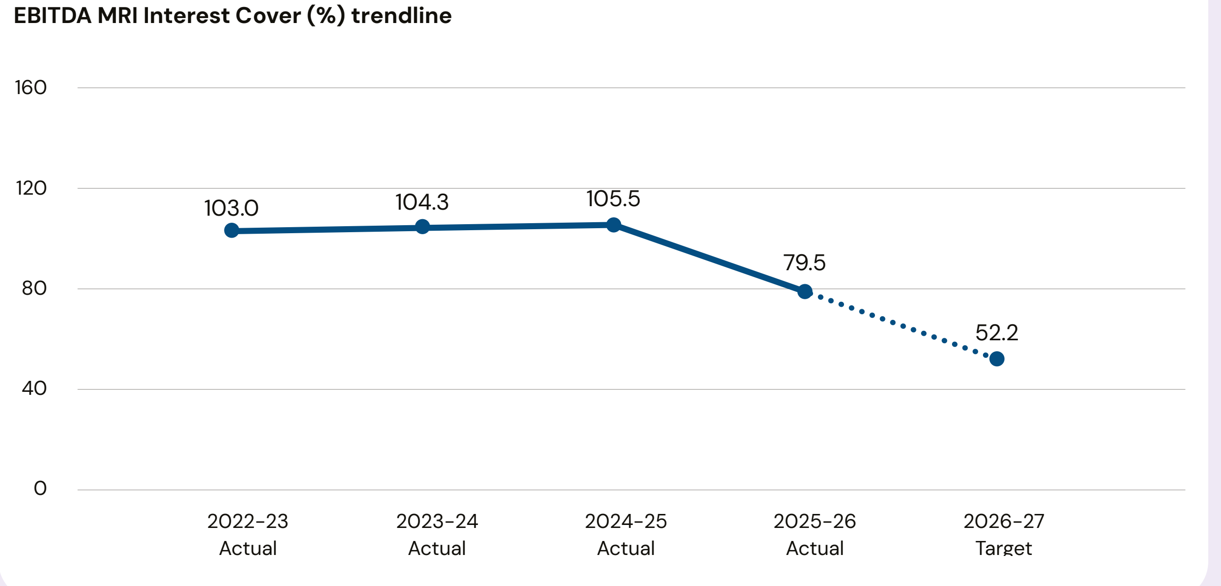
EBITDA MRI (earnings before interest, tax, depreciation and amortisation, including major repairs) measures the Group's operating cash generation. When compared to interest payable, it shows the level of headroom available to service debt.

EBITDA MRI has decreased from £180.9m to £153.6m, and EBITDA MRI interest cover has reduced from 105.5% to 79.5%. This reduction primarily reflects a lower operating surplus due to impairment charges on schemes and one-off pension settlement costs totalling a combined £21.7m. Increased investment in current housing stock including an ambitious retrofit programme and an underlying increase in interest and financing costs reflecting the Group's increased borrowing has also impacted this measure.

Notwithstanding this, the underlying financial performance of the Group remains robust and aligned with our long-term Strategy. The EBITDA MRI target of 52.2% for 2026-27 (2025-26: 46.0%), calculated in line with the Regulator of Social Housing (RSH) definition, reflects continued planned investment in existing homes, including additional net zero investment.

The Board has also approved a target of 112.6% for 2026-27 (2025-26: 116.4%) under the Group's 'Golden Rule' definition, which excludes net zero investment and includes gains or losses on disposal of assets.

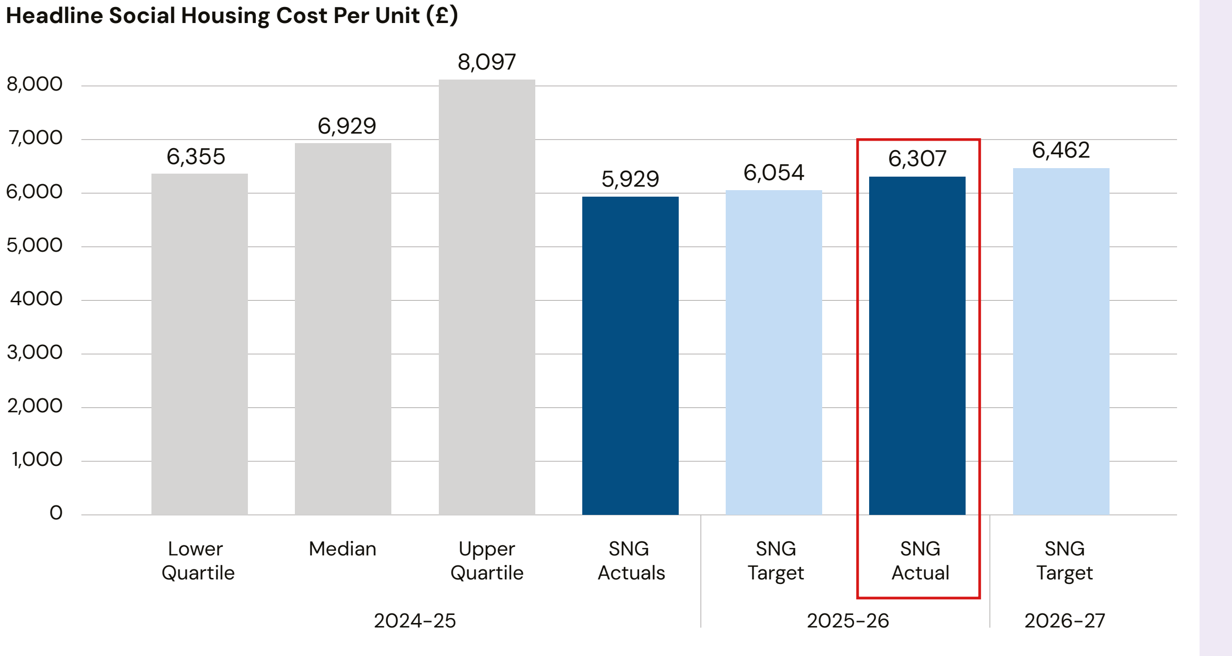


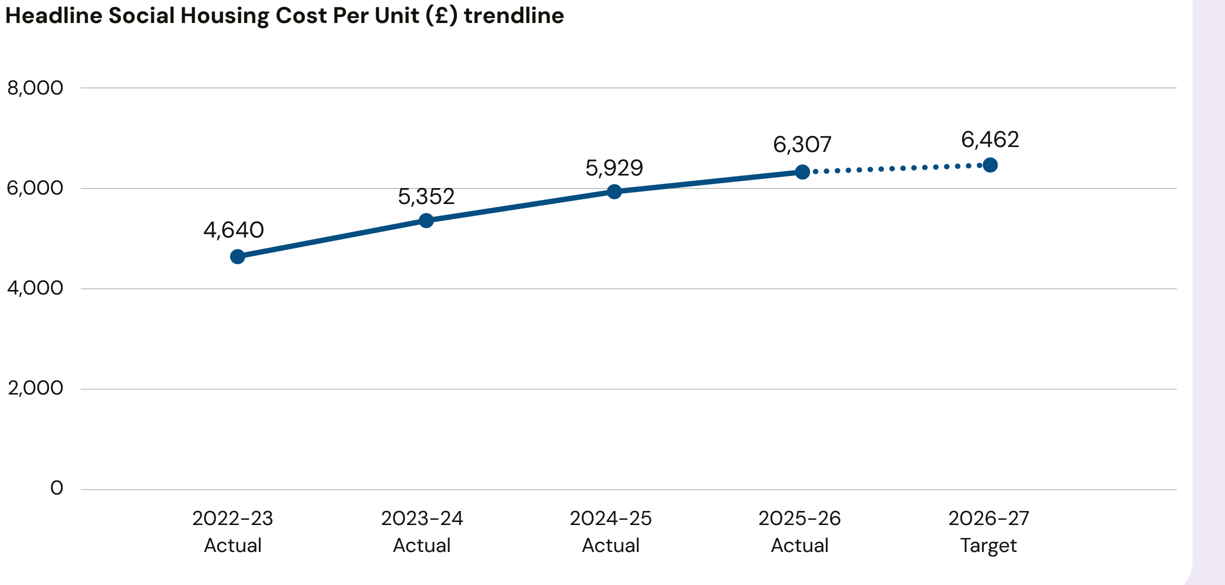


Headline Social Housing Cost Per Unit (CPU)

The headline social housing cost per unit is calculated as total management, maintenance, major repairs, service and other social housing costs divided by the number of properties. This metric assesses cost efficiency in delivering services.

The Group's cost per unit remains in the lower quartile and continues to be lower than the majority of peers, despite an increase in the year. The increase reflects higher maintenance and planned expenditure as the Group continues to invest in the quality of its homes, alongside increases in management costs and general inflationary pressures.

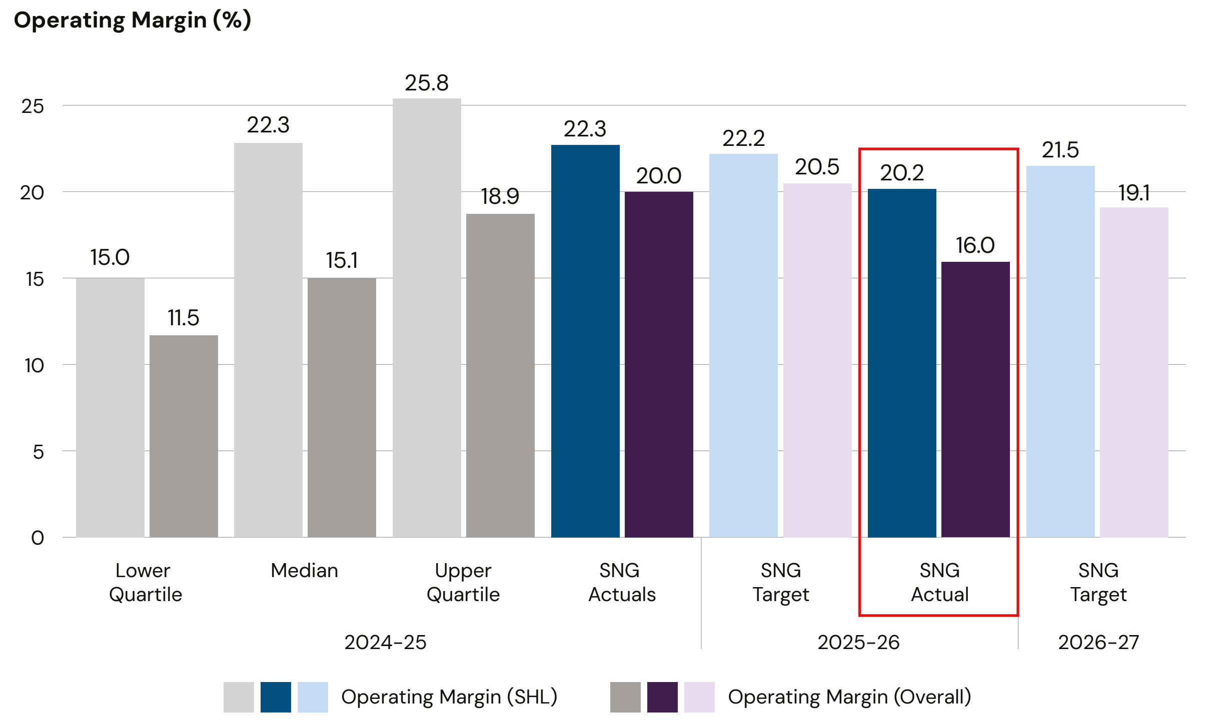


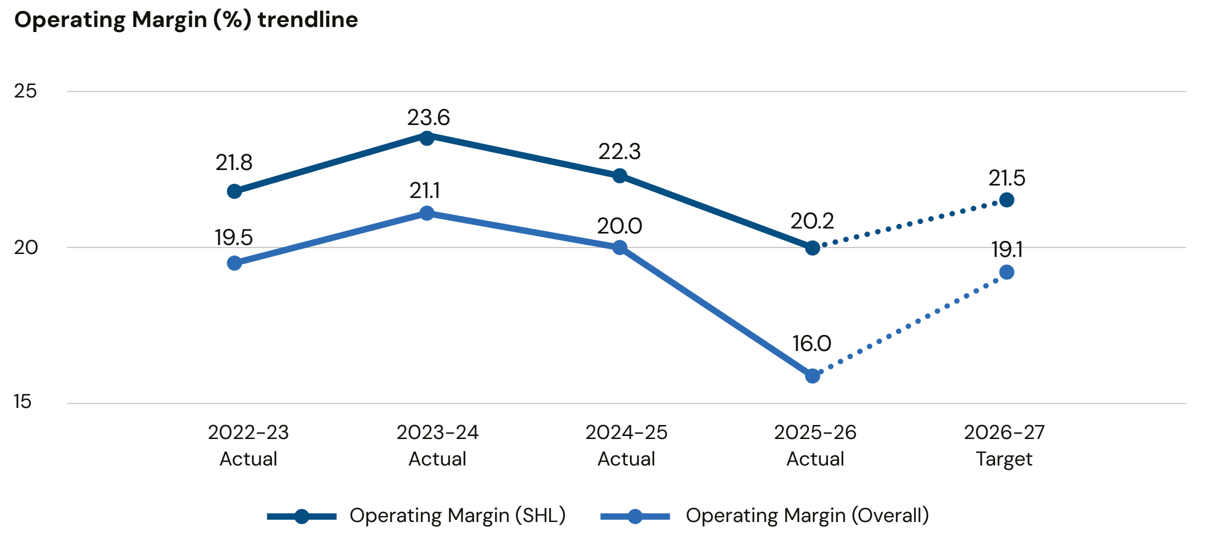


Operating Margin

Operating margin measures the surplus generated from rental income after deducting operating costs. Both overall operating margin and Social Housing Lettings (SHL) operating margin have decreased in 2025-26.

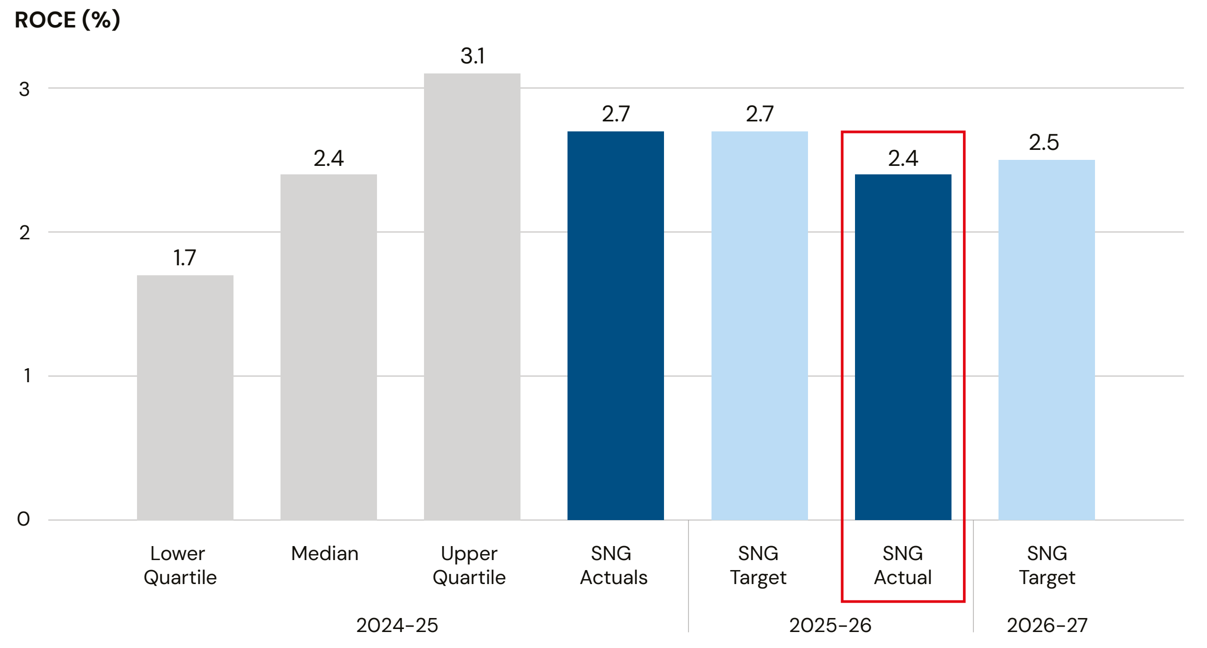
This reflects continued pressure from maintenance and repair costs increasing ahead of inflation, as well as higher depreciation associated with the expanding asset base. Performance in the year was also impacted by impairment charges (affecting both margins) and one-off pension settlement costs (affecting overall operating margin); without these SHL operating margin would be 21.8% and the overall operating margin would increase to 18.6%.

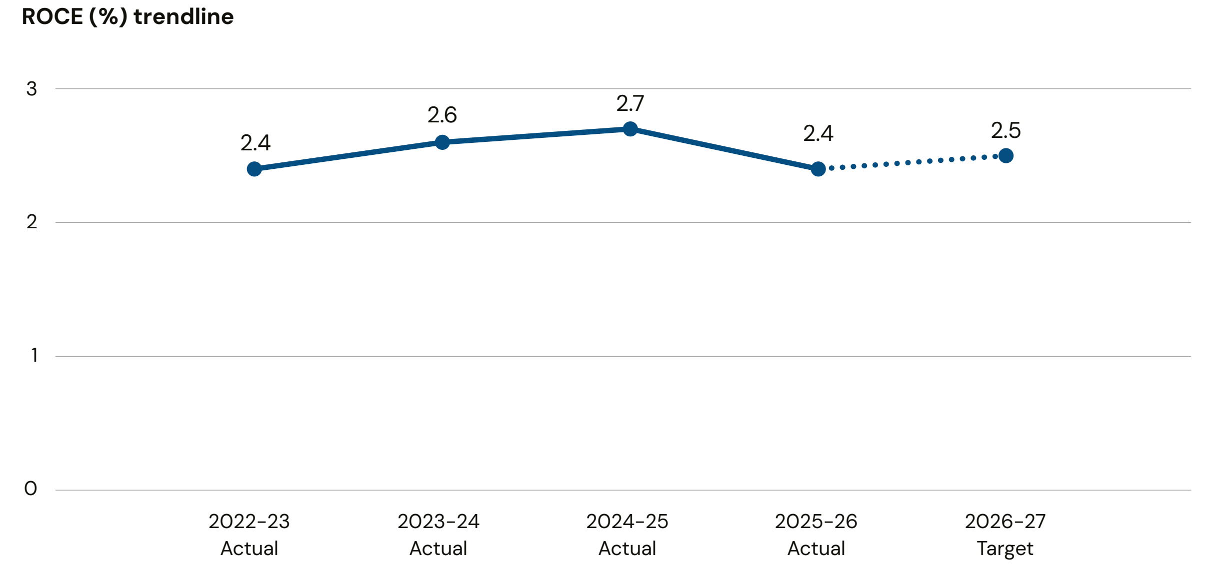




ROCE

ROCE measures how efficiently capital is utilised, comparing operating surplus to total assets less current liabilities. ROCE fell below target and last year's result of 2.7%, due to the in year one off costs incurred and was positioned at the median of the peer group. Excluding these factors the Group would have delivered a result of 2.6% broadly in line with both target and the prior year and remaining stable, positioned above the median of the peer group.





01 Quality homes and places

1,600+
new homes delivered

12,000+
homes development pipeline

Quality homes and places

Ensuring customers' homes are fit for the future

SNG continues to have a sector leading development programme with one of the largest pipelines in the sector of over 12,000 homes. During 2025/26, we delivered 1,661 new homes across a range of tenures making us one of the largest developers in the housing association sector.

69%
customer satisfaction with aftercare service for our new homes – an increase of 33%

70%
'Very Good' Homes and Place score, exceeding our corporate target of 68%

Our ambition to improve the quality of our overall stock and build homes and places our customers will love for generations to come remains steadfast.

We have continued to grow our future development pipeline, adding over 1,700 new homes. We continue to work in partnership with trusted partners who share our commitment to quality and placemaking. These partnerships continue to be evermore essential as we navigate a volatile external environment.

New homes and places

Our Homes and Place standard continues to drive improvements in how we design, build and maintain high quality, sustainable homes in thriving communities.

This year, over 1,900 new homes were assessed against the Homes and Place standard, achieving an average score of 70% – a 'Very Good' rating that exceeds our corporate target of 68%.

To support continuous improvement and deepen our focus on placemaking quality, we have developed an updated Homes and Place Assessment Tool, launching in 2026/27. The refreshed tool will strengthen how we assess design quality, sustainability and long term place outcomes, helping ensure the homes and neighbourhoods we build support thriving, resilient communities.

We continued to roll out future ready house types across new sites, combining traditional build with modern methods of construction.

Ahead of the introduction of the Future Homes Standard in 2027, we have already developed and delivered new SNG standard house types that meet the standard and we've rolled it out across 282 homes so far, ensuring our new homes are efficient, practical and built for long term performance.

In response to a challenging construction and cost environment, we also strengthened our approach to procurement. During the year we launched SNG's Tier One Regional Contractor Framework for complex and mixed use developments. The framework supports regional teams to procure strategic delivery partners and provides a more robust way to balance quality, cost and risk, helping ensure new homes are delivered consistently and to the standards our customers expect.

As part of our focus on quality and customer experience, we also invested in strengthening our Aftercare Team, integrating aftercare more closely into SNG's wider Customer department. This ensures customers receive clearer, more consistent support as they move into new homes.

These changes are already delivering measurable improvements. Performance is now tracked across a range of metrics, including responsiveness and issue resolution – as a result customer satisfaction with our aftercare service has increased by 33% to 69% over the year, helping ensure the quality built into new homes is matched by a positive customer experience from the day they move in.

Our ambition to improve the quality of our overall stock and build homes and places our customers will love for generations to come remains steadfast.

Ensuring compliance – keeping our customers safe

Ensuring customers live in homes that are safe as well as warm and well maintained is a fundamental priority for us.

Throughout the year, we maintained strong compliance in all of the 'big six' safety categories ending the year at 100% for Gas, Fire and Water Hygiene and 99% for Lifts, Asbestos and Electrical Safety. This reflects the sustained focus and day-to-day commitment of our teams to keep customers safe in their homes.

The overall quality of our homes is strong, with 99% of our homes meeting the Decent Homes Standard, reflecting a good understanding of the condition of our homes and impact of our targeted investment and planning.

Progress on building safety was also strong. Following completion of investigations into all our buildings over 18 metres in the previous year, during 2025/26 we completed investigations for all 11–18 metre buildings. We remain on track to complete remediation works to all 18 metre+ buildings by 2029, and all 11–18 metre buildings by 2031, in line with our own programme and regulatory expectations.

New homes

During the year we invested £702.9 million in the development of new homes and delivered 1,661 new homes in total. This included:

- 628 shared ownership homes
- 477 for Affordable Rent
- 451 for social rent homes
- 63 for market sale
- 32 for London Affordable Rent
- 10 for London Living Rent

Image:
Baltic Wharf, Bristol

660
shared ownership homes sold

£702.9m
invested in the development of new homes

Ensuring customers live in homes that are safe as well as warm and well maintained is a fundamental priority for us.

We built in 2025/26:

Shared ownership homes	628
Affordable Rent	477
Social rent	451
Market sale	63
London Affordable Rent	32
London Living Rent	10

Notable completions:

- **London Road, Brentford** – completion of 69 mixed tenure affordable homes and new commercial space in this SNG-led scheme in the London Borough of Hounslow. Together with handovers on other projects in Barnet and Stevenage we will complete 157 homes in the region.
- **King George's Park, Swindon** – completion of the first homes as part of this joint venture with Vistry Homes, marking a key milestone as the first families moved in to their new homes.
- **Three Oaks, Isle of Wight** – we took handover of the first new homes on the Isle of Wight at our highly sustainable new development working in partnership with Captiva. The new homes utilise offsite constructed timber frames locally to the site.

Despite a challenging market **we sold 660 shared ownership homes generating £88.6 million and a surplus of £9.3 million.** The surplus will be reinvested into delivering more affordable homes for people in need.

We started a further **2,482 new homes** and secured further schemes into our pipeline across sites, including:

- **Silkstream and Grand Union** – contracts exchanged with Berkeley Homes and funding agreements secured with the Greater London Authority (GLA) to enable delivery of 555 new Social Rent homes across two sites in the London Boroughs of Barnet and Brent.
- **Whalebones and Orion Park** – contracts exchanged with Hill Group on two projects in the London Boroughs of Barnet and Ealing, enabling the delivery of 149 affordable homes.
- **Four Paddocks, Dorchester** – construction started on 107 new homes including affordable rent and shared ownership on land acquired from the Duchy of Cornwall. The scheme is being delivered in line with a demanding design code, requiring high standards of placemaking and careful alignment with local character.
- **Thornbury** – construction started on this joint venture with Vistry Homes to deliver 595 new homes.

02 Improved environmental and social impact

£119.4m
Social value delivered

2,000+
homes supported to address fuel poverty

Improved environmental and social impact

Sustaining stronger and more adaptable communities

Empowering people and community partnerships to enable them to thrive over generations, shapes our approach to community investment, collaboration, and long-term change.

289
community organisations supported

The SNG #iwill Fund delivers sustained, multi-year impact through a £1.5 million investment in youth voice and social action across communities.

We believe everyone deserves the chance to reach their full potential, and we know that empowered communities, given the right support and opportunities, are better able to thrive. Through our new Community Foundation we have an ambition to deliver £1bn of social value over the next decade.

Across the year:

- **289 community organisations received support** to deliver key services in neighbourhoods where we have homes.
- **212 tailored interventions** helped community partners build longer term resilience and unlock new funding opportunities.
- **136 place-based organisations received targeted capacity building support** through the Power Up Programme, delivered in partnership with Mobilise.
- **Over 12,500 people took part in activities** that helped them connect with their local community.

The SNG #iwill Fund delivers sustained, multi-year impact through a £1.5 million investment in youth voice and social action across communities. Through this investment, local organisations create meaningful opportunities for young people to lead change – engaging over 2,500 young people and supporting many into regular volunteering and training and enhancing employment opportunities while generating social value. This long-term approach is creating lasting change by empowering young people, strengthening communities, and embedding a culture of participation and social action for the future.

We awarded 157 community grants through our Thriving Communities, #iwill and micro-grants programmes, supporting 127 organisations to deliver grassroots activity aligned with local needs.

Creating opportunities and supporting financial resilience

Supporting customers to build skills, confidence and financial security is a vital part of tackling inequality and supporting long term wellbeing.

During 2025/26:

- **537 customers secured jobs**, supported by our employment and skills teams.
- **Over 3,500 training outcomes** were delivered across our communities.
- **More than 8,000 financial inclusion outcomes** were achieved, helping customers access specialist services and grants.
- **Over 1,000 digital inclusion outcomes** supported customers with devices, connectivity and training.

We launched a debt advice service, strengthening our ability to help customers take control of their finances. Throughout the year, the service supported 922 customers with debt advice, either directly or via our commissioned partner, MAPS. This service has delivered over £2.2 million in direct savings for customers and helped them to manage £2.5 million of debt more sustainably over the year.

Alongside this, we introduced the 'Support For You' triage service, making it easier for customers to access the right support quickly when they need help. Since April 2025, the service has supported over 5,000 customers, with more than 3,200 referrals to specialist teams including Customer Income Advisors, Debt Advice and Employment Support. Through this support £7.2 million in financial gains has been secured for customers by maximising income and supporting successful benefit claims and appeals.

This customer focused model is delivering life-changing outcomes at scale. It has reduced low complexity workloads by over 50%, enabling teams to focus on those with the greatest need, while improving long term financial stability. Customer feedback reflects this, with over 80% satisfaction and reports of reduced stress, increased engagement and a greater sense of control over their finances.

Tackling fuel poverty and cost of living pressures

Supporting customers to navigate through cost of living pressures remained a top priority over the year, and we delivered over 2,000 targeted fuel poverty interventions, including energy grants, Winter Warm Packs and specialist advice.

This included:

- **Nearly 100 in depth energy assessments** for customers most at risk.
- **Over 600 Winter Heating Vouchers** for emergency situations.
- **More than 600 warm or energy packs** to help customers heat both their homes and themselves during colder months.

This targeted support helped reduce immediate hardship while building longer term capability and resilience.

Using insight to target investment and strengthen communities

During the year, we launched our new Community Indicator Model, strengthening our ability to take a data led approach to community investment. The model brings together insight on customer wellbeing, safety and access to local services, helping us identify where targeted interventions can have the greatest impact – from improving facilities and local environments to supporting initiatives that reduce crime and strengthen community connections.

The model will also play a central role in guiding the SNG Community Foundation's funding decisions over the next decade, helping ensure investment is focused where it matters most and delivers measurable, lasting benefits for customers and communities.

Measuring impact

We use the Housing Associations' Charitable Trust (HACT) wellbeing valuation to measure our social impact. In 2025/26, our work generated over £119.4 million in social value, reflecting the breadth and depth of impact across our communities.

We brought in £2.19m in external funding into SNG communities. This included both funding to SNG to enable the Community Foundation to do more and funding to community partners providing services to SNG customers.

We developed relationships with our supply chain including holding Social Value switch on events to bring together suppliers and community groups. This helped us maximise opportunities through our supply chain – ensuring every pound spent contributes to building a better future for the people we serve.

Image:
Three Oaks, Isle of Wight

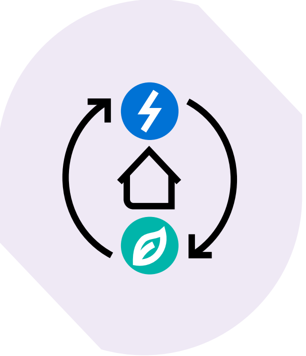
Warmer, greener homes

Improving the environmental performance of our homes is central to delivering long term value for customers and supporting healthier, more affordable living.

As a Department for Energy, Security and Net Zero Strategic Delivery Partner, we continued to make strong progress on improving the energy efficiency of our homes. Our £36.6 million funding awarded through the Social Housing Decarbonisation Fund (SHDF) Wave 3 bid supports our long-term ambition to retrofit homes at scale. Through our 10 year, whole house retrofit strategy, we are improving around 1,500 homes each year with solar panels, smart technology and battery storage – targeting EPC C or above to make them warmer, more comfortable and cheaper to run for customers.

During 2025/26, our Built Environment team worked with market leading heat pump manufacturers Mitsubishi to deliver one of the UK's most comprehensive tests of high and medium temperature air source heat pumps in fully occupied homes. This work demonstrated that high temperature air source heat pumps can successfully replace gas boilers with minimal disruption to customers, while also reducing installation time and costs.

Alongside this investment, we have delivered a step change in property management and maintenance insight through the rollout of smart sensors and thermostats across our homes being retrofitted. These technologies provide real time data on heating performance, energy use and indicators such as damp and mould, giving us a clearer, more proactive view of how retrofit homes are performing, enabling us to better assess the effectiveness of repairs, track the impact of retrofit activity, and target follow up support where it is most needed.



1,500 homes retrofitted each year with solar panels, smart technology and battery storage

We are improving around 1,500 homes each year with solar panels, smart technology and battery storage – targeting EPC C or above to make them warmer, more comfortable and cheaper to run for customers.


1 Taverners Field, Devon


4 St George's Park, Lotmead, Swindon


5 Paradise Way, West Berkshire

Featured developments

1 Taverners Field, Devon
We're delivering 69 affordable homes at West Clyst near Exeter. Of these, 36 will be for social rent and 33 for Shared Ownership, comprising a mix of one and two-bedroom maisonettes and bungalows, as well as two to four-bedroom houses.

These are the first homes to be completed using our new house types, achieving 'very good' scores against our Homes and Place standard. They will exceed national space standards, incorporating increased storage and maximising natural daylight.

Constructed using a timber frame with enhanced insulation, every home will feature an air-source heat pump, a sustainable heating system, and solar panels. It achieves over 75% carbon reduction, meeting the upcoming Future Homes Standard and setting a new benchmark for sustainable living.

The development will include a mix of green infrastructure and public open space, as well as a play area for recreation. Residents are expected to move in from this summer.

Early resident feedback has been overwhelmingly positive, with many reporting around a 40% reduction in energy bills compared with their previous homes.

2 Baltic Wharf, Bristol
We're delivering 66 affordable homes at Baltic Wharf in Bristol, supported by grant funding from Homes England. Of these, 50 homes will be for social rent, available to people on Bristol City Council's housing register, and 16 will be for Shared Ownership. The homes will include a mix of one, two, and three-bedroom apartments.


2 Baltic Wharf, Bristol


3 Merrick Place, Southall


6 Northwick Park, Brent

The wider development will consist of 166 homes, delivered through a joint venture between the council's housebuilding company, Goram Homes, and housebuilder The Hill Group.

3 Merrick Place, Southall
We're delivering 575 homes on a brownfield site at Merrick Place in the London Borough of Ealing. Of these, SNG will manage 174 affordable apartments in a joint arrangement with build-to-rent operator Grainger, which will manage the remaining homes.

The development, being built by Vistry, will consist of four buildings and will include extensive cycling facilities, featuring 926 bicycle parking spaces and two dedicated servicing bays.

4 St George's Park, Lotmead, Swindon
We're delivering 329 affordable homes as part of the first phase of a joint venture with Vistry at St George's Park, Lotmead, Swindon. Construction began in 2024 and forms part of a wider development of 2,500 homes.

In February 2026, it was announced that we would deliver an additional 187 homes following increased funding from Homes England. Of these, 137 will be for Shared Ownership and 50 for affordable rent.

The development will provide a broad mix of one-bedroom apartments and two-, three-, four-, and five-bedroom homes. Vistry will also fund new allotments, sports pitches, play areas, cycling routes, a new road, and a sports pavilion.

5 Paradise Way, West Berkshire
We've delivered 10 homes on a transformed street in Chapel Row, West Berkshire — a rural location where affordable housing opportunities are rare. Outdated 'Swedish House' timber properties on Paradise Way have been replaced with modern two- and three-bedroom homes, with residents ready to move in.

In total, there are five new houses for social rent, available to people on West Berkshire's housing register, and five homes for Shared Ownership.

6 Northwick Park, Brent
Through a joint venture with Countryside Partnerships (part of Vistry), we're delivering a major regeneration scheme in Brent, which will deliver 654 new homes in the first phase. Of these, 323 will be affordable and funded by the Mayor of London through the Greater London Authority's Affordable Homes Programme. These will be offered across a range of tenures, including Social Rent, London Affordable Rent, London Living Rent, Intermediate Rent (for key workers), and Shared Ownership.

The overall masterplan for Northwick Park will deliver 1,600 new homes alongside a range of community facilities when complete.

03 A great customer experience

4.7/5
Rating for customer advisor helpfulness

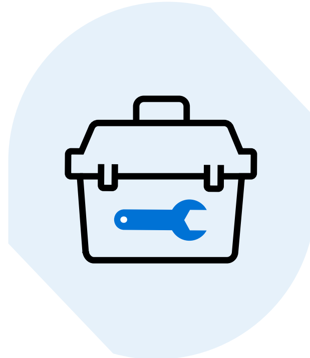
C2
RSH Consumer Standard rating

A great customer experience

Increasing customer satisfaction

SNG's new Corporate Plan, launching in 2026, sets a clear ambition: to deliver the best customer experience of any social housing provider. This builds on the progress made during the year and reflects a continued focus on faster repairs, a more consistent experience wherever customers live, and quicker, more noticeable improvements that build confidence and trust.

Our 'C20 Programme' represents a step change in how we approach repairs and maintenance, while supporting our ambition to achieve a C1 consumer grading.



92% of emergency repairs completed within 24hrs

Consumer grading of **C2** from the Regulator of Social Housing

In 2025 we received a **C2 consumer grading** from the Regulator of Social Housing, and we have a strong plan in place to achieve a C1 grading with the ambition of delivering consistently strong and reliable customer services.

To deliver this, we have put in place a robust and comprehensive improvement programme to transform how we deliver repairs and maintenance – our **'C20 Programme'**. C20 focuses on reducing the time it takes us to carry out routine repairs to our homes, improving reliability, efficiency and capacity, before introducing more digital and personalised customer journeys.

C20 represents a step change in how we approach repairs and maintenance, driving higher performance across processes, delivery and cost, while supporting our ambition to achieve a C1 consumer grading.

Our repairs targets within this are ambitious: delivering 99% of emergency repairs within 24 hours and 90% of routine repairs within 20 working days. We're already making good progress with 92% of emergency services completed within target and 70.6% of routine repairs delivered within 20 working days during the year.

Customer satisfaction for our customer service management centres averaged 4.3 out of 5, exceeding our target of 4. Helpfulness scored highest at 4.7, reflecting the strength of our frontline service (based on customer feedback surveys).

We took early and proactive steps to prepare for the introduction of Awaab's Law, the first phase of which came into place in October 2025. We introduced a comprehensive triage process at the first point of customer contact, strengthening digital capability and providing clearer, more consistent customer journeys when reporting damp and mould concerns.

We are already preparing to scale our approach for Phases 2 and 3, which will extend requirements across a further 26 service areas.

Putting customer influence at the heart of decision making

During the year, we firmly embedded SNG's Customer Engagement Model, placing resident voice at the centre of how decisions about customer facing services are shaped and delivered. Our Customer Influence Panel and Scrutiny Panel are driving evidence-based challenge, ensuring that customer insight translates into tangible service improvements and strategic change.

We also developed how we engage with our wider customer base outside of our formal resident groups, delivering nine roadshows, establishing new local focus groups, and continuing to grow our Engage digital platform – enabling more residents than ever to share their experiences and influence services in real time.

The scale and impact of resident involvement this year is significant:

- **17 Scrutiny Panel recommendations.**
- **23 Challenge & Change recommendations**, where customers and colleagues come together to review services and identify improvements.
- **19 policy reviews resulting in 37 service improvements.**
- **460 new sign ups to our Engage platform for customers and 620 digital contributions.**
- **£348,000 in external funding**, supporting innovative community initiatives including local Public Living Rooms and the development of an AI enabled community connector app called Neya.
- Influence on the development of the **new SNG Corporate Plan.**

Tenant arrears remained stable and improved year on year to just **3.83%**

4.3/5 customer satisfaction rating with our call centres

This influence is driving meaningful change. Scrutiny activity has led to strengthened domestic abuse support pathways, ensuring more consistent and trauma-informed responses, and improved communication on stock condition surveys through clearer, named contacts and proactive updates to residents.

Residents have also shaped rent-setting decisions, reinforcing the importance of transparency and affordability, and driven practical, visible improvements in local neighbourhoods – from enhanced grounds maintenance and recycling facilities to e-bike safety initiatives and clearer guidance on reporting anti-social behaviour. These changes demonstrate how customer insight is being translated into action at both a strategic and neighbourhood level.

We have also expanded how we amplify customer voice through the launch of the *Turning the Key* at SNG podcast. Co-created and hosted by residents, the series brings lived experience to the forefront, exploring key issues such as sustainability, youth voice and the wider housing landscape – further strengthening our commitment to listening, learning and acting on what matters most to our customers.

Understanding our customers and designing services around their needs

We know that understanding the diversity of our customers and responding effectively to their different needs is central to delivering a great customer experience. During the year, we completed customer segmentation research with customers across London and Hertfordshire, meaning we now have insight into how needs, circumstances and preferences vary across our entire customer base.

We're now using this insight to inform our Supported Families Programme, transforming how we understand and support families who may need proactive assistance at key points in their lives.

Listening, learning and closing the loop

Customer feedback plays a central role in how we improve services. During the year, we continued to evolve our Close the Loop programme, making it easier for colleagues to resolve issues earlier and put things right for customers. Our Voice of the Customer report also helps to inform service improvement and we have focused on improving the way we handle complaints helping identify issues earlier and preventing escalation. As a result, our Housing Ombudsman maladministration rate has fallen to its lowest level, at 67% (the maladministration rate reflects the proportion of Ombudsman investigations where the decision is in the customer's favour).

Supporting customers to pay their rent

Supporting customers to sustain their tenancies is an important role of being a good landlord, particularly in the context of ongoing cost of living pressures and rising financial vulnerability.

During 2025/26, tenant arrears remained stable and improved year on year to just 3.83%. By combining firm control with compassionate support, we are helping customers stay in their homes while protecting financial resilience and long term sustainability.

Right:
Carnarvon customer band scheme, Newbury

Our teams have made strong progress during the year delivering improvements in how we handle anti social behaviour (ASB) – satisfaction has improved to 62.2%, up from 56.3% last year.

Supporting safer communities

We know it makes a massive difference to our customers when they know their communities are safe and stable. Our teams have made strong progress during the year delivering improvements in how we handle anti social behaviour (ASB) – satisfaction has improved to 62.2%, up from 56.3% last year, demonstrating clear progress towards our 65% target and reflecting a more responsive, customer focused approach. We have also strengthened our capacity, increasing the number of ASB Officers to 22, improving consistency and alignment across all Localities and enabling more effective support for customers experiencing ASB.

Improving our digital services

Our new corporate plan will drive us towards providing an end-to-end digitalised experience so that customers receive the service they expect.

We are already making progress against this ambition. Continued investment in digital solutions is enabling earlier intervention and improving the support we provide to customers. During the annual rent review period, our Universal Credit verification automation processed over 28,000 verifications, achieving a 90% automation rate.

This represents an improvement on the previous year, with higher volumes processed and fewer avoidable failures. As a result, we have reduced manual handling and freed up colleague capacity to focus on customers who need more personalised support.

This earlier visibility allows us to act more quickly when issues arise, supporting more proactive arrears management, preventing issues from escalating and helping to sustain tenancies through a more efficient and responsive service.

Stairpay is our new digital tool that helps shared ownership customers better understand and manage their journey to owning more of their home. It shows what customers can afford, how staircasing may affect their rent and mortgage, and the steps involved in buying additional shares. By simplifying what can often be a complex process, Stairpay builds confidence, reduces uncertainty and supports informed decisions, helping customers progress towards homeownership at a pace that works for them.

At the same time, automated arrears prevention techniques are enabling more targeted, preventative interventions, improving consistency, resilience and financial performance, while our fully digital mutual exchange process has helped us to achieve 100% compliance. SNG's automation capability is now among the most advanced in the sector.

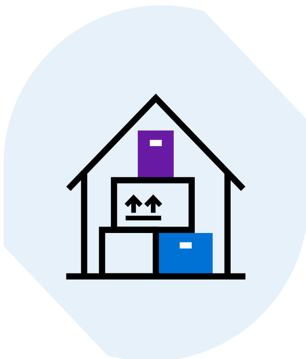
Our lettings team helped 2,891 customers move into homes that better suited their needs, including 857 into new build homes. Satisfaction with the lettings process remained at 4.9 out of 5.

Supporting people to move on

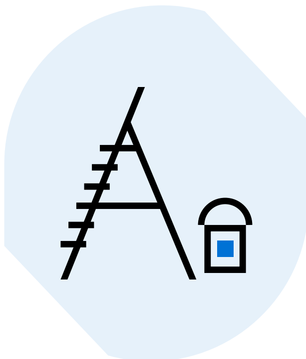
Our lettings team helped 2,891 customers move into homes that better suited their needs, including 857 into new build homes. Satisfaction with the lettings process remained at 4.9 out of 5, highlighting the team's commitment to clear communication, transparency and a supportive journey at what is often a significant life moment for customers.

190 customers successfully moved on from supported housing into more independent homes, a 42% increase on the previous year. Of these, 138 were from temporary accommodation, reflecting strong progress in helping customers transition into more stable, long-term housing.

Our customers live in a wide range of homes and tenures, and we recognise that a one size fits all approach does not work. During the year, we created a centralised Specialist Housing Team to provide dedicated support across our more complex and diverse tenures, including intermediate rent, key worker housing, build to rent, London Living Rent, shared ownership and leasehold homes. The team acts as a clear point of advocacy, liaising with the wider organisation on customers' behalf and reducing the need for customers to navigate multiple services or repeat their concerns. This has increased visibility of customer issues, strengthened accountability and helped build trust. In addition we've invested over £6 million to refurbish some of our largest specialist housing schemes in Leicester, Gloucester and Cheltenham.



2,891 customers moved into homes that better suited their needs



We invested over **£6m** to refurbish some of our largest specialist housing schemes

04 A great place to work

69/100
Colleague engagement score

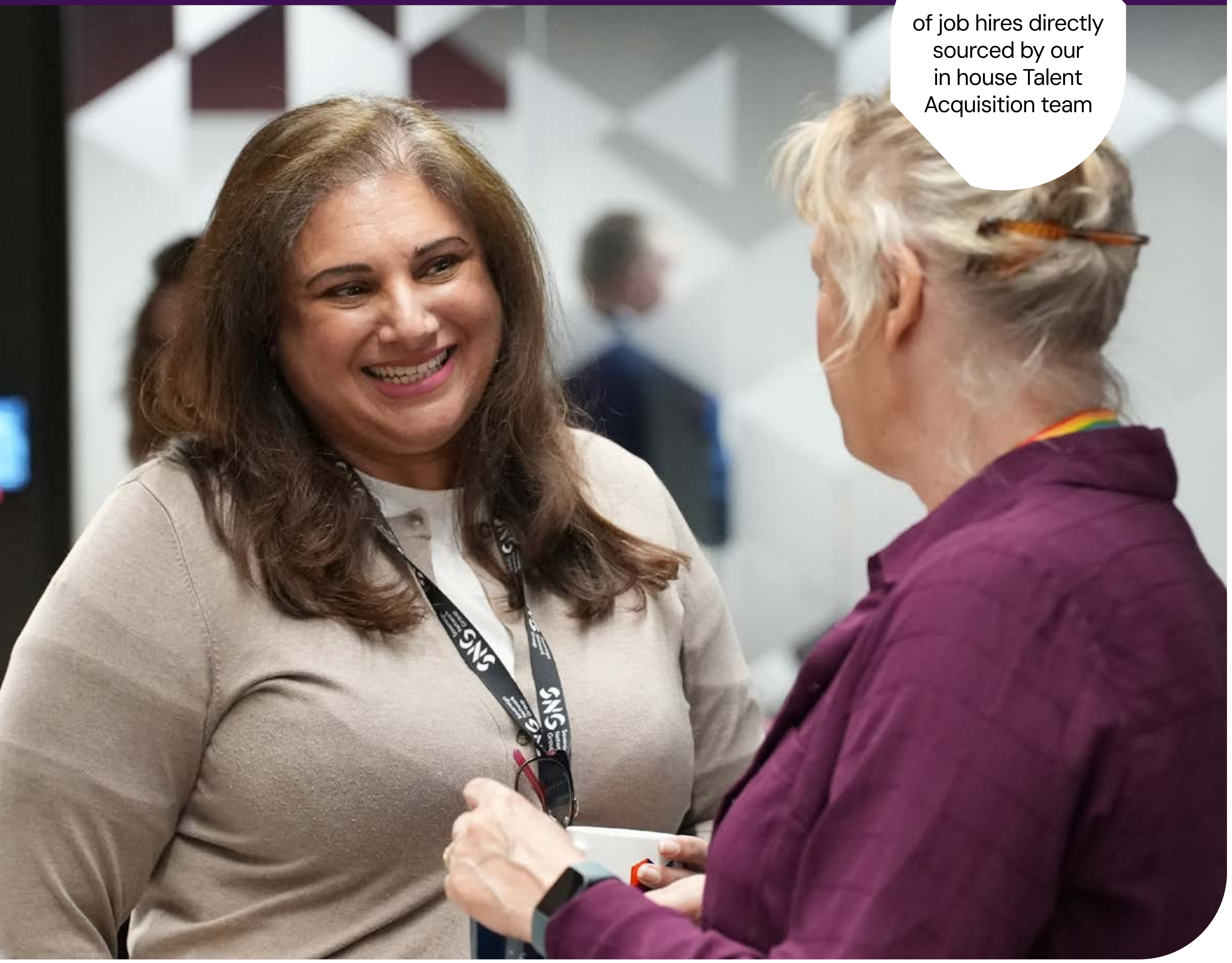
30%
Roles filled internally

A great place to work

Increasing colleague engagement, enabling a great customer experience

To deliver for our customers we must retain and attract the best people in a challenging and changing market.

60%
of job hires directly sourced by our in house Talent Acquisition team



This year, we enhanced our approach to reward, wellbeing and career development, ensuring our people have the tools, opportunities and recognition they need to succeed.

Our PLACE values

Play your part...
Own your role, embrace every challenge, focus on the future

Lead by example...
Inspire others, demonstrate integrity and contribute to our shared success

Always take action...
Do the right things, in the right way, to achieve more

Committed to customer...
Listen, learn and find better ways

Everyone matters...
Celebrate uniqueness and value every contribution

We have continued to build a culture that reflects our PLACE values and business ambitions. This year marked another step forward as we embedded our Great Place to Work strategy more deeply across SNG, fully integrating a people first approach into how we work, lead and deliver services.

Our focus remains on attracting, developing and retaining great people. We are committed to creating an environment where colleagues feel supported, connected to our purpose and proud of the difference they make for our customers and communities every day.

Rewarding and retaining talent

Attracting great people is only the beginning. Retaining and developing talent is essential to building a resilient, high performing organisation and creating a workplace where colleagues can thrive.

This year, we continued to embed our refreshed Talent Management and Succession Planning Framework, strengthening our ability to identify and support future leaders across SNG. We also enhanced our approach to reward, wellbeing and career development, ensuring our people have the tools, opportunities and recognition they need to succeed.

Talent acquisition

This year:

- **We managed over 21,000 job applications** and conducted more than 3,700 interviews.
- **Over 840 colleagues were hired and onboarded**, with almost 60% directly sourced by our in house Talent Acquisition team.
- **30% of hires were internal**, reflecting our commitment to supporting colleagues with career progression and development.

Listening to colleagues

We value colleague feedback as a fundamental way to create a great place to work. In 2026, 76% of colleagues completed our engagement survey (an increase of 4% from the previous year), contributing more than 2,700 comments. This resulted in an overall engagement score of 69, up three points since the last survey, demonstrating strong engagement during a period of change as we continued to integrate teams and services following our merger.

We responded by strengthening leadership visibility, enhancing wellbeing and recognition initiatives, and supporting local teams to translate feedback into practical action. We also continued to improve how colleagues stay connected, investing in our intranet and introducing Viva Engage to support those on the move to stay informed.

Equality, diversity and inclusion

We continued to embed our Equality, Diversity and Inclusion Strategy, which has been shaped by engagement from colleagues across SNG. The strategy sets out clear, measurable ambitions to increase representation, tackle systemic barriers and embed inclusion throughout the colleague experience so everyone feels they belong, are respected, and have the opportunity to thrive.

We launched our new EDI Scorecard, informed by insights from our refreshed EDI Index survey. The scorecard strengthens transparency and accountability, helping us better understand colleagues' experience and target action where it will have the greatest impact.

We remain committed to:

- **Strengthening leadership accountability.**
- **Embedding fairness and equity** across all stages of the employee journey.
- **Listening to lived experiences.**
- **Partnering with organisations** such as Inclusive Employers, Business in the Community, Houseproud, the British Disability Forum and Social Housing Anti-Racism Pledge.
- **Continuing our involvement in Leadership 2025** and maintaining our commitment to the G15 Ethnicity Pledge.

Our goal is simple: to ensure SNG is a place where everyone can thrive and contribute fully to delivering for our customers and communities.

76% of colleagues completed our full engagement survey, up 4% from last year

Supporting colleague wellbeing

This year, we launched our new Wellbeing Framework, bringing together support for physical, mental and financial wellbeing in a clearer, more consistent way. Developed from colleague feedback, the framework prioritises prevention and early intervention, with practical tools, guidance and access to specialist support. Within this, we embedded the EDI Scorecard, helping ensure our offer supports colleagues fairly and inclusively.

Building digital capability and enhancing productivity

During the year, we continued to improve how colleagues work by reducing manual tasks and introducing smarter digital tools. The use of automation, AI and Microsoft Copilot in Teams is helping colleagues save time, simplify everyday activities and focus more on delivering value for customers.

Alongside this, we strengthened digital capability across the organisation through a growing network of Digital Champions. More than 100 colleagues are now actively supporting others to build confidence and capability in using digital tools. This is improving day to day adoption, increasing Microsoft Adoption Scores, and delivering practical time savings and efficiencies for colleagues across SNG.

More than **100** colleagues are now actively supporting others to build confidence and capability in using digital tools

This year, we launched our new Wellbeing Framework, bringing together support for physical, mental and financial wellbeing in a clearer, more consistent way.

Modernising our systems

We reached a major milestone in our digital transformation with the implementation of Workday, our new finance and HR platform. Workday replaces multiple legacy systems with a single, integrated solution, improving access to information, simplifying processes and strengthening insight and the control environment.

As a result:

- **Colleagues now have a modern, mobile friendly way to manage personal data**, leave, learning, development and career progression.
- **Managers benefit from clearer dashboards, reporting and workflow automation.**
- **HR teams have stronger data accuracy**, enhanced analytics and more capacity to focus on strategic activity.

Workday will continue to evolve over the coming year as we embed its full functionality including increased adoption of AI and automation and unlock further enhancements across talent, learning and workforce planning.

Everyone safe and well

Our 'Everyone Safe and Well' vision continues to underpin how we keep our colleagues safe. During the year, we strengthened this commitment through the external certification of SNG's Safety Management System to ISO 45001 and delivered significant improvements in performance. Lost Time Injury accidents reduced by 45%, while RIDDOR-reportable accidents fell by 60%. We embedded consistent practices across frontline teams through weekly toolbox talks, new safety standards and mandatory HSE onboarding. All first-line trade managers have now completed Institute of Health and Safety (IOSH) Managing Safely and Construction Industry Training Board (CITB) Site Management Safety Training Scheme training, reinforcing strong leadership, accountability and a shared commitment to staying safe and well.

Our 'Everyone Safe and Well' vision continues to underpin how we keep our colleagues safe. During the year, we strengthened this commitment through the external certification of SNG's Safety Management System to ISO 45001 and delivered significant improvements in performance.

05 Organisational resilience

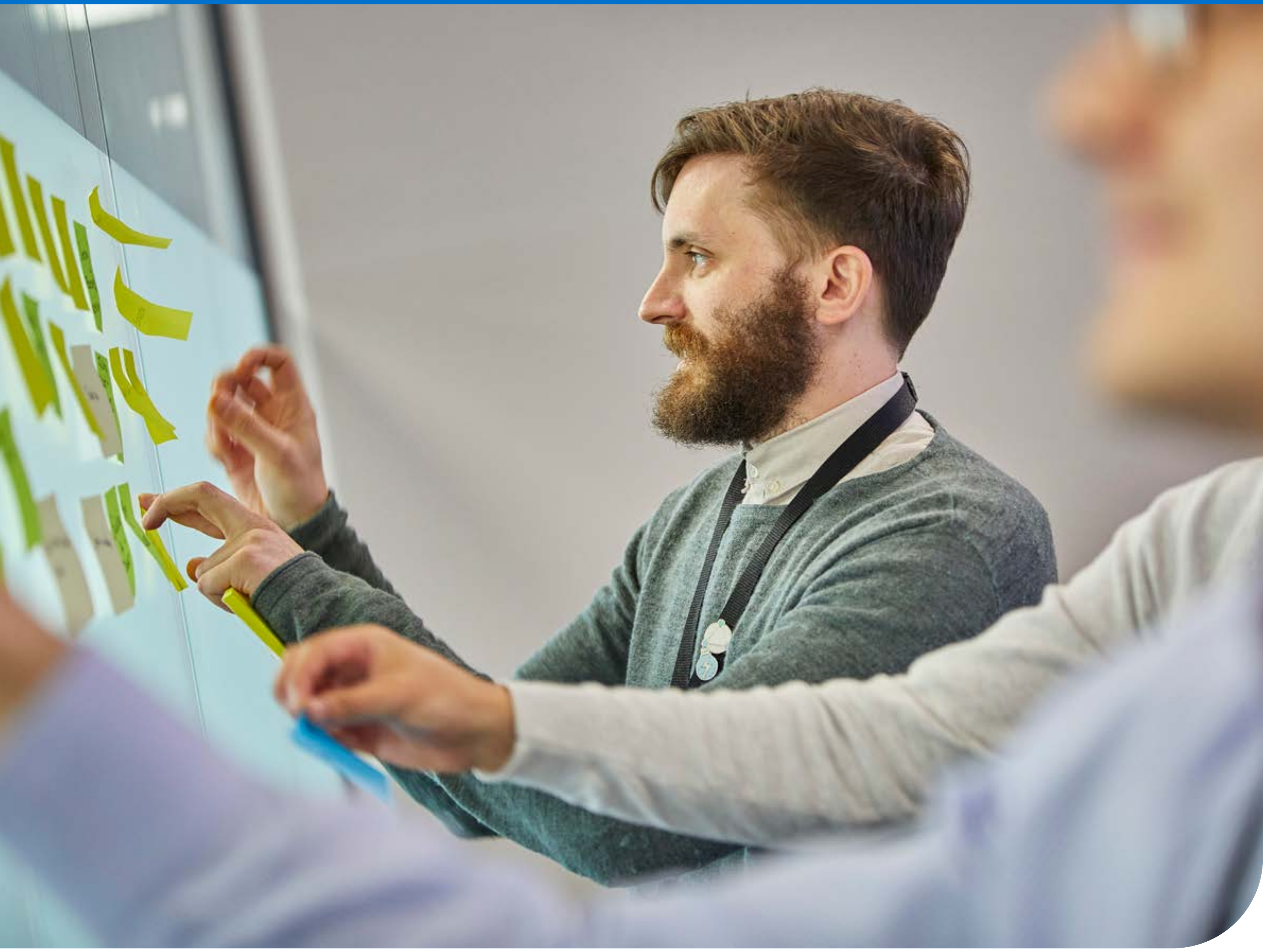
G1/V2
RSH Governance and Financial Viability rating

£900m
in new funding

Organisational resilience

Establishing strong foundations, delivering more value to customers

The operating environment for the housing sector continues to be complex and uncertain, shaped by economic pressure, evolving regulation and rising expectations from customers and communities. In response, SNG has continued to strengthen its organisational resilience, moving from reacting to events towards a more structured and proactive approach.



During the year, we made significant progress in implementing our Organisational Resilience Framework, moving from design into operation. The framework brings greater structure and consistency to how we anticipate, assess and respond to risk and disruption.

Our scale and financial strength remain central to this resilience. A strong balance sheet, diversified funding sources and a high quality asset base provide the capacity to invest, manage volatility and support delivery of our long term strategic objectives.

During the year, we made significant progress in implementing our Organisational Resilience Framework, moving from design into operation. The framework brings greater structure and consistency to how we anticipate, assess and respond to risk and disruption. It integrates strategic, operational and financial resilience with our wider approach to risk management and internal control, ensuring resilience is embedded into core business activities and decision making.

We also strengthened our crisis management and business continuity capabilities, with clearer governance, defined roles and improved coordination across teams. We have introduced more structured scenario planning and testing, helping us better understand the potential impact of severe but plausible events and to validate the effectiveness of our response plans.

Strengthening cyber and digital resilience

We've continued to improve our cyber security and digital risk management capability. During the year, we enhanced cyber maturity through the work of the our Cyber Working Group, implementing a consistent suite of IT security policies, establishing a single, organisation wide view of infrastructure assets and vulnerabilities, and introducing a unified Cyber Incident Response Plan supported by clear roles, responsibilities and key performance indicators.

We have also taken steps to ensure the safe and responsible use of artificial intelligence and digital tools across SNG. This included the launch of an enterprise monitoring tool to provide visibility of website and generative AI usage, helping protect against emerging AI related risks and ensure adoption aligns with our values, policies and regulatory expectations.

Together, these developments improve our ability to maintain critical services, prioritise resources effectively and respond at pace when challenges arise, with a clear focus on minimising disruption for customers and colleagues.

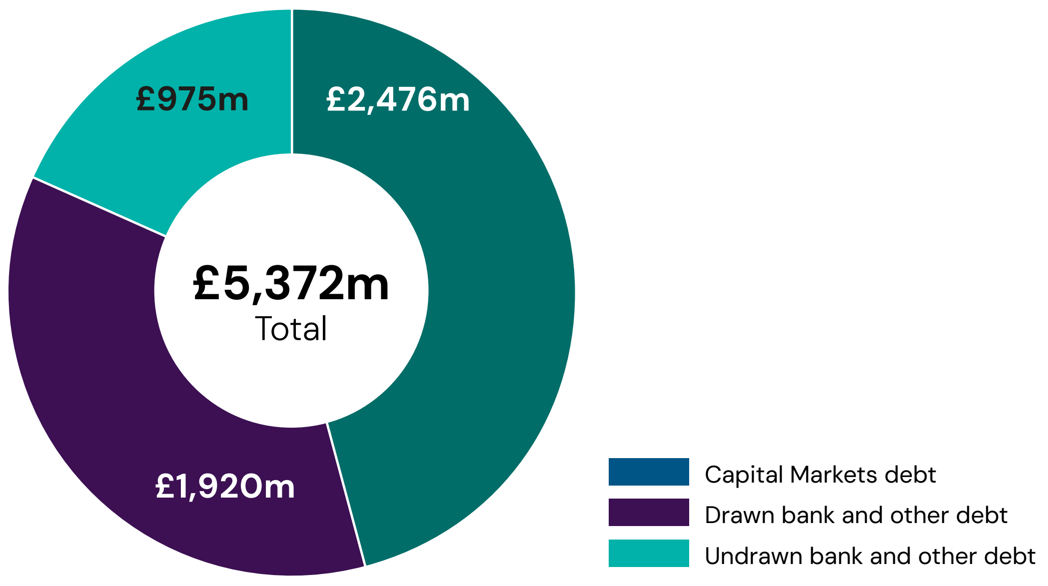
We have further strengthened the link between resilience, risk and assurance, improving visibility of the controls that underpin our ability to prevent, respond to and recover from disruption, and ensuring appropriate oversight and challenge at Board and executive level.

Our approach is underpinned by a commitment to continuous improvement. We regularly test and refine our plans, learn from experience and use insight from both internal and external events to strengthen preparedness. This positions SNG not only to withstand shocks, but to adapt, recover quickly and continue to deliver for customers and communities in a changing environment.

Treasury management

The management of treasury is key to ensuring sufficient facilities are in place to support our corporate plan and its development and investment programme. Our Treasury Management Policy sets the framework for managing the treasury activities and encompasses strong governance procedures. The Board delegates responsibility for the regular review of the policy to the Treasury Committee. Treasury strategy is reviewed on an ongoing basis and a documented Treasury Plan is prepared at least every year and approved by the Treasury Committee.

Total facilities



Capital structure

SNG is financed primarily by a combination of capital market bonds, private placement notes, long and short-term bank debt, Social Housing Grant funding and retained surplus. In 2025/26, SNG accessed capital markets through its £1.5bn Euro Medium Term Note ('EMTN') programme. SNG now has five public bonds in issuance £175m (2039), £325m (2040), £250m (2043), £375m (2048) and £400m (2057) as well as £575m in private placement notes.

Security

The majority of SNG's debt facilities are secured facilities, with security provided by way of charges over housing properties and at year end all of the relevant facilities were fully secured. As at 31 March 2026 we had 21,827 units unencumbered, with a value of over £2.1bn excluding surplus security charged to existing facilities. Accordingly, considerable secured borrowing capacity remains available to support ongoing development and investment in stock. We are confident our financial strength and credit quality continues to make SNG an attractive investment destination.

Covenants

SNG's bonds and bank debt include various covenants and undertakings. The financial covenants are primarily in respect of interest cover, gearing and asset cover. Compliance with financial covenants is monitored on an ongoing basis with SNG having tighter Golden Rules for Interest Cover and Gearing metrics. There have been no financial covenant compliance breaches related to year ended 31 March 2026. Future compliance is considered as part of regular quarterly forecasting and as part of the business planning process. Our latest business plan reflects considerable headroom in relation to all interest cover and gearing covenants. Asset cover covenants are regularly reviewed to maintain a reasonable buffer to the level of security required by our facilities. This headroom also allows for properties to be released where staircasing occurs in respect of shared ownership homes or as part of our Strategic Asset Management disposal programme.

Liquidity

SNG has a Golden Rule on liquidity which stipulates cash and undrawn facilities should be equal to or exceed a target of 18 months of SNG's net funding requirement inclusive of committed and approved expenditure less 25% forecast development sales, less 25% strategic asset management disposal income and 100% strategic asset management disposal income relating to a portfolio sale. Additionally, cash and undrawn facilities should not be below £500m.

As at 31 March 2026, SNG's available liquidity and cash totalled £1,064m. This robust liquidity position ensures SNG remains well placed to manage risk arising from unexpected economic, political or regulatory challenges and meet our cashflow obligations.

SNG's facilities have a weighted average life of 13 years, with £750m of debt facilities maturing in the next three years. A significant proportion of the facilities maturing in the next three years are revolving credit facilities (£365m). Of this, £235m were drawn at year end. There are a number of extension options with our banking partners in respect of these facilities which we may seek to exercise in advance of maturity. Counterparty exposure is managed by keeping cash balances low, diversifying cash holdings and through retaining available facilities across a number of funders.

Interest rates

SNG's own-name bonds bear interest at fixed rates, as does our various borrowing through The Housing Finance Corporation and Affordable Housing Finance. Interest rate exposure in relation to a segment of variable rate bank debt is managed using standalone interest rate derivatives. The average interest rate payable in the year was 4.25%.

SNG's annual business plan is stress tested to ensure it is not unduly exposed to risks associated with interest rate movements and the interest rate hedging strategy is adjusted as considered appropriate. As at 31 March 2026, 84% of drawn debt was at fixed rates or at rates fixed through the use of derivative financial instruments. The value of SNG's standalone interest rate derivatives is reflected on the balance sheet. As at 31 March 2026, the aggregate value of these derivatives was £2m positive (2025: £1m negative), all of which is covered by thresholds and property security with no requirement of cash security.

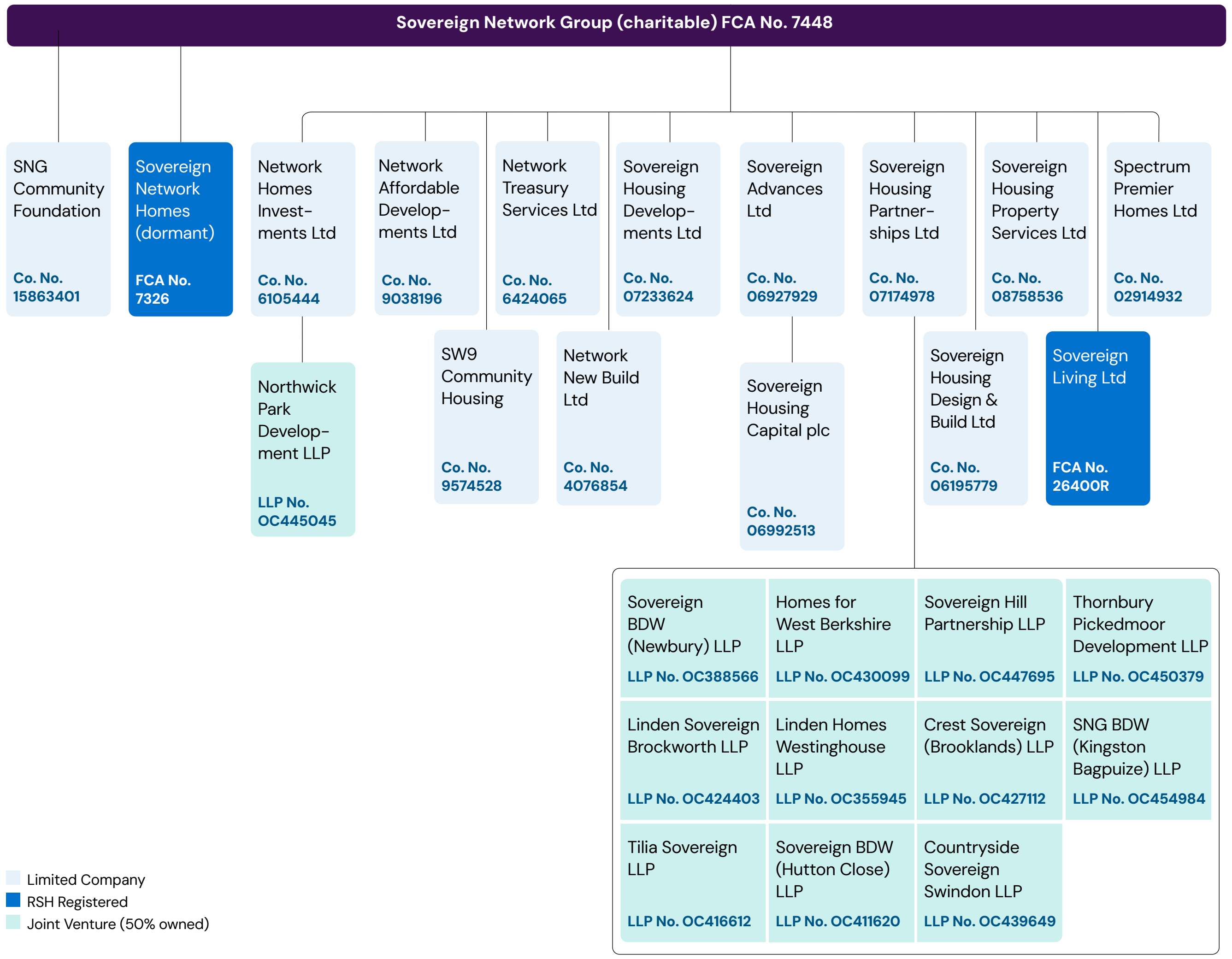
Governance

Sovereign Network Group is a Registered Society under the Co-operative and Community Benefit Societies Act 2014 (registration number 7448) and a registered provider of social housing with the Regulator for Social Housing (registration number 4837). Our primary activity is the provision of housing at below market rates.

Hereby, the Board presents its annual report and audited financial statements for the year ended 31 March 2026.

Group structure 31 March 2026

The main trading activities were undertaken by Sovereign Network Group with the Group structure and purpose of the subsidiaries as shown below, excluding dormant and non-trading subsidiaries.



Company Secretary

Charlotte Ferris
Appointed on 6 June 2024

Registered office

Sovereign House
Basing View
Basingstoke
RG21 4FA

Advisors and Board members

External Auditor
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Principal bankers
National Westminster
Bank PLC
Abbey Gardens
4 Abbey Street
Reading
RG1 3BA

Barclays
Level 11
1 Churchill Place
Canary Wharf
London
E14 5HP

Principal valuers
JLL
31 Great George Street
Bristol
BS1 5QD

Principal solicitors
Trowers & Hamlins LLP
3 Bunhill Row
London
EC1Y 8YZ

Board members during the year

Paul Massara
Chair
Appointed in 2020

Jon Gooding
Vice Chair
Appointed in 2023
(joined Network Homes in 2017)
(left 20 October 2025)

Gareth Mostyn
Chair of Audit and Risk Committee and Senior Independent Director
Appointed in 2023

Bhavin Shah
Chair of Treasury Committee
Appointed in 2023

Angela Williams
Chair of Remuneration and Nominations Committee
Appointed in 2017

Jonathan Milward
Chair of Major Projects Committee
Appointed in March 2025

Ade Adebayo
Vice Chair of Major Projects Committee
Appointed in 2023
(joined Network Homes in 2020)
(left 1 May 2025)

Jennifer Dykes
Resident Board member and Board representative to the Resident and Board Partnership
Appointed in 2016
(left 31 July 2025)

Barbara Brownlee
Board member
Appointed in 2023
(joined Network Homes in 2020)

Theresa Lisk
Board member
Appointed 18 September 2025

Ruth Picknett-Powell
Board member
Appointed 18 September 2025

Mark Washer
Chief Executive
Appointed in 2018

Peter Benz
Chief Financial Officer
Appointed in 2023

Board responsibilities and governance

Governance framework
As well as a broad range of skills and experience, the Board's decisions are informed by expertise and scrutiny from its supporting committee structure. This is further enhanced by challenge and insights from our resident led Customer Influence Panel and Scrutiny Panel.

Working together with our customers
SNG's Customer Engagement Model continues to demonstrate strong progress in embedding meaningful customer influence and scrutiny across the organisation. The model, comprising the Customer Influence Panel (CIP), Scrutiny Panel (SP), and an expanded approach to regional customer voice, remains aligned with the Transparency, Influence and Accountability Standard and is now well established.

The Customer Influence Panel has developed into an effective resident governance body, directly shaping strategies, policies, and customer communications. CIP enables customers to influence our long-term plan, polices and service as well as recommending resident-led scrutiny of services that require a customer perspective. Over the past year, CIP has reviewed a wide range of customer-facing policies and introduced the 'Customer Approved' mark to improve accessibility and clarity. Their influence has also been evident in key corporate decisions discussed at Board, including corporate performance targets and rent setting, ensuring that customer perspectives are meaningfully embedded in decision-making.

Importantly, Jackie Dunn, resident Chair of CIP plays a key governance role by observing Board meetings, providing a direct line of sight between resident insight and Board-level discussion. This ensures that lived customer experience is reflected in strategic conversations, while also enabling the Chair to feed insights and context from Board discussions back into CIP, strengthening transparency and alignment across governance structures.

The Scrutiny Panel continues to provide in-depth, evidence-based challenge through commissioned reviews. Two scrutiny exercises have been completed to date, including EDI and stock condition survey access, with recommendations driving service improvements and shaping future areas of focus. All scrutiny reports are presented to the SNG board to provide assurance that customer insight is shaping our policies and processes.

Ongoing investment in training and support has underpinned success, equipping residents with the skills and confidence to contribute effectively to the governance process. Residents have received training such as Chairing Skills, Scrutiny and Regulation.

A comprehensive Customer Engagement Model Review was also shared with the Board in February 2026, providing reflection on progress and identifying opportunities to strengthen the model further.

Ongoing investment in training and support has underpinned success, equipping residents with the skills and confidence to contribute effectively to the governance process. Residents have received training such as Chairing Skills, Scrutiny and Regulation.

Our Board as at 31 March 2026

Paul Massara
Chair
Appointed as a Board member and Chair in 2020

A Chair and NED with regulated experience across Europe and North America markets with senior leadership experience in housing, energy and charity sectors focusing on operational execution, digitalization and innovation.

Paul has been Chair of SNG for 5 years and helped guide the merger of Sovereign with Network, to create SNG which now has 86,000 homes across London and the South. Paul has 30+ years experience in the energy markets, serving on both the Executive Committees of Centrica Plc and RWE, when he was CEO of Npower, he has also worked with government, serving on the Committee on Fuel Poverty for 6 years.

He spent 9 years in Canada, as President of Centrica Canadian Operations and became Chair of the Toronto Board of Trade and was voted Top 40 Under 40 in Canada. He has served on a number of charity boards including Opportunity International (Canada), Prison Fellowship (Canada) and Medicinema (UK). He has a keen interest in mentoring and investing in Climate-tech and Deep-tech AI businesses.

Gareth Mostyn
Chair of Audit and Risk Committee
Appointed as a Board member in 2023 and Chair of Audit and Risk Committee in July 2024; appointed Senior Independent Director in 2025

Gareth brings significant strategic, financial and governance experience to the SNG Board. A Chartered Accountant, his career has spanned senior roles in a number of large organisations, including as Chief Financial Officer at De Beers Group, Chief Finance & Operations Officer at the Church of England and Chief Executive at the Church Commissioners for England.

Gareth is also a non-executive director at the South London and Maudsley NHS Foundation Trust and an Independent Member of the Council of the University of Exeter.

Bhavin Shah
Chair of Treasury Committee
Appointed in 2023 and Chair of the Treasury Committee in 2024

Bhavin is an experienced senior executive with board proficiency in the private and charity sectors. He combines banking, risk, and transformation experience with a strong understanding of stakeholder engagement and finance.

Having a passion for helping reduce the homelessness crisis, Bhavin is Treasurer of The Single Homeless Project. He is also Chair of the SNG Community Foundation.

Angela Williams
Chair of Remuneration and Nominations Committee
Appointed as a Board member and Committee Chair in 2017

An experienced executive and non-executive who has worked across FTSE30, US (incl. NASDAQ) and French listed companies.

Angela's expertise includes strategy design and delivery, global transformation, leading and creating customer-focused businesses and teams as well as culture development and change management.

Other skills include mergers, due diligence, restructuring, reward and pensions, leadership and talent development, employment law, business turnarounds, digital transformation, growth delivery and corporate responsibility.

Mark Washer
Group Chief Executive Officer
Appointed as Chief Executive Officer and a Board member in 2018

Mark is the Group Chief Executive Officer and an SNG Board member.

Prior to his appointment, he was the CEO at Sovereign from 2018 until the merger with Network Homes in 2023. With extensive experience in the housing sector, he has been Chief Financial Officer at Clarion Housing Group and has been Vice Chair of the National Housing Federation (NHF).

Mark is a trustee of Leadership 2025, a charity developing BME leadership in the housing sector.

Peter Benz
Chief Financial Officer
Appointed as Chief Financial Officer and a Board member in 2023

Peter is our Chief Financial Officer and an SNG Board member. He also currently chairs the G15 Chief Financial Officer group.

Prior to his appointment at SNG Peter was Executive Director of Finance at Network Homes which he joined in 2019. Overall, he has nearly two decades worth of senior finance experience in housing, advertising and retail, both public and private.

He has a strong, diverse approach to analysis, financial planning and value addition.

Jonathan Milward
Chair of Major Projects Committee
Appointed on 6 March 2025

Jon Milward is former Head of Development and equity partner at Deloitte LLP, with over 30 years' expertise leading significant global and UK-wide planning and development projects across the public and private sector.

He has advised on the delivery of many housing-led regeneration schemes including the first legacy sites on the London Olympic Park and is currently a Board Member and Chair of the Development, Investment and Sustainability Committee at Old Oak and Park Royal Development Corporation (OPDC).

In his current role as Managing Director of Milward Associates, he acts as trusted advisor to clients including The Crown Estate, Trinity College Dublin, the London Borough of Lambeth, Native Land and the University of Southampton. He is also a Business Ambassador for Centrepoint, a charity for young homeless people.

Barbara Brownlee
Appointed in 2023 (joined Sovereign Network Homes in 2020)

Barbara Brownlee is CEO of Soho Housing Association. Her previous role was as Westminster City Council's Executive Director of Growth, Planning and Housing where she developed and began delivery of the city's ambitious housing programme. This follows more than 30 years' experience working in both the public and private sector in development and regeneration. Barbara is a member of Major Projects Committee and the SNG Board Complaints Champion.

Ruth Picknett-Powell
Appointed 18 September 2025

Ruth is a Resident Board Member based in Wiltshire and brings over 13 years of lived experience as a shared ownership resident to support a customer perspective at the Board. She has been an engaged resident since 2021 having served on the former Sovereign Resident Board Partnership as Chair and the current customer influence panel as a 'critical friend' to SNG.

Currently working for the Civil Service, Ruth has spent most of her career in the public sector. Initially providing clinical care herself as part of a medical physics department and then later supporting quality improvement in healthcare services in the NHS. This experience embedded a clear understanding that good quality housing has broad ranging health and wider social impacts.

Theresa Lisk
Appointed 18 September 2025

Theresa is one of our Resident Board Members, based in London, and draws on over 15 years of lived experience with SNG which allows her to bring a customer perspective to the Board.

She's a former member of pre-SNG organisation Network Homes' London Panel and was a member of its Resident Board trainee programme. Theresa is a dedicated community development professional with over 10 years of experience both internationally and domestically. She is passionate about amplifying the voices of those who are often excluded in society, particularly in the area of decision making, ensuring they are seen, heard, valued, and included.

Alongside her professional work, Theresa has volunteered with the Samaritans and several grassroot charities worldwide. She currently works as a Local Area Co-ordinator for Westminster City Council.

Other Directors during the year

Jon Gooding
(left October 2025)

Adeoye Adebayo
(left May 2025)

Jennifer Dykes
(left July 2025)

Our Executive Board as at 31 March 2026

SNG's leadership and management structures provide the expertise and framework to achieve our strategic objectives. The Executive Board works to protect and grow the business, while overseeing our performance, as we build and provide great homes that people choose to live in, as well as providing a great customer experience.

Mark Washer
Appointed as Chief Executive Officer and a Board member in 2018

Kevin Ives
Appointed as Chief Information Officer in 2019

Peter Benz
Appointed as Chief Financial Officer and a Board member in 2023

Kirsten Keegan
Appointed as Group General Counsel in 2024

Alexia Evans
Appointed as an Executive Board member in 2025

Joe Marshall
Appointed as Chief Investment and Development Officer in 2025

Sally Hyndman
Appointed as Chief People and Transformation Officer in 2021

Nicole Sharp
Appointed as Chief Customer Officer in 2021

Compliance with the Regulator for Social Housing's Governance and Financial Viability Standard

SNG's Board has carefully considered the requirements of the regulatory standards and has robustly assessed and taken assurance of SNG's compliance with them during the year. On this basis, the Board certifies that Sovereign Network Group has complied in all material aspects with the Regulator of Social Housing's (RSH) regulatory standards during the reporting period ended 31 March 2026.

We review our performance with our shareholders each year at the Annual General Meeting. This year the meeting will be held at SNG's registered office and online at 4pm on 29 July 2026.

Regulatory performance

On 14 May 2025, the RSH published its assessment of Sovereign Network Group.

The current grades and straplines are:

G1 – Our judgement is that the landlord meets our governance requirements.

V2 – Our judgement is that the landlord meets our viability requirements. It has the financial capacity to deal with a reasonable range of adverse scenarios but needs to manage material risks to ensure continued compliance.

C2 – Our judgement is that there are some weaknesses in the landlord delivering the outcomes of the consumer standards and improvement is needed.

We accept the RSH's findings and have put in place an ambitious set of action plans to address these weaknesses.

On 28 January 2026 the RSH re-confirmed our grades for governance and financial viability following a stability check completed in January 2026.

Appointment of the external auditor

It is SNG's policy to retender the external audit every seven years. KPMG's contract with SNG ended following the FY 2024/25 external audit. A process to procure external auditors via competitive tender for future external audits was approved by the Audit and Risk Committee in November 2024. The current external auditor, KPMG LLP, was successful in the competitive tender process in 2018. A resolution to reappoint KPMG as SNG's sole auditor for the 2024-2025 published accounts was approved at the 2024 Annual General Meeting.

The Committees

SNG has a robust committee structure, which ensures the Board has the necessary insight, challenge, and assurance to make informed strategic decisions.

All of our committees include Non-Executive Board members and independent experts, who bring an external view and specialist skills, ensuring that the Board has the level of guidance and support necessary to achieve the best outcomes and future-proof the organisation.

Audit and Risk Committee

The Audit and Risk Committee (ARC) provides challenge and scrutiny and ensures our risk profile is managed in accordance with our strategy and risk appetite. The Committee reviews and recommends to the Board for approval internal control policies (including Fraud, Whistleblowing, Money Laundering, and Procurement), the Risk Management Framework, and the annual financial statements.

The Committee includes Non-Executive Board members and independent members. The external auditor attends all the quarterly meetings ensuring there is an open dialogue and ability to keep abreast of the sector and accounting related matters.

The Committee met seven times during the year and regularly reviews its policies, its effectiveness and ensures its work plan is in line with its delegations from the Board and its terms of reference.

During the year, ARC reviewed the continued development of SNG's risk management framework, monitored its risk appetite and considered SNG's key strategic risks. The Committee also oversaw the re-tender of SNG's external audit service.

Key focus areas for internal audit for the year included rent collection, domestic abuse processes, stock condition surveys, covenant compliance processes and building safety remediation.

SNG continued its co-sourced internal audit approach, following the agreed internal audit plan, and monitoring the effectiveness of these arrangements on an ongoing basis throughout 2025-26.

For the year ahead, the Committee will continue to oversee SNG's response to global matters impacting the organisation and its residents, from a risk and internal controls perspective, as well as focusing on areas such as Building Safety Compliance, Occupational Health and Safety and any other Principal Risks where SNG may be outside of the Board's risk appetite.

The Committee will also continue with its full and rolling annual workplan, which for 2026-27, includes reviews of the Risk Management Framework, oversight of any risks arising from SNG's compliance with its regulatory and statutory duties, and our ability to deliver our corporate plan.

During the year, ARC reviewed the continued development of SNG's risk management framework, monitored its risk appetite and considered SNG's key strategic risks. The Committee also oversaw the re-tender of SNG's external audit service.

Image:
Bleadon Hill,
Weston-Super-Mare

Key strategic priorities for the Committee are to oversee the continued development of talent and succession plans from Board and Committee members to senior leadership, ensuring that SNG's strategic leadership remains appropriately skilled.

Treasury Committee

The Treasury Committee oversees SNG's treasury and funding activities, ensuring sufficient facilities are available to support the agreed Treasury Strategy, while providing challenge, scrutiny and risk management. The Committee also considers the treasury-related business planning assumptions and stress tests.

The Committee includes two Non-Executive Board members, two independent members and the Chief Financial Officer. The Committee is also supported by independent treasury advisers and met five times during the year.

During the year, the Committee has concentrated on liquidity and new funding opportunities to support SNG's ambitious development plans within the context of an uncertain political and economic environment. To this end SNG restated or agreed new funding of over £900m in 2025/26.

The Committee also reviewed SNG's credit rating strategy, as well as providing scrutiny of measures to ensure a positive financial position for SNG's wholly owned subsidiaries.

The Committee continues to review Golden Rules to ensure their alignment with our Corporate Strategy and risk control framework as well as making sure they continue to be as clear as possible and fit for purpose.

During the year, the Committee approved the Treasury Management Policy, which set out the prime criteria by which the effectiveness of treasury management activities will be measured. The Committee continues to ensure that treasury risks and controls are reviewed annually.

Included as part of the rolling programme of reviews was the security stress test review to ensure SNG retains adequate asset cover headroom across its facilities. It also included a contagion review which considers how activity across the group structure could potentially impact the Registered Provider and what controls SNG has in place to protect the Registered Provider.

Looking ahead into 2026-27, the Committee will continue to focus on new and existing funding to support the corporate strategy whilst considering alternative capital structures and new finance resources. The Committee will continue to support the Business Plan and consider refinancing opportunities as they arise.

The Treasury Committee will continue to monitor external global factors through market intelligence and via the consideration of the potential impact of external influences on SNG. The Committee will rely on the latest forecasts and a range of stress tests, and will take appropriate action where necessary.

Above:
St John's Road, Isleworth

Remuneration and Nominations Committee

In support of the Board, the Committee's role is to oversee the recruitment, nomination, induction, appraisal, development and training of all Group Board and Committee members, including Community Foundation Trustees, oversee Board and Committee succession planning and related policies that have a significant implication or risk to SNG. It also considers issues relating to the contracts of employment for the Executive Board together with strategic issues relating to the compensation and benefit packages for employees.

This year, the Committee has overseen the recruitment of four new Board members (including two resident members) and a new Committee Chair, to replace Angela Williams when she reaches the end of her term in July 2026. It also oversaw the appointment of trustees for the SNG Community Foundation.

The Committee includes two Non-Executive Board members and two independent members, with support provided to the Committee by the Chief People and Transformation Officer and the Group General Counsel.

During the year, the Committee approved the Executive Target Incentive Plan and continued to review its progress during the period. The Committee also monitored the progress of SNG's Talent and Succession Strategy, which aims to deliver an increased pipeline of future talent to enable SNG to deliver its ambitions and considered regular updates on Board succession planning.

Looking ahead, the Committee has a full and rolling annual workplan that is reviewed at each meeting based on its terms of reference. Key strategic priorities for the Committee on behalf of the Board in the forthcoming year are to oversee the continued development of talent and succession plans from Board and Committee members to senior leadership, ensuring that SNG's strategic leadership remains appropriately skilled. The succession plans also aim to ensure that the membership of SNG's Boards and Committees are appropriately diverse within the context of the communities SNG serves and in line with SNG's updated Equality, Diversity and Inclusion Strategy.

The Committee has also continued to monitor the Pensions Strategy.

Major Projects Committee

The Committee's remit includes the scrutiny of major projects involving the remodelling, rehabilitation, regeneration and disposal of existing homes owned by SNG alongside the approval and monitoring of all land acquisitions required to facilitate any new development project.

The Committee includes three Non-Executive Board members and two independent members. During the year, the Major Projects Committee has continued to monitor delivery of the strategy, overseeing all major and complex development, commercial and asset management schemes of all tenures including social and affordable rent, shared ownership, market rent or open market sale.

The Committee also monitored the development of joint venture partnerships entered into by SNG, ensured regular updates were supplied to the Board and emerging risks were escalated as required in a timely manner while consistently challenging the various development opportunities which arose.

An executive Investment Committee continues to oversee the delivery of the development programme and the strategic asset management programme.

In the year ahead, the Major Projects Committee will maintain a focus on SNG's evolving Investment Strategy, continuing to embed the Homes and Place standard and giving ongoing consideration to existing and new joint venture and regeneration opportunities, where these deliver and enhance the strategy, and the delegations required to allow the strategy to achieve its outcomes smoothly and to remain within the business plan.

In the year ahead, the Major Projects Committee will maintain a focus on SNG's evolving Investment Strategy, continuing to embed the Homes and Place standard and giving ongoing consideration to existing and new joint venture and regeneration opportunities.

Below:
Lytton Way, Stevenage

Risk context

Managing risk

Effective risk management is central to the delivery of our strategy and the long-term sustainability of SNG. Over the past year, we have continued to mature our Risk Management Framework, embedding a more consistent, structured and data-informed approach across the organisation.

Our framework supports the identification, assessment and management of risks in the context of our strategic objectives and defined risk appetite. During the year, we refreshed our risk appetite statements to ensure greater clarity and consistency across all categories of our Risk Universe. This includes more clearly defined tolerance levels and improved alignment to our probability and impact methodology, supporting better decision-making and more effective escalation where risks sit outside appetite.

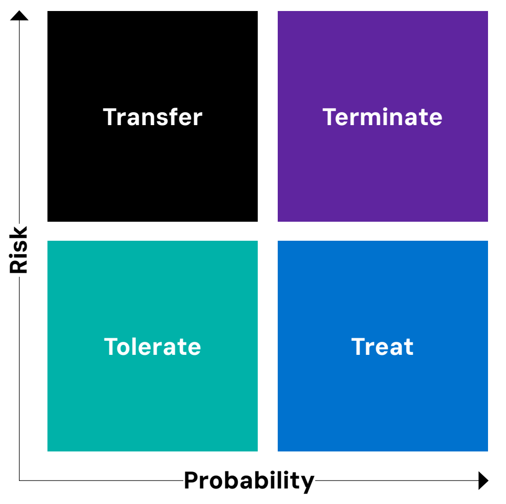
The Board has identified 14 Principal Risks that could have a material impact on the achievement of our strategic objectives.

These risks are regularly reviewed and reflect the key challenges facing the organisation and the sector. They include risks relating to:

- **Building safety and compliance and occupational health and safety**, including the safety of homes, customers, colleagues, and other stakeholders.
- **Legislative and regulatory landscape**, reflecting the evolving expectations of the Regulator of Social Housing and wider statutory requirements.
- **Financing**, including funding, liquidity, and exposure to macroeconomic volatility.
- **Development of new homes and investment in existing homes**, including cost pressures, delivery capacity and asset quality.
- **Customer**, including the quality, safety and consistency of services provided to customers.
- **Information and data governance**, including the resilience, security and appropriate use of data and systems.

Risk universe

Risk model



This model guides our people to:

- Tolerate the risk when it is not significant enough to threaten achievement of our objectives
- Treat the risk when it can be reduced by internal control
- Transfer the risk when it is too high, and it can be at least partly transferred to our insurance programme or joint ventures
- Terminate the risk when it is too high, cannot be reduced and is beyond the risk appetite

- **Artificial Intelligence**, recognising both the opportunities and risks associated with this rapidly emerging technology.
- **Environmental sustainability and climate change**, including transition and physical risks.
- **Culture and people**, including colleague engagement, capability and organisational capacity.
- **Strategic execution**, including the successful delivery of transformation and change initiatives.

Each Principal Risk is supported by defined controls, clear accountabilities and key risk indicators to enable ongoing monitoring. Risks are assessed against our risk appetite and escalated through governance structures where exposures exceed agreed tolerances.

We have strengthened the link between risk, controls and assurance, providing greater visibility of the key controls that mitigate our most significant risks and improving our understanding of control effectiveness. This is supported by the continued implementation of our connected risk platform, which will provide a single, integrated view of risk and assurance activity across the organisation.

We continue to monitor a broad range of emerging risks and opportunities, including those associated with technological change, evolving regulatory requirements and the transition to a more sustainable operating model. In particular, we recognise both the opportunities and risks associated with the rapid development of generative artificial intelligence, and are taking a balanced approach that enables innovation while managing potential downside risks.

Risk management is embedded through our governance structures and is supported by a clear three lines of assurance model. The Board and its Committees receive regular reporting on risk exposures, control effectiveness and emerging issues, enabling effective oversight and informed decision-making.

During the year, we have continued to enhance our system of internal control, bringing greater integration across risk management, internal controls and assurance activities. This includes clearer identification of key controls, improved assessment of control effectiveness, and increased coordination of assurance across the three lines model.

The Board, supported by the Audit and Risk Committee, has reviewed the effectiveness of the system of internal control, including the processes for identifying, evaluating and managing principal and emerging risks. This review has been informed by management reporting, internal audit activity and other sources of assurance.

While recognising that our framework continues to mature, the Board is satisfied that the systems and processes in place are effective and appropriate for the size, complexity, and risk profile of the organisation, and that there is a clear plan in place to further strengthen these arrangements over time.

Our focus remains on building SNG's resilience by continuing to enhance the use of data and insight, strengthening risk culture across the organisation, and further embedding a proactive, forward-looking approach to risk and control.

Role of the sub-committees

The Board ensures it has a mix of skills and experience appropriate for the risks the organisation faces. The Audit and Risk Committee (ARC) supports the Board through regular, detailed scrutiny and evaluation of our risk framework, individual risks, and what our sources of assurance (such as Internal Audit and Safety Assurance review findings) tell us about our management of risk. The ARC also scrutinises the Executive Board's report on risk, which is presented to the Board on a quarterly basis.

The Board's other Committees strengthen the framework through scrutinising and evaluating the risks that are within their areas of expertise. For example, the Treasury Committee regularly considers SNG's management of its 'Financing' Principal Risk. Other groups include the Information and Data Leadership Group, which reviews risks and controls for risks such as AI, Cyber Security and Data; and the Health and Safety Leadership Group, which oversees risks in their specialist area.

Resilience of SNG to risks it faces

Recognising how critical it is to be an organisation that does not just survive, but thrives, in a world that is volatile, uncertain, complex, and ambiguous, the Board considers having resilient foundations to be a strategic priority. This broadens the focus from just financial resilience to giving equal consideration to strategic and operational resilience.

Applying that to our risk management, the Board considers the ongoing viability of SNG in the event of unforeseen extreme circumstances, or where multiple Principal Risks coalesce. Our rigorous annual business plan process tests SNG's resilience through scrutinising the outcomes against our appetite and tolerance for risk and by stress-testing the plan in a variety of plausible and extraordinary circumstances. The challenging economic landscape was carefully considered in stress-testing the business plan. Having performed that rigorous testing of the Plan, the Board is confident that it is achievable and will stand up to the conditions we are, and expect to be, operating in.

Above:
Premier Place, Edgware

Financial statements 2025–26

Image:
Merrick Place, Southall

Statement of Board's responsibilties

In respect of the Board's report and the financial statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under that law the Board has elected to prepare the financial statements in accordance with UK Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

In preparing each of the Group and the Association financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014. It is responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Association and to prevent and detect fraud and other irregularities.

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

Internal control assurance statement

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable, but not absolute, assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial information and the safeguarding of the Association's assets and interests.

Under the governance structure, the Board receives assurance from its Audit and Risk Committee (ARC). All audit and risk matters are the responsibility of the Board which delegates detailed scrutiny and evaluation of these matters to ARC. In meeting its responsibilities to the Board, ARC has adopted a risk-based approach to internal controls which is embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Association and its subsidiaries are exposed.

This process adopted by ARC in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation, and control of significant risks. There is a formal and ongoing process of management review in each area of the significant risks. This process is co-ordinated through a regular reporting framework to ARC and the Board. The Group's Executive Board regularly considers reports on significant risks facing the Group and the Chief Executive, and members of Executive Board are responsible for reporting to ARC and the Board any significant changes affecting key risks.

Monitoring and corrective action

A process of control self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management and to the Board. This includes a rigorous procedure for ensuring corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements.

The Group continues to maintain a significant development programme. Monitoring and reporting of development activity has been enhanced to ensure the Group remains alert to the potential dangers posed by a much more volatile and difficult external environment.

Control environment and control procedures

The Board retains responsibility for a defined range of issues covering strategic, operational, financial, and compliance issues including treasury strategy and new investment projects.

The Board has adopted the National Housing Federation (NHF) Code of Governance 2020. SNG continues to meet the principles and obligations of the Code.

As at the date of SNG's 2025 AGM, three of SNG's non-executive Board members (Angela Williams, Jenny Dykes and Jon Gooding) had served more than six years. In order to provide continuity following the merger and subsequent integration, the Board agreed that it was in SNG's best interests to re-appoint Jon Gooding and Angela Williams for at least another year. Jenny Dykes stood down at the 2025 AGM. Jon Gooding subsequently stood down in October 2025 and Angela Williams will stand down at the 2026 AGM having served nine years on the Board.

The Association has adopted policies with regard to the quality, integrity and ethics of its employees, with which all employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and money laundering, and fraud prevention and detection. The

Board has adopted the NHF Code of Conduct 2022 which aims to ensure high standards of business conduct.

The Group has three other specialist committees in addition to the Audit and Risk Committee; the Remuneration and Nominations Committee, which deals with matters of governance, remuneration policy and terms and conditions and has responsibility for overseeing the processes required for the recruitment, induction and training of all Board and Committee members; the Treasury Committee which approves and administers the Treasury Policy and ensures the most efficient and effective funding for the Group; and the Major Project Committee, which reviews the viability of development schemes for the provision of new homes.

Information and financial reporting systems

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

The internal control framework and the risk management process are subject to regular review by the Audit and Risk Team who are responsible for providing independent assurance to the Board via ARC. An annual internal audit programme appropriate to the size and complexity of the Group is set each year and ARC considers internal audit reports at each of its meetings during the year.

The Board has received an annual report from the Association's Executive Board and ARC confirming they have reviewed the effectiveness of the system of internal control throughout this year and have taken into account any changes needed to maintain the effectiveness of the risk management and control processes.

The Strategic Report, Board Report, Statement of Board's Responsibilities and Internal Control Assurance Statement were approved on 9 July 2026 and signed on its behalf by:

BY ORDER OF THE BOARD

Charlotte Ferris
Company Secretary

Independent auditor's report

To the members of Sovereign Network Group (formerly Sovereign Housing Association Limited)

Opinion

We have audited the financial statements of Sovereign Network Group ("the Association") for the year ended 31 March 2026 which comprise the Consolidated and Association Statement of Total Comprehensive Income, Consolidated and Association Statement of Financial Position, Consolidated Statement of Changes in Reserves, Association Statement of Changes of Reserves, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of the Group and the Association's affairs as at 31 March 2026 and of the income and expenditure of the Group and Association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group and the Association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

In our evaluation of the board's conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group's and the Association's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of the Board and audit and risk committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Reading Board, audit and risk committee, investment committee, remuneration committee and treasury committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Reading a copy of the Group's fraud register.

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

As required by auditing standards, and taking into account possible pressures to meet external stakeholder expectations and loan covenants, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that income from property sales is recorded in the wrong period;
- the risk that Group management may be in a position to make inappropriate accounting entries; and
- the risk of bias in accounting estimates and judgments.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for full scope selected components based on risk criteria and comparing the identified entries to supporting documentation. For the Association these criteria included, those posted to seldom used accounts and unusual or unexpected account combinations with cash, loans and borrowings and revenue.
- Selected a sample of development sales revenue recognised either side of the balance sheet date and ensured the sale is completed in the period where it is recorded.
- Assessing significant accounting estimates for bias

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

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

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

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

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related co-operative & community benefit society legislation), taxation legislation, pension legislation and specific disclosures required by social housing legislation and regulation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: building regulations, GDPR, health and safety, employment law, social housing legislation, anti-bribery and money laundering recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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

Other information

The Association's Board is responsible for the other information, which comprises The Board's Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Board's responsibilities

As explained more fully in their statement set out on page 41 the Association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

The purpose of our audit work and to whom we owe our responsibilities

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

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill

Snow Hill Queensway

B4 6GH

20 July 2026

Financial Statements

Consolidated and Association Statement of Total Comprehensive Income
For the year ended 31 March 2026

	Note	Group 2026 £ m	Group 2025 £ m	Association 2026 £ m	Association 2025 £ m
Turnover	4a	**817.6**	794.2	**741.0**	731.3
Cost of sales	4a	**(139.9)**	(110.4)	**(76.4)**	(77.5)
Operating expenditure	4a	**(539.7)**	(525.1)	**(527.8)**	(498.1)
Sale of housing properties	4a	**65.9**	52.0	**65.9**	51.8
Movement in fair value of investment properties	4a	**(3.4)**	(5.5)	**(1.8)**	(2.0)
Pension settlement costs	4a	**(7.5)**	-	**(7.5)**	-
Operating surplus	4a	**193.0**	205.2	**193.4**	205.5
Gift Aid		**-**	-	**8.2**	7.7
Gain/(loss) on disposal of plant and equipment	13	**-**	0.1	**-**	0.1
Interest receivable and similar income	9	**11.9**	12.8	**17.6**	17.2
Interest and financing costs	10	**(168.5)**	(147.4)	**(171.3)**	(149.0)
Share of operating surplus in joint ventures	16	**2.6**	0.0	**-**	-
Movement in fair value of financial instruments	29	**(0.3)**	4.1	**(0.3)**	4.1
Surplus before tax	8	**38.7**	74.8	**47.6**	85.6
Taxation	11	**-**	-	**-**	-
Surplus for the year		**38.7**	74.8	**47.6**	85.6
Actuarial (loss)/gain in respect of pension schemes	28	**(4.8)**	9.0	**(4.8)**	9.0
Changes in fair value of hedged financial instruments	29	**3.2**	1.1	**3.2**	1.1
Total comprehensive income for the year		**37.1**	84.9	**46.0**	95.7

All the amounts above relate to continuing activities.

The accompanying notes form part of the financial statements.

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

Paul Massara
Chair

Mark Washer
Chief Executive

Charlotte Ferris
Company Secretary

Consolidated and Association Statement of Financial Position
As at 31 March 2026

	Note	Group 2026 £ m	Group 2025 £ m	Association 2026 £ m	Association 2025 £ m
Fixed assets					
Social housing properties	12	**8,156.0**	7,587.6	**8,157.7**	7,591.3
Other tangible fixed assets	13	**62.6**	63.9	**62.5**	63.9
Other intangible fixed assets	13	**7.5**	-	**7.5**	-
Investment properties	14	**129.0**	136.3	**98.3**	103.8
		8,355.1	7,787.8	**8,326.0**	7,759.0
Financial assets	15	**14.4**	11.8	**70.4**	116.8
Investments in joint ventures	16	**9.3**	6.7	**-**	-
Investments - Shared equity loans	17	**11.5**	11.9	**11.5**	11.9
Debtors: amounts falling due after more than one year	18	**157.7**	50.3	**197.6**	143.5
Total fixed assets		**8,548.0**	7,868.5	**8,605.5**	8,031.2
Current assets/(liabilities)					
Stocks	19	**88.8**	112.1	**54.6**	87.9
Debtors: falling due within one year	18	**91.0**	158.1	**154.0**	143.6
Pension	28	**0.9**	5.0	**0.9**	5.0
Cash and cash equivalents	20	**112.1**	118.7	**104.2**	108.9
		292.8	393.9	**313.7**	345.4
Creditors: amounts falling due within one year	21	**(425.7)**	(383.0)	**(427.4)**	(427.9)
Net current assets		**(132.9)**	10.9	**(113.7)**	(82.5)
Creditors: amounts falling due after more than one year	22	**(5,569.5)**	(5,074.4)	**(5,577.4)**	(5,078.8)
Provisions for liabilities					
- Other	24	**(24.7)**	(21.1)	**(16.6)**	(18.0)
- Pension	28	**-**	-	**-**	-
Total net assets		**2,820.9**	2,783.9	**2,897.8**	2,851.9
Capital and reserves					
Called up share capital	30, 31	**-**	-	**-**	-
Income and expenditure reserve	31	**2,499.1**	2,449.7	**2,365.2**	2,306.9
Revaluation reserve	31	**298.8**	314.4	**509.6**	525.2
Hedging reserve	31	**23.0**	19.8	**23.0**	19.8
Total reserves		**2,820.9**	2,783.9	**2,897.8**	2,851.9

All the amounts above relate to continuing activities.

The accompanying notes form part of the financial statements.

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

Paul Massara
Chair

Mark Washer
Chief Executive

Charlotte Ferris
Company Secretary

Financial Statements

Consolidated Statement of Changes in Reserves
As at 31 March 2026

	Income and expenditure reserve £ m	Revaluation reserve £ m	Hedging reserve £ m	**2026 Total £ m**	2025 Total £ m
As at 1 April 2025	2,449.7	314.4	19.8	**2,783.9**	2,698.9
Surplus from statement of comprehensive income	38.7	-	-	**38.7**	74.8
Transfer from revaluation reserve to income and expenditure reserve	15.6	(15.6)	-	**-**	-
Actuarial (loss)/gain in respect of pension schemes	(4.8)	-	-	**(4.8)**	9.0
Movement in fair value of financial derivatives	-	-	3.2	**3.2**	1.1
As at 31 March 2026	**2,499.1**	**298.8**	**23.0**	**2,820.9**	**2,783.9**

Association Statement of Changes in Reserves
As at 31 March 2026

	Income and expenditure reserve £ m	Revaluation reserve £ m	Hedging reserve £ m	**2026 Total £ m**	2025 Total £ m
As at 1 April 2025	2,306.9	525.2	19.8	**2,851.9**	2,756.2
Surplus from statement of comprehensive income	47.5	-	-	**47.5**	85.6
Transfer from revaluation reserve to income and expenditure reserve	15.6	(15.6)	-	**-**	-
Actuarial (loss)/gain in respect of pension schemes	(4.8)	-	-	**(4.8)**	9.0
Movement in fair value of financial derivatives	-	-	3.2	**3.2**	1.1
As at 31 March 2026	**2,365.2**	**509.6**	**23.0**	**2,897.8**	**2,851.9**

Consolidated Statement of Cash Flows
As at 31 March 2026

	Note	**2026 £ m**	2025 £ m
Cash flow from operating activities			
Surplus for the year		38.7	74.8
Adjustments for non-cash items			
Depreciation of fixed assets		109.5	99.9
Decrease in stock		73.1	63.6
Decrease/(Increase) in trade and other debtors		119.1	(32.7)
(Decrease)/Increase in trade and other creditors		(141.8)	15.1
Increase/(Decrease) in provisions		3.6	(17.2)
Pension costs less contributions payable		(1.2)	(5.8)
Carrying amount of tangible fixed asset disposals		59.8	76.5
Impairment	8, 12, 13	1.0	4.7
Fair value movements in investment properties	14	3.4	5.5
Share of operating surplus in joint venture		(2.6)	-
Adjustments for investing or financing activities:			
Proceeds from the sale of tangible fixed assets		(132.0)	(133.8)
Interest payable	10	168.5	147.4
Interest receivable	9	(11.8)	(12.8)
Cash from operations		287.3	285.2
Corporation tax		-	-
Net cash inflow from operating activities		287.3	285.2
Cash flow from investing activities			
Net return on investment in jointly controlled entities	16	0.1	2.0
Shared equity investments		0.4	0.4
Purchase of tangible fixed assets		(758.1)	(734.0)
Purchase of intangible fixed assets		(7.3)	-
Proceeds from sale of tangible fixed assets		132.0	133.8
Grants received	25	207.4	79.7
Interest received		11.7	7.0
Net cash used in investing activities		(413.8)	(511.1)
Cash flow from financing activities			
Interest paid		(220.5)	(169.3)
Interest element of finance lease rental payment		0.2	(0.2)
Movement in collateral deposits		-	-
New secured loans		661.5	654.6
Repayment of borrowings		(321.4)	(220.9)
Capital element of finance lease rental payments		0.2	(0.3)
Withdrawal from deposits		(0.1)	-
Net cash from financing activities		119.9	263.9
Net change in cash and cash equivalents		(6.6)	38.0
Cash and cash equivalents at beginning of the year	20	118.7	80.7
Cash and cash equivalents at end of the year	20, 34	**112.1**	118.7

The accompanying notes form part of the financial statements.

Notes to the financial statements

For the year ended 31 March 2026

1. Legal status

Sovereign Network Group ("The Association") is a not for profit registered provider of social housing and holds charitable status under the Co-operative and Community Benefit Societies Act 2014. The Association is a public benefit entity, an entity whose primary purpose is to provide services for the general public, community or social benefit and where any equity is provided with a view to supporting this objective rather than with a view to providing financial return.

2. Principal accounting policies

The financial statements of Sovereign Network Group and its subsidiaries (the "Group") have been prepared in accordance with Financial Reporting Standard 102 ("FRS 102"), the applicable financial reporting standard in the United Kingdom and Republic of Ireland and the Statement of Recommended Practice for registered social housing providers 2018 (SORP 2018) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

(a) Basis of accounting
The consolidated financial statements are prepared on the historical cost basis of accounting except for the modification to a fair value basis for certain financial instruments and fixed asset investments, and by the annual valuation of freehold commercial properties and investment properties as specified in the accounting policies below.

The financial statements are presented in pounds sterling and are rounded to the nearest £100,000.

(b) Exemptions for qualifying entities under FRS 102
FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions which have been complied with, including notification of and no objection to, the use of exemptions by the Association's shareholders.

The Association has taken advantage of the following disclosure exemptions available in FRS 102:

- Exemption from preparing the Association's cash flows in accordance with FRS 102.1.12(b) on the basis that it is a qualifying entity and has prepared a consolidated statement of cash flows, presented in these financial statements, which includes the Association.
- Exemption from making disclosures in relation to financial instruments in accordance with FRS 102 1.12(c) as the Association is a qualifying entity and the Group produces a consolidated statement.
- The Group discloses transactions with related parties which are not wholly owned with the same Group. The Group does not disclose transactions with members of the same Group that are wholly owned as allowed by FRS 102 paragraph 33. 1A. Intra-Group transactions required to be disclosed by The Accounting Direction 2022 are provided in note 35.

(c) Going concern
The financial statements have been prepared on a going concern basis, which the Board consider to be appropriate for the following reasons;

Sovereign Network Group has implemented a financial resilience model to test the strength of the Group under various scenarios including what is thought to be a worst case scenario. Parameters including debt recovery, sales and operational activities have been modelled and the continued financial strength of the Group monitored under all outcomes that have been tested.

In accordance with the Group's liquidity policy, if 25% of current and fixed asset sales were removed from forecast, cash and undrawn facilities of £975m at 31 March 2026 comfortably cover the committed and approved funding requirement for at least 18 months. The ability to draw the existing funding facilities is contingent on being able to maintain covenant compliance. The first 10 years of the 30-year Business Plan that was presented to and approved by Board in June 2026 demonstrated ongoing compliance with all financial covenants and comfortable headroom throughout the life of the plan.

The Business Plan presented to Board also included a number of stress tests against a range of adverse scenarios. These tests were designed to be 'severe' rather than 'likely', but nonetheless the testing demonstrated that covenant compliance is either maintained, or in the most severe scenarios can be maintained with manageable levels of cuts in activities. Both the Business Plan base case and the stress tests support the assertion that Sovereign Network Group will continue as a going concern. As a consequence, the Board is confident that the Group and Association will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

(d) Consolidation
The consolidated financial statements include the parent association and all its subsidiaries. Intra-group surpluses and deficits are eliminated on consolidation.

Investments in subsidiaries are accounted for using the equity method in the Group financial statements. Investments in subsidiaries and jointly controlled entities are carried at cost less impairment in the individual financial statements.

Uniform accounting policies have been used throughout the Group.

(e) Turnover
Turnover represents rental and service charge income, fees and revenue based grants receivable from local authorities and from Homes England, the proceeds of first tranche sales of shared ownership properties and open market property sales, amortisation of grant previously received, and income from building maintenance and refurbishment services. These exclude VAT (where applicable). Revenue for the main income streams is recognised as follows:

- Rental income is measured at fair value of the consideration received or receivable and represents the amount receivable for the services rendered net of any voids.
- Variable Service charge income is recognised on an accruals basis in the period in which the income is charged to the customer. Fixed service charge income is recognised in the year to which it relates. The Association has adopted both the fixed and variable method for calculating and charging service charges, on a scheme-by-scheme basis in full consultation with residents. The service charge on all schemes is set on the basis of budgeted spend. Where variable service charges are used, the budget will include an allowance for the surplus or deficit from prior years, with a surplus being returned to residents in the form of a reduced charge for the year and a deficit being recovered via a higher service charge or by alternative methods if the contract allows.
- Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.
- Income from provision of buildings maintenance and refurbishment services to third parties is recognised as work is performed.
- Income from the letting of commercial properties including rent and other income like electricity, mobile aerials and insurance is recognised on an accruals basis.

Intra-group income and expenditure is included in turnover and operating costs on an arm's length basis in the financial statements of the Association but is eliminated in producing the Group consolidated financial statements.

(f) Major repairs
The capitalisation of major repairs follows the methodology of Component Accounting as laid out in the SORP 2018. Under this methodology it is recognised that a housing property will always comprise of several components with substantially different economic lives. Each major component is accounted for separately and depreciated over its individual economic life.

(g) Provision for major repairs
Provision for major repairs and building safety costs is made only where a contractual or a constructive obligation exists. The Board believe that this accounting policy represents commercial practice and complies with guidance given by the National Housing Federation in its Statement of Recommended Practice.

(h) Pension costs
During the year, the Association participated in five multi-employer defined benefit pension schemes, and one standalone pension scheme the Sovereign Pension Plan (SPP), all of which are now closed to new members. The Association also participates in a defined contribution money purchase pension scheme, the details of which are given in note 28.

Defined benefit pension schemes
Where the Association can identify their share of scheme assets and liabilities these are included in the Statement of Financial Position and the expected cost of pensions is charged to the Statement of Comprehensive Income so as to spread the cost of pensions over the service lives of employees. For the defined benefit pension schemes, the liability for the benefits earned by employees in return for service rendered in the current and prior periods is determined using the projected unit credit method as determined annually by qualified actuaries. This is based upon a number of assumptions, the determination of which is significant to the valuation.

The following are charged to operating profit:

- the net finance expense measured using the discount rate applied in measuring the defined benefit obligation;
- the increase in the present value of pension scheme liabilities arising from employee service in the current period (current service cost);
- the increase in the present value of pension scheme liabilities as a result of benefit improvements over the period during which such improvements vest (past service cost);
- gains and losses arising on settlements/curtailments; and
- scheme administration costs.

Actuarial gains and losses are recognised in full in other comprehensive income in the period in which they occur.

During the year SNG exited two local government pension schemes and the actuarial movement in the accounting (FRS102) valuation between 31 March 2025 and the respective exit dates will be treated the same as any other year and posted to Other Comprehensive Income (OCI).

Costs of ongoing administration, interest payable and receivable will be accounted for within the SOCI and any balance that remains as a net current asset or net pension liability, with any current asset assessed for recoverability.

Any surplus on exit that is not judged to be refunded is to be treated as a Settlement cost expensed through the SOCI and the corresponding asset reduced. Any surplus that is expected to be refunded is to be classified as a debtor on the balance sheet and the corresponding pension asset reduced.

If the actual refund is greater or less than the value held in the debtor noted above, this will be posted to the SOCI in the year the monies are received.

Defined contribution scheme
During the year, the Association also participated in a defined contribution money purchase pension scheme which is open to new members, the details of which are given in note 28. In respect of the defined contribution scheme, employers' contributions are charged to the Statement of Comprehensive Income in the year incurred.

(i) Value Added Tax
The group undertakings are registered for Value Added Tax (VAT), but a large proportion of their income, including rents, is exempt for VAT purposes and the majority of its expenditure is subject to VAT which cannot be reclaimed. Expenditure is therefore shown inclusive of VAT. The Group recovers VAT where appropriate and this is credited against expenditure within the income statement.

(j) Joint ventures
Joint ventures are contractual arrangements where two or more parties enter into an economic activity that they jointly control. The Group has the following type of joint venture:

Jointly controlled entities – these are joint ventures that involve the establishment of a corporation, partnership or other entity in which each partner has an interest. They are accounted for using the equity method in the member organisation. The Group includes an investment to the extent of any undistributed profits on an individual LLP basis.

The member of the joint venture includes investments at the cost of the investment, with share of profits recognised in the period to which they relate and the carrying amount reduced when dividends or other distributions are declared.

These investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(k) Leased assets
Operating leased assets
Rentals paid under operating leases are charged to the Statement of Comprehensive Income on an accruals basis.

Finance leased assets
Leasing agreements that transfer to the Group substantially all of the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the Statement of Comprehensive Income in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the lease term.

(l) Sale of housing properties
Sales of housing properties are recognised on the completion date. Where houses are sold, the surplus or deficit in the Statement of Comprehensive Income is calculated by comparing sale proceeds and the carrying amount.

Sales of properties originally transferred from local authorities and sold under the right to buy legislation, and sales of shared ownership properties other than the initial tranche, are classified in the Statement of Comprehensive Income as sales of housing properties.

Due to the nature of the transfer agreements with local authorities it is not possible to identify precisely the historical cost of individual transferred properties. Management's estimate of cost is used to determine the historical cost surplus on sales of these properties.

(m) First tranche shared ownership sales
Shared ownership sales are treated under the SORP 2018 as follows:

- Shared ownership properties are split proportionally between current and fixed assets based on the first tranche proportion;
- First tranche proportions are shown in current assets and the sale proceeds shown in turnover;
- The remaining element of the shared ownership property is accounted for as a fixed asset and any subsequent sale is treated as a disposal or part disposal of a fixed asset;
- Any surplus on first tranche shared ownership sales on mixed tenure developments is restricted to the net present value of future cash flows on shared ownership properties.

(n) Depreciation
Freehold land is not depreciated. Depreciation is charged one month following the completion of the capital works or handover of units so as to write down the cost of freehold properties other than freehold land to their estimated residual value on a straight line basis over their estimated useful economic lives at the following annual rates:

Fabric	100-120 years
Roofs	25-60 years
Windows and doors	25-30 years
Kitchens	23-25 years
Bathrooms	25-30 years
Boilers and Heating Systems	15-40 years
Mechanical and Electrical	10-30 years

These components have been determined as the areas where most expenditure on replacement will occur during the lifetime of a property and which are integral to its continued effective use. The useful economic lives are based on historical data on the life span of previous installations of each type of component.

Roofs comprise capital costs for varying types including flat roofs, pitched roofs and others. Mechanical and Electrical comprise capital costs relating to full rewiring of a property, lifts, CCTV, call systems, and other similar communal capital costs.

Depreciation is charged on a straight-line basis over the expected useful economic lives of the other fixed assets at the following annual rates:

Office furniture and equipment	10 years
Computer equipment	3-5 years
Motor vehicles	over life of hire purchase contract or 5 years
Leasehold premises	over life of lease
Leasehold office improvements	Lower of 10 years or life of lease
Freehold offices	50 years
Plant	5 years

(o) Social housing properties and other fixed assets
Social housing properties are stated at cost or deemed cost valuation (as part of the FRS 102 transition, taken at 1 April 2014) less accumulated depreciation and accumulated impairment losses. Housing properties are principally properties available for rent and shared ownership properties. Cost includes the original purchase price, costs directly attributable to bring the asset to its working condition for its intended use and borrowing costs capitalised.

The valuation as at 31 March 2014 on which the carrying values of housing properties was taken for deemed cost valuations was based on 'Existing use value - social housing'. The aggregate surplus or deficit on revaluation is the difference between the valuation and the costs of the property less depreciation. The aggregate surplus or deficit on revaluation is included in a revaluation reserve.

Housing properties developed on behalf of other housing associations are stated at cost less Social Housing Grant if applicable and are treated as current assets rather than fixed assets in line with the SORP 2018.

Housing properties in the course of construction, excluding the proportion of costs related to first tranche sales of shared ownership property, are stated at cost and are transferred into housing properties when completed. Development costs include the cost of acquiring land and buildings, the valuation of contracted works to date, and acquisition and development costs including directly attributable internal costs. Interest payable is capitalised by applying the Association's cost of borrowing to expenditure from the point that planning consent is obtained for land led sites and golden brick for Section 106 schemes up to the date of practical completion. Capitalisation of directly attributable costs starts in line with capitalised interest and will cease at the later of practical completion or handover.

Works to existing properties which replace a component that has been identified separately for depreciation purposes, along with those works that result in enhancing the economic benefits of the properties, are capitalised as improvements. Where a component is replaced the cost and related depreciation are eliminated from housing properties. Economic benefits are enhanced if work performed results in an increase in net rental income, a reduction in future maintenance costs or a subsequent extension in the useful economic life of a property.

Recoverability of properties constructed for outright sale is measured by reviewing the current net present value against the original appraisal. Allocation of costs for mixed tenure developments are generally based on a metre square calculation of the entire scheme for the different tenure types.

Purchases from other housing associations are included at the purchase price. Social housing grant relating to the purchase of such properties is disclosed as a contingent liability within social housing properties (note 12).

Office buildings are held at original cost less accumulated depreciation and accumulated impairment losses.

Commercial buildings are held at valuation based on the rental yield in the relevant geographical location of each property. Valuations are carried out annually.

Plant and equipment is capitalised at cost and depreciated in line with the depreciation policy of the Association.

Other fixed assets are principally assets purchased for use by Sovereign Network Group. These assets are acquired in the open market and are stated at cost less accumulated depreciation and impairment.

The cost includes their purchase price, costs of improvement and directly attributable staff overheads. Direct overheads involved with administering IT projects are capitalised to the extent that they are directly attributable to the IT projects and in bringing the systems into their intended use.

(p) Intangible fixed assets
Intangible assets comprise identifiable non-monetary assets without physical substance that are expected to provide future economic benefits to the Group and the Association. Intangible assets are recognised only where it is probable that the expected future benefits attributable to the asset will flow to the organisation and the cost of the asset can be measured reliably.

The Association recognises costs specifically in relation to the Enterprise Resource Planning System implementation as Intangible Assets. This includes purchased software and costs directly attributable to bringing software into use including employee costs are capitalised as intangible assets.

Capitalised software is measured at cost less accumulated amortisation and impairment losses and amortised on a straight-line basis over a five year period, which will be reviewed annually.

Amortisation begins when the asset is ready for use.

(q) Impairment
At each reporting date fixed assets that are held at cost are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets to their recoverable amounts.

The recoverable amount is the higher of fair value less costs to sell, or Existing Use Value for Social Housing (EUV-SH) or Value in Use (in respect of assets held for their service potential) (VIU-SP). As allowed by Housing SORP 2018 the Group uses depreciated replacement cost as a reasonable estimate of VIU- SP.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. Indicators considered which may give rise to impairment include government policy announcements, significant declines in future cash flows and physical evidence of obsolescence or damage.

Impairment reviews are carried out for all properties under construction where the scheme appraisal has worsened since approved by the Board in accordance with the SORP 2018.

(r) Investment properties
The Group holds properties for the purpose of investment gains with a view to a future sale or in order to receive market rates of return and categorises these as investment properties. Investment properties are initially recognised at cost and subsequently held at valuation. Valuations are performed annually by a professional valuer and are at open market value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period in which they arise. Depreciation is not provided in respect of freehold and long leasehold investment properties. Investment properties held on a short term lease are reported at fair value and depreciated over the remaining life of the lease.

Commercial buildings held as investment properties are included at valuation based on the rental yield in the relevant geographical location of each property. Valuations are carried out annually.

(s) HomeBuy loans and grants
HomeBuy loans to individuals are considered to be a public benefit entity concessionary loan and are accounted for in accordance with paragraphs PBE34.90 to PBE34.97 of FRS 102. Initial recognition is at the amount paid to the purchaser. Subsequent value is the loan value adjusted for any accrued interest less any impairment loss. If a HomeBuy loan is considered irrecoverable, an impairment loss is recognised in the Income Statement.

HomeBuy grants are accounted for as grant received in advance and are recognised as deferred income in the Statement of Financial Position until the point that the related HomeBuy loan is redeemed.

(t) Other grants
Other housing grants are receivable from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. Grants in respect of revenue expenditure are credited to the Income Statement in the same period as the expenditure to which they relate. Other housing grants are repayable under certain circumstances, primarily following the sale of a property, but will normally be restricted to net proceeds of sale.

(u) Stock
Stock represents inventories of consumables, including both completed properties and properties under construction:

- A proportion of shared ownership properties costs relevant to the planned first tranche sale proportion are held as stock. These are shown split between completed properties unsold at 31 March and those still under construction for clarity.
- Properties developed for outright sale which have not been sold at 31 March are shown as stock.

Stock is valued at the lower of cost and net realisable value. Cost includes acquisition, development costs and capitalised interest. Net realisable value is based on the estimated selling price less selling costs. An assessment of net realisable value is made at each reporting date. Where there is a write down, it is recognised in the Statement of Comprehensive Income.

(v) Social Housing Grant
Social Housing Grant is accounted for using the accrual method of accounting for government grant and any new grant received or receivable is included in creditors. The grant is amortised in line with the depreciation policy for housing properties. If Social Housing Grant is received in advance of related expenditure on housing construction, it is shown as a current liability. The Group has the option to recycle Social Housing Grant on sold properties which would otherwise become payable to Homes England or Greater London Authority (GLA). This grant is transferred to the Recycled Capital Grant Fund to be used to finance future development. Social Housing Grant is repayable under certain circumstances and in such circumstances will be classed as a current creditor.

(w) Recycled Capital Grant Fund
The purpose of the funds is to provide replacement properties for rent, at no greater cost than properties provided through the approved development programme. If unused within a three year period it may be repayable to Homes England or Greater London Authority (GLA) with interest unless a time extension or waiver is received. The development programme of the Group is such that the funds are likely to be used before they become repayable.

(x) Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date. Where the effect of the time value of money is material the amount expected to be required to settle the obligation is recognised at the present value using a discount rate. The unwinding of the discount is recognised as a finance cost in the income statement in the period it arises.

The Group provides for tenants' rent arrears based on the value of the debt as well as the type of debtor (current and former tenant). The level of provisioning is based on the collection rates for each value group and on cash collected over a period of twelve months.

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

(y) Housing loans
Mortgage loans are advanced by banks or building societies under the terms of individual mortgage deeds in respect of each property or housing scheme. Loan finance issue costs are off-set against the gross proceeds of the loan. Loans are accounted for in the Statement of Financial Position at transaction price and subsequently at amortised cost using the effective interest method.

(z) Basic financial instruments
Trade and other debtors are recognised initially at transaction price less attributable transaction costs. 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, less any impairment losses in the case of trade debtors. 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. Rental arrears payment plans are determined as financing arrangements and are discounted at a rate management believes is appropriate for the level of risk involved in recovery of tenant arrears.

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses in accordance with Section 11 of FRS 102.

Cash and cash equivalents comprise cash balances and instant access 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 and in accordance with Section 12 of FRS 102.

(aa) Interest Payable and similar charges
Interest on borrowings is charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method, if the loan is a basic financial liability, to ensure that the amount charged is at a constant rate on the carrying amount.

Costs of issuing debt are recognised as a reduction in the associated financial instrument. Directly attributable costs of obtaining undrawn facilities are amortised over the life of the facility. Both costs are amortised over the life of the loan facility using the effective interest rate method. Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

- interest on borrowings specifically financing the development programme after deduction of social housing grant (SHG) received in advance; or
- interest on borrowings of the Group as a whole after deduction of interest on SHG received in advance to the extent that it can be deemed to be financing the development programme.

(ab) Other financial instruments
Financial instruments not considered to be basic financial instruments are defined as other financial instruments. Other financial instruments are recognised initially at fair value. Subsequent to initial recognition these are measured at fair value with changes recognised in the surplus or deficit for the year except hedging instruments in a designated hedging relationship shall be recognised as set out below:

Derivative financial instruments and hedging
Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the surplus or deficit for the year. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged. The Association includes derivatives in its financial statements which qualify for cash flow hedge accounting.

Cash flow hedges
Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in the surplus or deficit in the year. For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the portion of the hedging gain or loss that is determined to be an effective hedge is recognised in other comprehensive income with the cash flow hedge reserve adjusted to the lower of (in

absolute amounts) either (1) the cumulative gain or loss on the hedging instrument; or (2) the cumulative change in fair value on the hedged item. The adjustments are included in the initial cost or other carrying amount of the asset or liability. Alternatively, where a portion of the hedged item is determined ineffective the hedging gain or loss is reclassified to the surplus or deficit in the year.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the Income Statement immediately.

(ac) Taxation
The Association has charitable status and is therefore not subject to corporation tax on its charitable activities. Any non-charitable trading activities are carried out in the subsidiaries and they pay gift aid out of their profits to the Association (the parent company). The Group may be liable to corporation tax based on any taxable profit for the year taking into account differences between certain items for taxation and accounting purposes.

Deferred taxation would normally be recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, when transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. However, deferred tax assets and liabilities are not recognised in year where timing differences do not give rise to any material deferred tax charge or credit.

(ad) Gift Aid Income
Gift Aid from the Association's wholly owned subsidiaries is recognised at year-end on a receivable basis and is disclosed in the Statement of Comprehensive Income. Gift aid is eliminated on consolidation in the Group.

3. Accounting estimates and judgements

There were no estimates, judgements and assumptions which had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or income and expenditure within the financial period. Below are the key estimates and judgements which management has applied:

Pension (LGPS)
Assumptions for the Local Government Pension Schemes have been obtained from the annual reports performed by qualified actuaries. An estimate of the Group's future cash flows is made using notional cash flows based on the estimated duration. These estimates are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cash flows, discounted at this single rate, equates to the net present value of the cash flows, discounted using the annualised BAML AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point).

Pension (SPP)
The Sovereign Pension Plan year end asset/liability is obtained from The Pensions Trust using analysis provided by a qualified actuary. To derive the discount rate a £GBP AA Corporate Bond yield curve is used which is supplied by BAML at the reporting date. The rates from the yield curve are used to calculate a present value of the pension scheme's future agreed deficit reduction contributions at the reporting date. A single equivalent discount rate is then derived.

Rental arrears
Rental arrears payment plans are discounted at a rate which management believes is appropriate for the level of risk in the recovery of such debt

Investment properties
The valuation exercise was carried out in March/April 2026 with a valuation date of 31 March 2026. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2017 ('Red Book'), the values in the report have been used to inform the measurement of property assets at valuation in these financial statements.

Measurement of stock
Costs in determining the carrying value of housing properties in current assets are applied as prescribed in the relevant SORP. The apportionment is based on the outturn of the scheme at the reporting date but is subject to future influences from government policy changes and economic conditions.

Basis and estimate for overhead allocation
Overhead costs that are directly linked to a business stream (cost centres) are recognised accordingly. For general overheads, the costs are allocated to the business stream based on number of properties. Management deem property numbers to be a key driver for the level of overhead cost incurred in the business and therefore provides an appropriate and realistic basis for allocating overhead. Other allocation basis under consideration and continuously reviewed are turnover, expenses level and employee time analysis.

Estimates and judgements for recognising stock
An element of completed and work in progress shared ownership properties are recognised as stock at each balance sheet date. This is the disposable first tranche portion. Management have estimated the first tranche portion held in stock as 40% of the total cost incurred at the balance sheet date, this is a realistic estimate as it is consistent with current trend of first tranche equity sale pattern.

Estimate on useful life housing properties
Housing properties other than investment properties are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets are based on the NHF guidance and may vary slightly depending on a number of factors that are relevant to the underlying asset. Fixed assets are expected to come to a nil value at the end of its useful economic life however management reviews the estimate of the useful lives at each reporting date to ensure they are consistent with survey report, making changes to individual units or component as appropriate. Such changes could impact insignificantly the surpluses for the year.

Grant amortisation
Deferred capital grants are amortised over the economic useful life of the structure of housing properties. Although shared ownership properties tend to have a shorter actual life span compared to their expected useful life (EUL) of their structure, management deem the current approach of amortisation to be prudent and not distorting the business performance.

Judgement on provisions
Provisions are recognised in the financial statement based on the likelihood of a liability occurring and an appropriate estimate is known for such liability. In estimating provisions, judgement on likelihood of occurrence is determined by expert opinion and past indicative trend of similar items. The value of provisions is arrived at considering the worst-case scenario. The amounts recorded in note 24 are continually evaluated by management.

Discounted items
Assets and liabilities with cash flow implications of more than one year are recognised in the accounts at fair value which is arrived at by applying a discount rate that reflects the level of risk relevant to those items.

Judgement on the risk level and rate is informed by expert opinion and items with similar risk profile. Discounted items include long term debtor and financial instrument.

Judgement on capitalised major repairs
The Group's capitalisation policies align with FRS 102 principles. In applying this, management take an aggregated view in making capitalisation decisions which match the accounting standard criteria requirements.

Judgement on mixed tenure split
Where a development relates to two or more tenures, construction cost is allocated to the different tenures using a dynamic apportionment basis. The dynamic approach applies a mix of standard apportionment basis to reflect substance of the development. Management deem this allocation basis effective as it results in a similar cost if the tenures are built independently. Cost allocation methods are reviewed annually for effectiveness. This basis for apportionment impacts depreciation charged for the year and the profit on sale of fixed assets.

Impairment
In determining any possible impairment of the Group's assets, factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the economic viability and expected future financial performance of that unit. Where impairment is found, the carrying value of the properties in the cash generating unit is reduced to depreciated replacement cost.

Judgement on LGPS exit credit recovery
The Group has recognised a debtor in respect of a proportion of the exit credits arising on withdrawal from two defined benefit multi-employer pension schemes. The exit credit represents the Group's share of the schemes' surplus as calculated by the scheme actuary at the cessation date.

The recognition of this asset required management to exercise judgement in assessing whether the exit credit is recoverable and the extent to which an economic benefit will flow to the Group. This includes consideration of:

- the scheme rules and relevant legislation governing the distribution of surplus on employer exit;
- ongoing discussions with the scheme trustees regarding settlement of the exit credit;
- any conditions or uncertainties that could affect the timing or quantum of recovery; and
- the creditworthiness and ability of the scheme to make payment.

Based on the information currently available, management considers it appropriate to recognise a proportion of the exit credit as a receivable. However, there remains uncertainty regarding the timing and final settlement value, and therefore the amount recognised may differ from the amount ultimately received (See note **28**).

The Group continues to engage with scheme trustees and advisers and will update its assessment as further information becomes available.

4a. Turnover, operating costs and operating surplus by class of business

Group	Note	Turnover £ m	Cost of sales £ m	Operating costs £ m	Other £ m	**2026 Operating surplus £ m**	2025 Operating surplus £ m
Income and expenditure from social housing lettings:							
Housing accommodation		567.2	–	(438.1)	–	**129.1**	127.3
Shared ownership accommodation		69.2	–	(69.7)	–	**(0.5)**	10.5
	4b	636.4	–	(507.8)	–	**128.6**	137.8
Other social housing income and expenditure:							
Income from Group undertakings		–	–	–	–	**–**	–
External income generated from development services		(0.1)	–	(2.3)	–	**(2.4)**	(2.9)
Community investment		–	–	(5.3)	–	**(5.3)**	(6.5)
London Living (Build to Rent)		7.7	–	(2.4)	–	**5.3**	5.3
Other		4.6	–	(4.3)	–	**0.3**	5.9
		12.2	–	(14.3)	–	**(2.1)**	1.7
Development for sale							
Shared ownership first tranche sales		88.6	(76.4)	(3.0)	–	**9.2**	8.9
		88.6	(76.4)	(3.0)	–	**9.2**	8.9
Total social housing activities		737.2	(76.4)	(525.1)	–	**135.7**	148.5
Non-social housing activities							
Market rented properties		8.3	–	(0.9)	–	**7.4**	7.7
Commercial properties		5.0	–	(7.3)	–	**(2.3)**	(1.6)
Outright sales		2.0	(1.9)	–	–	**0.1**	0.9
Fully staircased properties		5.7	–	(6.3)	–	**(0.6)**	(5.2)
Construction services and other		59.4	(61.6)	(0.1)	–	**(2.3)**	8.5
		80.4	(63.5)	(14.6)	–	**2.3**	10.2
Other activities							
Housing assets disposals		–	–	–	65.9	**65.9**	52.0
Movement in fair value of investment properties		–	–	–	(3.4)	**(3.4)**	(5.5)
Pension settlement costs		–	–	–	(7.5)	**(7.5)**	–
		–	–	–	55.0	**55.0**	46.5
Total		817.6	(139.9)	(539.7)	55.0	**193.0**	205.2

Other activities within 'Other social housing' include management services, administration services and Home Buy activities.

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4a. Turnover, operating costs and operating surplus by class of business (continued)

Association	Note	Turnover £ m	Cost of sales £ m	Operating costs £ m	Other £ m	**2026 Operating surplus £ m**	2025 Operating surplus £ m
Income and expenditure from social housing lettings:							
Housing accommodation		557.1	–	(422.1)	–	**135.0**	129.0
Shared ownership accommodation		66.2	–	(66.6)	–	**(0.4)**	10.7
	4b	623.3	–	(488.7)	–	**134.6**	139.7
Other social housing income and expenditure:							
Income from Group undertakings		0.2	–	–	–	**0.2**	0.1
External income generated from development services		–	–	(2.4)	–	**(2.4)**	(3.0)
Community investment		–	–	(5.1)	–	**(5.1)**	(6.5)
London Living (Build to Rent)		7.7	–	(2.4)	–	**5.3**	5.3
Other		3.9	–	(4.3)	–	**(0.4)**	5.9
		11.8	–	(14.2)	–	**(2.4)**	1.9
Development for sale							
Shared ownership first tranche sales		88.6	(76.4)	(3.0)	–	**9.2**	8.9
		88.6	(76.4)	(3.0)	–	**9.2**	8.9
Total social housing activities		723.7	(76.4)	(505.9)	–	**141.4**	150.5
Non-social housing activities							
Market rented properties		5.9	–	(0.8)	–	**5.1**	5.3
Commercial properties		4.7	–	(7.3)	–	**(2.6)**	(1.9)
Fully staircased properties		5.7	–	(6.3)	–	**(0.6)**	1.0
Construction services and other		1.0	–	(7.5)	–	**(6.5)**	0.8
		17.3	–	(21.9)	–	**(4.6)**	5.2
Other activities							
Housing assets disposals		–	–	–	65.9	**65.9**	51.8
Movement in fair value of investment properties		–	–	–	(1.8)	**(1.8)**	(2.0)
Pension settlement costs		–	–	–	(7.5)	**(7.5)**	–
		–	–	–	56.6	**56.6**	49.8
Total		741.0	(76.4)	(527.8)	56.6	**193.4**	205.5

Other activities within 'Other social housing' include management services, administration services and Home Buy activities.

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4b. Income and expenditure from social housing lettings

Group	General needs £ m	Shared ownership £ m	Supported housing/ Housing for older people £ m	Intermediate Keyworker £ m	Other £ m	**2026 Total £ m**	2025 Total £ m
Rent receivable net of identifiable service charges	471.9	54.5	30.4	20.4	3.9	**581.1**	558.0
Service charges	16.3	13.3	10.3	4.1	0.1	**44.1**	49.3
Supporting people block subsidy	(0.2)	–	0.3	–	–	**0.1**	0.1
Amortised government grants	7.5	1.2	0.8	0.7	0.4	**10.6**	10.4
Other income	0.3	0.2	–	–	–	**0.5**	–
Turnover from social housing lettings	495.8	69.2	41.8	25.2	4.4	**636.4**	617.8
Management	(121.0)	(21.0)	(7.4)	(7.3)	(1.8)	**(158.5)**	(153.4)
Service costs	(38.9)	(6.4)	(4.4)	(0.8)	(0.4)	**(50.9)**	(52.4)
Routine maintenance	(79.5)	(12.0)	(4.3)	(2.3)	(1.0)	**(99.1)**	(102.2)
Planned maintenance	(43.3)	(5.8)	(2.1)	(1.2)	(0.6)	**(53.0)**	(44.9)
Major repairs expenditure	(5.6)	(1.0)	(0.3)	(0.1)	1.0	**(6.0)**	(7.4)
Bad debts	(0.1)	(3.7)	(0.1)	0.1	–	**(3.8)**	(2.4)
Depreciation of housing property	(81.8)	(13.7)	(6.1)	(5.2)	(1.4)	**(108.2)**	(96.0)
Impairment	(1.0)	(4.0)	–	–	(5.0)	**(10.0)**	(1.3)
Lease costs	(7.0)	(1.1)	(0.4)	(0.7)	(1.7)	**(10.9)**	(11.5)
Other costs	(5.8)	(1.0)	(0.4)	(0.1)	(0.1)	**(7.4)**	(8.4)
Operating costs on social housing activities	(384.0)	(69.7)	(25.5)	(17.6)	(11.0)	**(507.8)**	(480.0)
Operating surplus on social housing activities	111.8	(0.5)	16.3	7.6	(6.6)	**128.6**	137.8
Rent receivable is net of void losses of:	5.9	–	1.2	3.4	–	**10.5**	8.4

Sovereign Network Group uses key income streams and associated costs to determine appropriate management information and has adopted this approach to report segmentally on its social housing operating surplus.

4b. Income and expenditure from social housing lettings (continued)

Association	General needs £ m	Shared ownership £ m	Supported housing/ Housing for older people £ m	Intermediate Keyworker £ m	Other £ m	**2026 Total £ m**	2025 Total £ m
Rent receivable net of identifiable service charges	464.6	53.9	29.9	20.4	3.9	**572.7**	549.8
Service charges	14.5	11.1	10.1	4.1	0.1	**39.9**	44.6
Supporting people block subsidy	(0.2)	–	0.3	–	–	**0.1**	0.1
Amortised government grants	7.5	1.2	0.8	0.7	0.4	**10.6**	10.4
Turnover from social housing lettings	486.4	66.2	41.1	25.2	4.4	**623.3**	604.9
Management	(114.8)	(19.1)	(6.9)	(7.3)	(1.8)	**(149.9)**	(144.8)
Service costs	(36.0)	(5.5)	(4.2)	(0.8)	(0.3)	**(46.8)**	(48.7)
Routine maintenance	(78.8)	(11.8)	(4.2)	(2.3)	(1.0)	**(98.1)**	(100.8)
Planned maintenance	(43.1)	(5.7)	(2.1)	(1.2)	(0.6)	**(52.7)**	(44.3)
Major repairs expenditure	(5.6)	(1.0)	(0.3)	(0.1)	1.0	**(6.0)**	(7.4)
Bad debts	(0.1)	(3.6)	(0.1)	0.1	(0.1)	**(3.8)**	(2.4)
Depreciation of housing property	(81.8)	(13.7)	(6.1)	(5.2)	(1.4)	**(108.2)**	(96.0)
Impairment	(1.0)	(4.0)	–	–	–	**(5.0)**	(1.1)
Lease costs	(7.0)	(1.1)	(0.4)	(0.7)	(1.7)	**(10.9)**	(11.5)
Other costs	(5.7)	(1.1)	(0.4)	(0.1)	–	**(7.3)**	(8.3)
Operating costs on social housing activities	(373.9)	(66.6)	(24.7)	(17.6)	(5.9)	**(488.7)**	(465.2)
Operating surplus on social housing activities	112.5	(0.4)	16.4	7.6	(1.5)	**134.6**	139.7
Rent receivable is net of void losses of:	5.7	–	1.2	3.4	–	**10.3**	8.1

Sovereign Network Group uses key income streams and associated costs to determine appropriate management information and has adopted this approach to report segmentally on its social housing operating surplus.

5. Board members and executive officers

Board members emoluments

The Board members are defined as the members of the Parent Management Board.

Non-Executive Directors	2026 £'000	2025 £'000
Board and committee members received emoluments totalling	**250**	186

No expenses paid to Board members are subject to income tax (2025: £nil).
No additional remuneration was paid to subsidiary Board members during the year (2025: nil).

Executive Board Members' emoluments

The level of emoluments to members of the Executive Board during 2025/26 is shown below

	2026 £'000	2025 £'000
Executive Board Members' emoluments (including pension contributions, compensation for loss of office and benefits in kind)	**3,062**	3,371
Total pension contributions to Executive Board Members	**158**	249
Emoluments (excluding pension contributions and payments in lieu of pension contributions) include amounts paid to the highest paid Executive Board Member. The Chief Executive was the highest paid Executive Board Member	**397**	378
Pension contributions, or pay in lieu thereof, in respect of the highest paid Executive Board Member	**43**	41
Aggregate total of compensation paid to Executive Board Members in respect of loss of office [1]	**752**	102

[1] The compensation paid to Executive Board Members in respect of loss of office is elevated in 2026 as it includes the redundancy of 3 Executive Board Members following completion of the merger. All payments were contractual, approved by the Board and in line with SNG's integration savings plan.

Executive Board Members' remuneration as a £ per owned unit basis is shown below.

	2026 £	2025 £
Chief Executive remuneration per home	**5.46**	5.27
Executive Board Members' remuneration per home	**38.03**	42.47

Units 2026: 86,507 (2025: 84,182)

The Chief Executive is a deferred member of the Sovereign Pension Plan (SPP) which is one of the defined benefit schemes that the Association participates in (see note 28). Funding is by employer and employee contributions and no enhanced or special terms apply to the Chief Executive and any other Director. The Chief Executive does not have any other individual pension arrangement (including a personal pension) to which the Association or any of its subsidiaries make a contribution.

5. Board members and executive officers (continued)

We benchmark Executive Board's pay, with salaries in the medium quartile of executive pay among comparative housing associations. However, in order to recruit and retain the best talent, our Remuneration Committee has developed a performance related pay structure. Executive Board members can earn up to a maximum 15% of their basic pay measured against corporate key performance indicators and targets and a further 5% based on personal performance.

No pension contributions are accruing to former executives (2025: £nil).

6. Employee information

Highest paid employees

Sovereign Network Group has the following numbers of employees, including Executive Board members, with total remuneration including employer pension contributions of £60,000 or more per annum at 31 March 2026, shown in bands of £10,000.

Salary £'000	2026 Number	2025 Number
>60 to 70	**214**	167
>70 to 80	**96**	100
>80 to 90	**72**	68
>90 to 100	**50**	67
>100 to 110	**28**	23
>110 to 120	**13**	18
>120 to 130	**19**	12
>130 to 140	**5**	5
>140 to 150	**6**	3
>150 to 160	**4**	-
>160 to 170	**-**	5
>170 to 180	**3**	6
>180 to 190	**6**	6
>190 to 200	**7**	4
>200 to 210	**1**	2
>210 to 220	**4**	2
>220 to 230	**-**	2
>230 to 240	**1**	2
>240 to 250	**1**	-
>250 to 260	**1**	-
>260 to 270	**1**	1
>270 to 280	**1**	-
>280 to 290	**-**	3
>290 to 300	**1**	-
>300 to 310	**2**	2
>310 to 320	**1**	2
>320 to 330	**1**	-
>330 to 340	**1**	-
>400 to 410	**-**	-
>410 to 420	**-**	1
>430 to 440	**1**	-
	540	**501**

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6. Employee information (continued)

The number of persons (including executives) employed during the year has been calculated using an average of the total employees for each month:

	Group		Association	
	2026 FTE	2025 FTE	**2026 FTE**	2025 FTE
Expressed in full time equivalents (FTE):				
Central administrative services	**746**	803	**715**	771
Developing or selling housing properties	**164**	162	**164**	162
Managing or maintaining properties	**1,938**	1,894	**1,936**	1,892
Staff providing support to Customers	**113**	113	**113**	113
	2,961	2,972	**2,928**	2,938

	Group		Association	
	2026 £ m	2025 £ m	**2026 £ m**	2025 £ m
Staff costs (for the above persons):				
Wages and salaries	**139.7**	136.1	**137.8**	134.2
Social security costs	**17.8**	14.3	**17.6**	14.2
Pension costs	**8.5**	8.2	**8.4**	8.1
	166.0	158.6	**163.8**	156.5

2025 numbers for Association have been restated to exclude SW9 Community Housing for FTE and staff costs to be comparable with 2026 and restated for Group to recognise consistent categorisation of staff costs.

7. Number of units in management

	Group		Association	
	2026 Units	2025 Units	**2026 Units**	2025 Units
Owned and managed:				
General needs	**48,673**	48,482	**47,785**	47,591
General needs - affordable	**11,057**	10,599	**11,026**	10,579
Shared ownership	**11,332**	10,836	**11,274**	10,795
Housing for older people	**3,593**	3,647	**3,547**	3,582
Housing for older people - affordable	**85**	85	**72**	72
Supported	**885**	1,017	**839**	971
Intermediate Keyworker	**2,950**	2,948	**2,950**	2,948
Intermediate market rent	**552**	935	**552**	935
Other social	**539**	10	**536**	10
Non-social - market rent	**195**	223	**195**	223
Non-social - other	**209**	85	**184**	85
Managed not owned:				-
Owned by an external company - social	**15**	15	**18**	15
Owned by an external company - non-social	**6,422**	5,300	**5,783**	4,641
Total in management	**86,507**	84,182	**84,761**	82,447
Owned and not managed:				
Managed by third parties	**803**	779	**2,549**	2,514
Freehold/Long leasehold (incl. Right to Buy leasehold)	**23**	16	**23**	16
Total owned not managed	**826**	795	**2,572**	2,530
Total owned or managed	**87,333**	84,977	**87,333**	84,977

8. Surplus on ordinary activities before taxation

	Group		Association	
	2026 £ m	2025 £ m	**2026 £ m**	2025 £ m
Surplus on ordinary activities before taxation is stated after charging:				
Depreciation and amortisation:				
- housing properties and other owned assets	**110.8**	100.0	**110.8**	100.0
Rentals payable:				
- plant, vehicles, machinery and other assets	**10.5**	11.1	**10.5**	11.1
Auditor's remuneration:				
- in their capacity as auditor - KPMG	**0.7**	0.7	**0.6**	0.6
- in respect of other work	**-**	-	**-**	-
Other:				
- impairment of social housing property	**14.2**	3.7	**9.1**	3.7
- amortised government grants	**(10.6)**	(7.0)	**(10.6)**	(7.0)

9. Interest receivable and similar income

	Group		Association	
	2026	2025	**2026**	2025
	£ m	£ m	**£ m**	£ m
Interest receivable on investments	**9.9**	7.6	**7.9**	7.6
Interest receivable on bank deposits	**2.0**	2.2	**2.2**	2.1
Interest receivable from Group undertakings	**-**	-	**7.5**	6.9
Interest receivable from Others	**-**	3.0	**-**	0.6
Interest receivable and similar income	**11.9**	12.8	**17.6**	17.2

10. Interest payable and financing costs

	Group		Association	
	2026	2025	**2026**	2025
	£ m	£ m	**£ m**	£ m
In respect of loans:				
Interest payable on loans and bank overdrafts	**184.3**	171.5	**107.4**	120.2
Interest receivable on hedging arrangements	**(0.2)**	(3.7)	**-**	(3.7)
Interest receivable on hedging arrangements - non cash	**(0.8)**	(0.9)	**(0.8)**	(0.9)
Interest payable to Group undertakings	**-**	-	**81.8**	52.8
Interest payable on recycled capital grant and disposal proceeds funds	**1.5**	0.5	**1.5**	0.5
Interest payable on finance leases	**0.3**	0.2	**0.1**	0.2
Loan costs or other financing costs	**8.7**	3.5	**5.5**	3.2
Interest payable	**193.8**	171.1	**195.5**	172.3
Less interest capitalised	**(24.8)**	(24.1)	**(23.7)**	(23.7)
	169.0	147.0	**171.8**	148.6
Net interest on pension liabilities	**(0.5)**	0.4	**(0.5)**	0.4
Interest and financing costs	**168.5**	147.4	**171.3**	149.0

Interest has been capitalised on active development schemes at a range of 4.09% to 4.60% (2025: 4.46% to 4.56%).

As the sole purpose of the hedging arrangements is to reduce interest payable volatility on bank loans, hedging interest receivable is shown within and offsetting hedging interest payable.

11. Taxation

Sovereign Network Group is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

	Group		Association	
	2026	2025	**2026**	2025
	£ m	£ m	**£ m**	£ m
UK corporation tax				
Current tax on income for the period	-	-	-	-
Prior year released	-	-	-	-
Adjustment in respect of prior periods	-	-	-	-
Total current tax	-	-	-	-
Tax credit on surplus on ordinary activities	-	-	-	-

Factors affecting the tax charge for the current period

	Group		Association	
	2026	2025	**2026**	2025
	£ m	£ m	**£ m**	£ m
Current tax reconciliation				
Surplus on ordinary activities before tax	**38.7**	87.2	**47.6**	98.0
Surplus chargeable to corporation tax	**38.7**	93.5	**47.6**	98.0
Current tax at 25% (2025: 25%)	**9.7**	23.4	**11.9**	24.5
Effects of:				
Surplus not within the scope of taxation due to charitable status	**(9.7)**	(23.4)	**(11.9)**	(24.5)
Tax credit for the year	-	-	-	-

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12. Social housing properties

Group	Completed Housing properties (rental)	Completed Shared ownership properties	Under construction Housing properties	Under construction Shared ownership properties	2026 Total	2025 Total
	£ m	£ m	£ m	£ m	**£ m**	£ m
Deemed cost						
As at 1 April 2025	6,289.7	1,122.7	931.4	152.1	**8,495.9**	7,888.8
Reclassification of schemes	–	–	(51.9)	51.9	**–**	–
Current asset transfers	–	(0.3)	(57.8)	8.3	**(49.8)**	(59.9)
Investment property transfers	–	–	(1.8)	–	**(1.8)**	(5.6)
Schemes completed	454.0	163.7	(454.0)	(163.7)	**–**	–
Additions - new units	2.1	(2.3)	539.9	118.9	**658.6**	636.9
Additions - improvements to stock	112.0	–	–	–	**112.0**	90.4
Transfer from Investment Properties	–	–	0.5	–	**0.5**	9.6
Impairment	–	–	(1.0)	–	**(1.0)**	(0.6)
Disposals	(46.2)	(21.5)	–	–	**(67.7)**	(63.3)
Disposals IMR (transferred to current assets)	–	(0.4)	–	–	**(0.4)**	(0.4)
As at 31 March 2026	**6,811.6**	**1,261.9**	**905.3**	**167.5**	**9,146.3**	8,495.9
Depreciation						
As at 1 April 2025	851.5	56.9	–	–	**908.3**	839.7
Charge for year	87.4	8.1	–	–	**95.5**	83.8
On disposals	(12.3)	(1.2)	–	–	**(13.5)**	(15.1)
IMR Disposals	–	(0.1)	–	–	**(0.1)**	(0.1)
As at 31 March 2026	**926.6**	**63.7**	**–**	**–**	**990.3**	908.3
Net book value as at 31 March 2026	**5,885.0**	**1,198.2**	**905.3**	**167.5**	**8,156.0**	
Net book value as at 31 March 2025	5,438.2	1,065.8	931.4	152.1		7,587.6
Existing use value and properties under construction	6,945.5	1,222.3	905.3	167.5	**9,240.6**	8,547.1

IMR refers to Intermediate market rent a form of affordable housing where properties are let at rents below prevailing private market levels, typically 20% less than local market rent.

Additions to housing properties under construction during the year included capitalised interest of £24.8m (2025: £13.7m) and major repairs capitalised of £112.0m (2025: £90.4m). Interest is capitalised on development schemes as set out in the accounting policy in note 2(p).

During the year, 31 properties were sold to other housing associations (2025: nil). No properties were purchased from other housing associations (2025: nil).

Following purchases of housing properties from other housing associations in previous years, the Group has a contingent liability of £160.8m (2025: £161.3m) for Social Housing Grant which would require recycling into new social housing development on sale of these properties.

An impairment review of all schemes in development work in progress took place which was predominately shared ownership schemes. This assessment was based on estimated costs to complete and expected sales value.

In addition to the capital improvements to housing properties shown above, £158.1m (2025: £154.4m) was spent on routine, planned and major repairs and charged to the SOCI.

Total grant liability included in creditors, reserves and contingent liabilities is £2,115.4m (2025: £1,767.9m).

12. Social housing properties (continued)

Association	Completed Housing properties (rental)	Completed Shared ownership properties	Under construction Housing properties	Under construction Shared ownership properties	2026 Total	2025 Total
	£ m	£ m	£ m	£ m	**£ m**	£ m
Deemed cost						
As at 1 April 2025	6,463.1	1,122.7	760.8	150.8	**8,497.5**	7,896.2
Reclassification of schemes	–	–	(51.9)	51.9	**–**	–
Current asset transfers	–	(0.3)	–	8.3	**8.0**	0.5
Investment property transfers	–	–	(1.8)	–	**(1.8)**	(5.6)
Schemes completed	454.0	163.7	(454.0)	(163.7)	**–**	–
Additions - new units	2.1	(2.3)	480.0	118.9	**598.7**	570.6
Additions - improvements to stock	112.0	–	–	–	**112.0**	90.4
Transfer from Investment Properties	–	–	0.5	–	**0.5**	9.6
Impairment	–	–	(1.0)	–	**(1.0)**	(0.6)
Disposals	(46.2)	(21.5)	–	–	**(67.7)**	(63.3)
Disposals IMR (transferred to current assets)	–	(0.4)	–	–	**(0.4)**	(0.4)
As at 31 March 2026	**6,985.0**	**1,261.9**	**732.6**	**166.3**	**9,145.8**	8,497.5
Depreciation						
As at 1 April 2025	849.4	56.7	–	–	**906.1**	837.4
Charge for year	87.4	8.1	–	–	**95.5**	83.8
On disposals	(12.3)	(1.2)	–	–	**(13.5)**	(15.0)
IMR Disposals	–	(0.1)	–	–	**(0.1)**	(0.1)
As at 31 March 2026	**924.5**	**63.5**	**–**	**–**	**988.1**	906.1
Net book value as at 31 March 2026	**6,060.5**	**1,198.4**	**732.6**	**166.3**	**8,157.7**	
Net book value as at 31 March 2025	5,613.7	1,066.0	760.8	150.8		7,591.3
Existing use value and properties under construction	6,945.5	1,222.3	732.6	166.3	**9,066.7**	8,370.3

13. Other fixed assets

Group	Freehold offices £ m	Leasehold offices £ m	Office furniture and equipment £ m	Scheme plant, furniture and equipment £ m	Computer hardware and software £ m	Plant £ m	Motor vehicles £ m	**2026 Total tangible fixed assets £ m**	2025 Total tangible fixed assets £ m
Cost									
As at 1 April 2025	17.5	9.1	13.4	11.1	115.7	0.4	3.9	**171.1**	158.0
Additions	–	2.8	1.7	–	7.8	0.3	0.2	**12.9**	19.3
Disposals	–	–	(0.1)	–	–	–	–	**(0.1)**	(6.1)
Reclassification	–	–	–	–	(0.3)	–	–	**(0.3)**	–
As at 31 March 2026	17.6	11.8	15.0	11.1	123.3	0.7	4.1	**183.8**	171.1
Depreciation									
As at 1 April 2025	4.7	2.4	11.1	10.0	78.5	0.2	0.6	**107.3**	97.8
Charge for year	0.3	0.5	0.4	0.2	11.6	0.1	0.9	**14.0**	14.1
On disposals	–	–	(0.1)	–	–	–	–	**(0.1)**	(4.7)
As at 31 March 2026	5.0	2.9	11.3	10.2	90.0	0.3	1.4	**121.2**	107.3
Net book value as at 31 March 2026	12.6	8.9	3.6	1.0	33.3	0.4	2.7	**62.6**	
Net book value as at 31 March 2025	12.9	6.7	2.3	1.2	37.3	0.2	3.4	63.9	

Group	Computer software £ m	**2026 Total intangible fixed assets £ m**	2025 Total intangible fixed assets £ m
Cost			
As at 1 April 2025	–	**–**	–
Additions	7.3	**7.3**	–
Reclassification	0.2	**0.2**	–
As at 31 March 2026	7.5	**7.5**	–
Depreciation			
As at 1 April 2025	–	**–**	–
Charge for year	–	**–**	–
As at 31 March 2026	–	**–**	–
Net book value as at 31 March 2026	7.5	**7.5**	
Net book value as at 31 March 2025	–	**–**	

All fixed assets included in this note are held at historic cost.

The intangible fixed assets addition reflects the implementation costs during the year relating to a new Enterprise Resource Planning System that went live on the 1 April 2026.

13. Other fixed assets (continued)

Association	Freehold offices £ m	Leasehold offices £ m	Office furniture and equipment £ m	Scheme plant, furniture and equipment £ m	Computer hardware and software £ m	Plant £ m	Motor vehicles £ m	**2026 Total tangible fixed assets £ m**	2025 Total tangible fixed assets £ m
Cost									
As at 1 April 2025	17.5	9.1	13.4	11.1	115.7	0.4	3.9	**171.1**	155.6
Additions	–	2.8	1.7	–	7.8	0.3	0.2	**12.9**	19.3
Disposals	–	–	(0.1)	–	–	–	–	**(0.1)**	(3.8)
Reclassification	–	–	–	–	(0.3)	–	–	**(0.3)**	–
As at 31 March 2026	17.6	11.8	15.0	11.1	123.3	0.7	4.1	**183.7**	171.1
Depreciation									
As at 1 April 2025	4.7	2.4	11.1	10.0	78.5	0.2	0.6	**107.3**	95.5
Charge for year	0.3	0.5	0.4	0.2	11.6	0.1	0.9	**14.0**	14.1
On disposals	–	–	(0.1)	–	–	–	–	**(0.1)**	(2.4)
As at 31 March 2026	5.0	2.9	11.3	10.2	90.0	0.3	1.4	**121.1**	107.3
Net book value as at 31 March 2026	12.6	8.9	3.6	1.0	33.3	0.4	2.7	**62.5**	
Net book value as at 31 March 2025	12.9	6.7	2.3	1.2	37.3	0.2	3.4	63.9	

Association	Computer software £ m	**2026 Total intangible fixed assets £ m**	2025 Total intangible fixed assets £ m
Cost			
As at 1 April 2025	–	**–**	–
Additions	7.3	**7.3**	–
Reclassification	0.2	**0.2**	–
As at 31 March 2026	7.5	**7.5**	–
Depreciation			
As at 1 April 2025	–	**–**	–
Charge for year	–	**–**	–
As at 31 March 2026	–	**–**	–
Net book value as at 31 March 2026	7.5	**7.5**	
Net book value as at 31 March 2025	–	**–**	

All fixed assets included in this note are held at historic cost.

The intangible fixed assets addition reflects the implementation costs during the year relating to a new Enterprise Resource Planning System that went live on the 1 April 2026.

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14. Investment properties

Valuation	Group 2026 £ m	Group 2025 £ m	Association 2026 £ m	Association 2025 £ m
As at 1 April 2025	**136.3**	151.8	**103.8**	115.1
Transfer from housing properties	**1.8**	5.6	**1.8**	5.6
Transfer of units under construction to Housing Properties	**(0.5)**	(9.6)	**(0.5)**	(9.6)
Disposals	**(5.2)**	(6.0)	**(5.0)**	(5.3)
Fair value decrease	**(3.4)**	(5.5)	**(1.8)**	(2.0)
As at 31 March 2026	**129.0**	136.3	**98.3**	103.8
Historic cost net book value	**128.2**	139.2	**87.3**	98.0

Market rent Investment properties, which primarily comprise market rent properties, were professionally valued by Jones Lang LaSalle and Lamberts Chartered Surveyors at open market value as at 31 March 2026. The valuation was undertaken in accordance with the RICS Appraisal and Valuation Standards. See also note 3 for estimates and judgements used by the valuers.

Commercial properties were professionally valued by Savills and Lamberts Chartered Surveyors on the basis of open market value as at 31 March 2026 and in accordance with the RICS Appraisal and Valuation Standards. The valuers are neither an employee nor an officer of the Group. See also note 3 for estimates and judgements used by the valuers.

15. Financial Assets

	Group 2026 £ m	Group 2025 £ m	Association 2026 £ m	Association 2025 £ m
Cost or valuation				
Debt service reserve	**4.3**	4.3	**4.3**	4.3
Collateral deposits	**0.1**	0.1	**-**	-
Assets measured at fair value through the income statement (derivatives)	**4.7**	2.2	**4.7**	2.2
Shares in subsidiary undertakings	**-**	-	**56.0**	105.0
Investment Deposit	**5.3**	5.2	**5.4**	5.3
	14.4	11.8	**70.4**	116.8

Collateral deposits represent amounts held by counterparties as a result of margin calls on out-of-the-money interest rate swaps. Cash collateral deposit levels will increase or decrease in line with interest rate market movements, or if the Association places or withdraws alternative non-cash collateral. In any collateral deposit, requirements reduce towards zero by the maturity date of the underlying financial instruments giving rise to the collateral obligation.

Investment Deposit relates to a deposit with Lloyds Banking Corporate Markets and the investment is restricted and not available for general use.

A list of subsidiary undertakings is included in note 35.

16. Investments in joint ventures

	Barratt Redrow (Previously David Wilson) £ m	Vistry (Previously Linden Homes) £ m	Tilia £ m	Crest £ m	**Total £ m**
Investment					
As at 1 April 2025	-	-	-	0.1	**0.1**
As at 31 March 2026	**-**	**-**	**-**	**0.1**	**0.1**
Share of profits					
As at 1 April 2025	0.1	0.3	0.1	6.1	**6.6**
Profit/(Loss) for the year	(0.1)	(0.2)	-	2.9	**2.6**
As at 31 March 2026	**-**	**0.1**	**0.1**	**9.0**	**9.2**
Net book value as at 31 March 2026	**-**	**0.1**	**0.1**	**9.1**	**9.3**
Net book value as at 31 March 2025	0.1	0.3	0.1	6.2	6.7

The investment in joint ventures is grouped by venture partner. There are losses of £19.5m (2025: £14.5m) from joint ventures not shown on the statement of financial position as negative investments are not recognised. The group will recognise profit from those joint ventures when there is sufficient profit to eliminate the accumulated losses for each joint venture. Based on current joint venture forecasts, future profits are expected to eliminate the cumulative losses to date.

17. Investments – Shared equity loans

	Group 2026 £ m	Group 2025 £ m	Association 2026 £ m	Association 2025 £ m
As at 1 April 2025	**11.9**	12.3	**11.9**	12.3
Loans repaid	**(0.4)**	(0.4)	**(0.4)**	(0.4)
As at 31 March 2026	**11.5**	11.9	**11.5**	11.9

Loans are made to individuals to purchase a property. Loans are either interest free for an initial period of 5-10 years after which time interest is charged on the loan or the loan is repayable on sale of the property with an appreciation of property value being included in the repayment. There are 332 loans outstanding (2025: 343).

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18. Debtors

	Group		Association	
	2026	2025	**2026**	2025
	£ m	£ m	**£ m**	£ m
Rental arrears				
Gross	**37.9**	35.8	**36.5**	34.3
Discounted repayment schedules	**(0.7)**	(0.7)	**(0.7)**	(0.7)
Less bad debt provision	**(24.6)**	(20.6)	**(24.5)**	(20.4)
Net rental income due	**12.6**	14.5	**11.3**	13.2
Social Housing Grant receivable	**1.4**	–	**1.4**	–
Prepayments and accrued income	**8.7**	8.2	**8.7**	8.2
Due from other Group undertakings	–	–	**172.5**	130.7
Other loans	**161.0**	123.0	**133.7**	115.3
Other debtors	**65.0**	62.7	**24.0**	19.7
	248.7	208.4	**351.6**	287.1
Amounts falling due within one year	**91.0**	158.1	**154.0**	143.6
Amounts falling due after more than one year	**157.7**	50.3	**197.6**	143.5
	248.7	208.4	**351.6**	287.1

Within other loans are amounts due from Crest Sovereign (Brooklands) LLP of £2.4m (2025: £4.6m), Countryside Sovereign Swindon LLP £72.3m (2025: £43.9m), Northwick Park Developments LLP £27.3m (2025: £14.6m), SNG BDW (Kingston Bagpuize) LLP of £8.8m (2025: £12.0m), Sovereign Hill Partnership LLP £3.6m (2025: £nil) and Thornbury Pickedmoor Development LLP of £21.7m (2025: £12.4m).

Loans from the Association to other members of the Group are charged at a market rate of interest of 5.75% to 8.25% (2025: 5.5% to 9%).

Long term debtors consist of prepayments and amounts due from joint ventures. Amounts are repayable dependent on sales and operating performance within the joint venture. No repayment is due within the next 12 months.

19. Stock

	Group		Association	
	2026	2025	**2026**	2025
	£ m	£ m	**£ m**	£ m
Properties under construction	**43.0**	77.7	**8.8**	54.2
Completed properties	**43.2**	31.8	**43.2**	31.1
Consumable stock	**2.6**	2.6	**2.6**	2.6
	88.8	112.1	**54.6**	87.9

20. Cash and cash equivalents

	Group		Association	
	2026	2025	**2026**	2025
	£ m	£ m	**£ m**	£ m
Cash and cash equivalents	**89.0**	98.4	**81.2**	88.7
Cash held for client accounts	**23.1**	20.3	**23.0**	20.2
	112.1	118.7	**104.2**	108.9

21. Creditors – amounts falling due within one year

		Group		Association	
	Note	**2026**	2025	**2026**	2025
		£ m	£ m	**£ m**	£ m
Housing loans	23	**121.7**	119.4	**122.9**	119.0
Trade creditors		**8.9**	26.9	**7.1**	21.2
Social housing grant	25	**51.4**	6.0	**51.4**	6.0
Social housing grant - properties	25	**5.0**	5.3	**5.0**	5.3
Due to Group undertakings		–	–	**57.2**	96.2
Other loans		–	0.2	**0.4**	8.5
Taxation and social security		**3.5**	2.9	**3.5**	2.9
Recycled capital grant fund	26	**–**	–	**–**	–
Rents received in advance		**22.3**	20.8	**22.0**	20.5
Other creditors		**17.6**	16.2	**14.8**	16.1
Accruals and deferred income		**172.0**	164.6	**119.9**	111.6
Client account creditors		**23.3**	20.7	**23.2**	20.6
		425.7	383.0	**427.4**	427.9

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

		Group		Association	
	Note	**2026** **£ m**	2025 £ m	**2026** **£ m**	2025 £ m
Housing loans	23	**4,269.5**	3,934.6	**2,749.6**	2,739.0
Finance lease		**2.5**	2.5	**2.5**	2.5
Derivative financial instruments		**2.2**	3.4	**2.2**	3.4
Social housing grant - properties	25	**1,237.4**	1,076.9	**1,237.4**	1,076.9
Shared equity grants	27	**1.2**	1.3	**1.2**	1.3
Deferred income		**9.3**	9.5	**9.3**	9.5
Recycled capital grant fund	26	**32.3**	34.8	**32.3**	34.8
Other creditors		**15.1**	11.4	**15.0**	11.4
Long term Group loans	23	**-**	-	**1,527.9**	1,200.0
		5,569.5	5,074.4	**5,577.4**	5,078.8

23. Housing loans

		Group		Association	
	Note	**2026** **£ m**	2025 £ m	**2026** **£ m**	2025 £ m
Repayable other than by instalments within one year	21	**90.4**	21.0	**74.6**	21.0
Repayable other than by instalments between two and five years	22	**669.3**	151.6	**590.9**	151.6
Repayable other than by instalments in more than five years	22	**3,200.1**	2,228.1	**1,487.8**	1,028.1
Repayable by instalments within one year	21	**31.3**	98.4	**48.3**	98.0
Repayable by instalments between one and five years	22	**129.0**	742.1	**208.9**	742.1
Repayable by instalments in more than five years	22	**275.2**	812.8	**466.1**	817.2
		4,395.3	4,054.0	**2,876.6**	2,858.0
Less amortised cost	22	**(4.1)**	(2.9)	**(4.1)**	(2.9)
		4,391.2	4,051.1	**2,872.5**	2,855.1

All loans are held at amortised cost.

The housing loans are provided by a combination of bank debt and capital markets funding. The bank facilities are provided by our core relationship banks, and a number of supportive smaller banks. Loan interest rates range from 1.78% to 11.20% per annum (2025: 1.78% to 11.20%). The average rate achieved over the year was 4.37% (2025: 4.5%). Interest on housing loans is charged to the Statement of Total Comprehensive Income or capitalised in the year that it is incurred. The housing loans are secured by first fixed charges over certain of the Group's housing properties. The total undrawn loan facilities at 31 March 2026 were £975m (2025: £642m).

23. Housing loans (continued)

The repayment profile of the Group's gross undiscounted long term bond liabilities including interest is as follows:

	On demand £ m	Less than 12 months £ m	1 to 5 years £ m	More than 5 years £ m	**Total** **£ m**
March 2026					
Amounts due to 2009 bond investors	-	20.0	79.9	519.8	**619.7**
Amounts due to 2012 bond investors	-	11.9	47.7	399.0	**458.6**
Amounts due to 2019 bond investors	-	8.9	35.6	535.3	**579.8**
Amounts due to 2024 bond investors	-	22.0	88.0	983.0	**1,093.0**
Amounts due to EMTN 1		15.3	61.3	393.0	**469.6**
Amounts due to EMTN 2	-	4.6	18.4	120.1	**143.1**
Amounts due to Affordable Housing Finance - SNG	-	2.7	11.0	129.4	**143.1**
	-	85.4	341.9	3,079.6	**3,506.9**

	On demand £ m	Less than 12 months £ m	1 to 5 years £ m	More than 5 years £ m	**Total** **£ m**
March 2025					
Amounts due to 2009 bond investors	-	10.0	39.9	269.9	**319.8**
Amounts due to 2012 bond investors	-	11.9	47.7	410.9	**470.5**
Amounts due to 2019 bond investors	-	8.9	35.6	544.2	**588.8**
Amounts due to 2024 bond investors	-	22.0	88.0	1,005.0	**1,115.0**
Amounts due to Affordable Housing Finance - Sovereign	-	2.7	11.0	132.1	**145.8**
Amounts due to Affordable Housing Finance - Network	-	-	-	30.0	**30.0**
	-	55.6	222.2	2,392.1	**2,669.9**

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24. Provisions

Group	Lease termination repairs £ m	Building safety £ m	Property £ m	Other £ m	**Total £ m**
As at 1 April 2025	3.4	6.1	5.7	5.9	**21.1**
Arising during the year	0.2	0.9	1.7	5.0	**7.8**
Utilised during the year	–	(2.3)	(0.6)	(1.1)	**(4.0)**
Unused reversed during the year	–	–	(0.2)	–	**(0.2)**
As at 31 March 2026	**3.6**	**4.7**	**6.6**	**9.8**	**24.7**

Association	Lease termination repairs £ m	Building safety £ m	Property £ m	Other £ m	**Total £ m**
As at 1 April 2025	3.4	6.1	5.7	2.8	**18.0**
Arising during the year	0.2	0.9	1.7	–	**2.8**
Utilised during the year	–	(2.3)	(0.6)	(1.1)	**(4.0)**
Unused reversed during the year	–	–	(0.2)	–	**(0.2)**
As at 31 March 2026	**3.6**	**4.7**	**6.6**	**1.7**	**16.6**

Provisions recognised by the Group and Association are based on reliable estimates determined by management of the amounts payable based on available information. The amounts recorded in the above tables are continually evaluated by management.

Lease termination repair provisions relate to future costs that will be incurred to return social housing properties to a suitable condition. These costs are payable at the end of each lease, with the last lease ending in 2037. The principal uncertainty is the level of dilapidation work required to be performed.

Building safety provision has been made for remediation works to be carried out in future years to ensure that all properties are safe for residents. Once the Building Safety team have determined which block of properties require remediation work and the costs of the work have been identified as well as the intention to start remediation work has been communicated to the residents, a provision for the total cost of the project is made as there is a constructive obligation. A provision will also be created when there is a legal obligation, that is, where Sovereign Network Group has a legal duty to ensure that its properties are safe for residents.

The property provision relates to contracted costs for historic disposals, dilapidations on the exit of leases and remedial works to make good. Costs are estimated and are expected to be incurred within the next two years.

Other provisions relate to probable future outflows as a result of specific contractual services provided historically. There is uncertainty in the timing of resulting payments.

25. Grant

		Group		Association	
	Note	**2026 £ m**	2025 £ m	**2026 £ m**	2025 £ m
As at 1 April 2025		**1,088.0**	1,034.1	**1,088.0**	1,034.1
Grant adjustment		**2.3**	(4.5)	**2.3**	(4.5)
Grants received during the year		**211.0**	79.7	**211.0**	79.7
Grants recycled from the recycled capital grant fund	26	**13.9**	2.4	**13.9**	2.4
Grant re staircasing sales		**(2.2)**	(4.7)	**(2.2)**	(4.7)
Grant re other property		**(2.7)**	(3.3)	**(2.7)**	(3.3)
Grant amortisation		**(11.3)**	(10.2)	**(11.3)**	(10.2)
Grant paid back		**(5.2)**	–	**(5.2)**	–
Transfer to income statement		**–**	(5.3)	**–**	(5.3)
As at 31 March 2026	21, 22	**1,293.8**	1,088.2	**1,293.8**	1,088.2

26. Recycled Capital Grant Fund

		Group		Association	
	Note	**2026 £ m**	2025 £ m	**2026 £ m**	2025 £ m
Recycled Capital Grant Fund					
As at 1 April 2025		**34.8**	30.5	**34.8**	30.5
Grants recycled		**9.9**	7.9	**9.9**	7.9
Interest accrued		**1.5**	0.6	**1.5**	0.6
New build	25	**(13.9)**	(2.4)	**(13.9)**	(2.4)
Repayment of grant to GLA		**–**	(1.8)	**–**	(1.8)
As at 31 March 2026	21, 22	**32.3**	34.8	**32.3**	34.8

Amounts held for longer than 3 years potentially become repayable if not allocated to new schemes. SNG has an agreement with Homes England that those amounts over 3 years old at 31 March 2026 will not be recalled.

27. Shared equity grants

		Group		Association	
	Note	**2026 £ m**	2025 £ m	**2026 £ m**	2025 £ m
Other Capital Grants					
As at 1 April 2025		**1.3**	1.5	**1.3**	1.5
Grant recycled		**(0.1)**	(0.2)	**(0.1)**	(0.2)
As at 31 March 2026	22	**1.2**	1.3	**1.2**	1.3

Shared equity grants are received to partially fund the shared equity loan scheme. The grants are not amortised and are recyclable or become payable when the shared equity loans they funded are redeemed.

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28. Pension arrangements

Defined Benefit (DB) Schemes

During the year, the Association participated in six defined benefit pension schemes of which five are multi-employer defined benefit Local Government Pension Schemes (LGPS) providing benefits based on final pensionable pay and the Sovereign Pension Plan (SPP) the Group's own standalone scheme. All of the defined benefit schemes are now closed to new members. New employees are able to join a defined contribution scheme. On the 31 January 2026 the Association exited two LGPS defined benefit schemes for Hampshire and the Isle of Wight.

Defined Contribution (DC) Scheme

From 1 April 2026, SNG contributed to the Aviva group personal pension plan , which replaced the previous Scottish Widows group person pension plan and DC section of the Social Housing Pension Scheme (SHPS).

SNG contributed to this DC scheme by matching employee contributions starting from a minimum contribution rate of 4% of salary up to a maximum of 10/12% depending on the legacy scheme.

Defined benefit pension plans assets and liabilities

	SPP £ m	LGPS £ m	**2026 Total £ m**	2025 Total £ m
Assets and liabilities				
Present value of funded obligation	(154.2)	(51.4)	**(205.6)**	(208.7)
Fair value of scheme assets (bid value)	166.5	59.8	**226.3**	214.1
Net asset	12.3	8.5	**20.8**	5.4
Effect of asset ceiling/ Settlement costs	(12.3)	(7.5)	**(19.8)**	(0.3)
Present value of unfunded obligation	-	(0.1)	**(0.1)**	(0.1)
Net asset (including unfunded obligations)	-	0.9	**0.9**	5.0

Defined benefit pension plans – amounts charged to the income statement

	SPP £ m	LGPS £ m	**2026 Total £ m**	2025 Total £ m
Charged to operating costs				
Total service cost	-	(0.2)	**(0.2)**	(0.3)
Administration costs	(0.3)	-	**(0.3)**	(0.4)
Settlement costs	-	(7.5)	**(7.5)**	-
Total charged to operating costs	(0.3)	(7.7)	**(8.0)**	(0.8)
Credit/(charge) to other finance costs				
Expected return on pension fund assets	9.3	2.9	**12.2**	10.9
Interest on pension scheme liabilities	(9.1)	(2.7)	**(11.8)**	(11.3)
Net credit/(charge) to other finance costs	0.2	0.2	**0.5**	(0.4)

28. Pension arrangements (continued)

Defined benefit pension plans – amounts charged to other comprehensive income

	SPP £ m	LGPS £ m	**2026 Total £ m**	2025 Total £ m
Defined benefit costs recognised in other comprehensive income				
Return on plan assets (less interest income)	(1.8)	1.6	**(0.2)**	(19.9)
Experience (loss)/ gain arising on plan liabilities	(0.5)	0.8	**0.3**	(0.4)
Effects of changes in the demographic and financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	6.7	(0.6)	**6.1**	29.6
(Loss) from the change in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	(11.8)	-	**(11.8)**	(0.3)
Other actuarial gains	-	0.9	**0.9**	-
Total (loss)/gain recognised in other comprehensive income	(7.4)	2.6	**(4.8)**	9.0

(a) Sovereign Pension Plan (SPP)

The Scheme is a defined benefit arrangement which is closed to new members and 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 net defined benefit liability to be recognised is £nil (2025 £nil).

The table below gives a summary of the plan asset and benefit liability:

Present values of defined benefit obligation, fair value of assets and defined benefit liability	**2026 £ m**	2025 £ m
Present value of defined benefit obligation	**(154.2)**	(157.4)
Fair value of plan assets	**166.5**	157.8
Surplus in plan	**12.3**	0.3
Unrecognised surplus	**(12.3)**	(0.3)
Defined benefit asset to be recognised	**-**	-

The fair value of the plan assets and the return on those assets was as follows:

	2026 £ m	2025 £ m
Asset category		
Equity	**36.6**	34.2
Bonds	**76.6**	67.7
Property	**5.2**	6.0
Cash	**2.7**	2.5
Other	**45.4**	47.3
Total	**166.5**	157.8

The actual return on plan assets was £7.5m (2025: £8.6m).

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28. Pension arrangements (continued)

A reconciliation from previous accounting date to the current accounting date is shown below for the pension benefit obligation and associated pension asset:

Benefit obligation	**2026 £ m**	2025 £ m
Defined benefit obligation at the beginning of the period	**(157.4)**	(126.5)
Interest expense	**(9.1)**	(6.1)
Actuarial gains	**6.2**	17.6
Benefits paid and expenses	**6.2**	3.7
Liabilities acquired in business combination	**-**	(46.2)
Defined benefit obligation at the end of the period	**(154.2)**	(157.4)

Asset reconciliation	**2026 £ m**	2025 £ m
Fair value of scheme assets at the beginning of the period	**157.8**	126.4
Expenses	**(0.3)**	(0.4)
Interest income	**9.3**	6.2
Experience on plan assets (less interest income) - (loss)	**(1.8)**	(14.9)
Contributions by employer	**7.7**	5.3
Benefits paid and expenses	**(6.2)**	(3.7)
Assets acquired in business combination	**-**	38.8
Fair value of scheme assets at the end of the period	**166.5**	157.8

The Trustee of the Scheme commissions a full actuarial valuation of the Scheme every three years. The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay pension benefits obligation by members as at the valuation date. Asset values are calculated by reference to market levels. Pension obligations are valued by discounting expected future events discount rate calculated by reference to the expected future investment returns.

The approximate effects of movements in the main assumptions on the value of liabilities are shown in the table below:

Movement in assumptions	
Discount rate + / - 0.1%	- / + 2%
Inflation assumptions + / - 0.1%	- / + 2%
Life expectancy + / - 1 year	- / + 3-5%

Contributions to be made into the SPP for 2026/27 will be £7.5m.

28. Pension arrangements (continued)

Below is a summary of the overall impact of the defined benefit cost recognised in the other comprehensive income:

	2026 £ m	2025 £ m
Defined benefit costs recognised in other comprehensive income		
Return on plan assets (less interest income)	**(1.8)**	23.9
Experience gains arising on plan liabilities	**(0.5)**	(46.4)
Gain from change in assumptions	**6.7**	17.8
Gain from the change in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	**(11.8)**	(0.3)
Total (loss) recognised in other comprehensive income	**(7.4)**	(4.9)

Below is a summary of the overall impact of the defined benefit cost recognised in the Income Statement:

	2026 £ m	2025 £ m
Charged to operating costs		
Administration costs	**(0.3)**	(0.4)
Total charged to operating costs	**(0.3)**	(0.4)
Credit/(charge) to other finance costs		
Expected return on pension fund assets	**9.3**	6.2
Interest on pension scheme liabilities	**(9.1)**	(6.1)
Net credit to other finance costs	**0.2**	0.1

It was previously identified that changes to benefits of the SPP scheme may, in certain cases, have been implemented at a time or in a manner that may not have been fully in accordance with the Scheme Rules. The Trustee sought court directions on how to interpret the rules and this court judgement is still pending. If the Trustee is required to make changes to the Scheme this will increase the Scheme's liabilities. Although no reliable estimate can be made at this state, an indication of the potential liability is 2.9% of the benefit obligations at 30 September 2023 (the date of the latest triennial valuation). The Trustee and SNG both recognise that if the Scheme's liabilities increase, action will be required to eliminate any arising deficit. Discussions have taken place between the Trustee and SNG regarding contingency arrangements for additional contributions should they be required. The results elsewhere in this report make no allowance for these uncertain potential additional liabilities.

As a result of the Pension Schemes Act 2026, the Government has put in place new legislation to enable the retrospective certification of historical deeds of amendment that may have otherwise been impacted by the Virgin Media ruling. How this will apply to employers participating in TPT scheme remains unclear as this is included within the court case. Therefore, no allowance has been made for the potential impact of the Virgin Media ruling whilst the Trustees await the final judgment on their case.

Financial Statements

28. Pension arrangements (continued)

(b) Royal Berkshire Pension Fund (Berkshire)

The Royal County of Berkshire Pension Fund was closed to new members in 1989. The last full actuarial valuation was carried out as at 31 March 2025 and was updated to 31 March 2026 by a qualified independent actuary. Future pension increases have been assumed to be at CPI.

It was agreed that an employer contribution rate of 0% of pensionable pay would apply in the year ended 31 March 2026 (2025: 0%). An additional allowance is payable each year in respect of past service deficits. The allowance for the year ended 31 March 2026 was £38k.

(c) Local Government Pension Scheme administered by Dorset County Council (Dorset – legacy Sovereign Housing Association Limited)

This is a statutory, funded, occupational final salary scheme which is now closed to new members. The assets of the scheme are held in separate trustee administered funds.

The last full actuarial valuation was carried out as at 31 March 2025 and was updated to 31 March 2026 by a qualified independent actuary. Future pension increases have been assumed to be at CPI.

It was agreed that an employer contribution rate of 17.6% of pensionable pay would apply in the year ended 31 March 2026 (2025: 17.6%). Past service deficit payments of £nil were made during the year (2025: £nil). The allowance for the year ended 31 March 2026 was £25k.

(d) Local Government Pension Scheme administered by Hampshire County Council (Hants)

On 31 January 2026 the Association exited this Scheme. The latest full actuarial valuation is based on the cessation valuation provided by a qualified independent actuary as at 31 January 2026. Whilst the Scheme is reporting a surplus at the date of cessation of £3.5m, the fund administrator reserves the right to refuse distribution of surplus funds.

As at 31 March 2026, the Association has assumed an estimated distribution of surplus funds of £1m and the balance of £2.5m has been treated as a settlement cost as part of operating expenditure within the Statement of Comprehensive Income.

An employer contribution rate of 18.3% of pensionable pay applied for the year ended 31 March 2026 (2025: 18.3%). An additional allowance is payable each year in respect of past service deficits. The allowance for the year ended 31 March 2026 was £nil.

(e) Local Government Pension Scheme administered by Dorset County Council (Dorset – legacy Spectrum Housing Group Limited)

The last full actuarial valuation was carried out at 31 March 2025 and was updated to 31 March 2026 by a qualified independent actuary.

An employer contribution rate of 17.6% of pensionable pay applied for the year ended 31 March 2026 (2025: 17.6%). Past service deficit payments of £nil were made during the year (2025: £nil). The allowance for the year ended 31 March 2026 was £60k.

Future pension increases have been assumed to be at CPI.

(f) Local Government Pension Scheme administered by Isle of Wight Council (IOW)

On 31 January 2026 the Association exited this Scheme. The latest full actuarial valuation is based on the cessation valuation provided by a qualified independent actuary as at 31 January 2026. Whilst the Scheme is reporting a surplus at the date of cessation of £6.5m, the fund administrator reserves the right to refuse distribution of surplus funds.

As at 31 March 2026, the Association has assumed an estimated distribution of surplus funds of £1.5m and the balance of £5m has been treated as a settlement cost as part of operating expenditure within the Statement of Comprehensive Income.

An employer contribution rate of 31.7% of pensionable pay applied for the year ended 31 March 2026 (2025: 31.7%). An additional allowance is payable each year in respect of past service deficits. The allowance for the year ended 31 March 2026 was £12k.

28. Pension arrangements (continued)

(h) Assumptions

The assumptions used by the actuaries for the individual schemes are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescales covered, may not necessarily be borne out in practice.

	2026 % per annum					2025 % per annum				
Major assumptions	**Berks**	**Dorset Sovereign**	**Hants**	**Dorset Spectrum**	**I.O.W.**	Berks	Dorset Sovereign	Hants	Dorset Spectrum	I.O.W.
Price increases CPI	**2.85**	**2.85**	**2.90**	**2.85**	**2.10**	2.90	2.95	2.80	2.90	2.75
Pension increases	**2.85**	**2.85**	**2.90**	**2.85**	**2.10**	2.90	2.95	2.80	2.90	2.75
Pension accounts revaluation rate	**-**	**-**	**2.90**	**-**	**-**	-	-	2.80	-	-
Discount rate	**5.85**	**6.00**	**5.70**	**6.00**	**5.30**	5.65	5.75	5.80	5.75	5.80
Salary increase	**3.85**	**3.85**	**3.90**	**3.85**	**3.20**	3.90	3.95	3.80	3.90	3.75
Asset portfolio										
Equities	**53.00**	**65.00**	**54.00**	**65.00**	**61.00**	57.00	63.00	52.00	63.00	59.00
Other bonds	**17.00**	**6.00**	**35.00**	**6.00**	**21.00**	15.00	7.00	36.00	7.00	21.00
Property	**12.00**	**6.00**	**10.00**	**6.00**	**4.00**	12.00	7.00	10.00	7.00	5.00
Cash	**3.00**	**2.00**	**1.00**	**2.00**	**14.00**	2.00	2.00	2.00	2.00	15.00
Alternative Assets	**15.00**	**21.00**	**-**	**21.00**	**-**	14.00	21.00	-	21.00	-

The return on assets is quoted as the same value as the discount rate in each of the actuarial reports.

The assumed life expectancy from the age of 65 is as follows:

	Berks	**Dorset**	**Hants**	**Dorset**	**I.O.W.**
	Years	**Years**	**Years**	**Years**	**Years**
Retiring today					
Males	**22.0**	**22.3**	**22.3**	**22.3**	**21.4**
Females	**24.2**	**23.2**	**24.8**	**23.2**	**23.8**
Retiring in 20 years					
Males	**23.5**	**23.9**	**22.7**	**23.9**	**22.5**
Females	**25.9**	**24.9**	**25.7**	**24.9**	**26.0**

28. Pension arrangements (continued)

(i) Historic data

Berkshire	2026 £ m	2025 £ m
Assets and liabilities value as at:		
Present value of funded obligation	**(9.9)**	(9.8)
Fair value of scheme assets (bid value)	**8.6**	9.0
Net (liability)	**(1.3)**	(0.8)

Dorset (legacy Sovereign Housing Association Limited)	2026 £ m	2025 £ m
Assets and liabilities value as at:		
Present value of funded obligation	**(7.9)**	(7.7)
Fair value of scheme assets (bid value)	**7.8**	6.3
Net (liability)	**(0.1)**	(1.4)
Present value of unfunded obligation	**-**	-
Net (liability) (including unfunded obligations)	**(0.1)**	(1.4)

Dorset (legacy Spectrum Housing Group Limited)	2026 £ m	2025 £ m
Assets and liabilities value as at:		
Present value of funded obligation	**(16.5)**	(16.7)
Fair value of scheme assets (bid value)	**16.4**	16.1
Net (liability)	**(0.1)**	(0.6)
Present value of unfunded obligation	**-**	-
Net (liability) (including unfunded obligations)	**(0.1)**	(0.7)

Hampshire	2026 £ m	2025 £ m
Assets and liabilities value as at:		
Present value of funded obligation	**(6.6)**	(6.4)
Fair value of scheme assets (bid value)	**10.1**	9.7
Settlement costs	**(2.5)**	-
Net asset	**1.0**	3.2

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28. Pension arrangements (continued)

Isle of Wight	2026 £ m	2025 £ m
Assets and liabilities value as at:		
Present value of funded obligation	**(10.5)**	(10.5)
Fair value of scheme assets (bid value)	**17.0**	15.2
Settlement costs	**(5.0)**	-
Net asset	**1.5**	4.7

Consolidated (Group and Association) Local Government Pension Schemes		2026 £ m	2025 £ m
Assets and liabilities value as at:			
Present value of funded obligation		**(51.4)**	(51.3)
Fair value of scheme assets (bid value)		**59.8**	56.3
Net asset		**8.5**	5.0
Present value of unfunded obligation		**(0.1)**	(0.1)
Settlement costs		**(7.5)**	
LGPS net asset (including unfunded obligations)		**0.9**	5.0
Sovereign Pension Plan net liability	28a	**-**	-
Total net asset (including unfunded obligations)		**0.9**	5.0

(j) Analysis of pension costs in the income statement – LGPS

	2026 £ m	2025 £ m
Charged to operating costs		
Current service cost	**(0.2)**	(0.3)
Losses on settlements or curtailments	**(7.5)**	-
Total charged to operating costs	**(7.7)**	(0.3)
Credit/(charge) to other finance costs		
Expected return on pension fund assets	**2.9**	2.7
Interest on pension scheme liabilities	**(2.7)**	(2.8)
Net Credit/(charge) to other finance costs	**0.2**	(0.1)

28. Pension arrangements (continued)

(k) Analysis of pension costs in Other Comprehensive Income – LGPS

	2026 £	2025 £
Defined benefit costs recognised in other comprehensive income		
Return on plan assets (less interest income)	**1.6**	(0.6)
Experience gains arising on plan liabilities	**(0.8)**	0.3
Effects of changes in the demographic and financial assumptions underlying the present value of the defined benefit obligation - (loss)/gain	**0.6**	6.7
Other actuarial losses	**0.9**	-
Total gain recognised in other comprehensive income	**2.3**	6.4

(l) Asset and liability obligation reconciliations – LGPS

Benefit obligation	2026 £ m	2025 £ m
Defined benefit obligation at the beginning of the year	**(51.4)**	(58.2)
Service cost	**(0.2)**	(0.3)
Interest cost	**(2.7)**	(2.8)
Change in financial assumptions	**1.0**	6.5
Change in demographic assumptions	**(0.4)**	0.1
Experience gains	**(0.8)**	0.3
Estimated benefits paid (net of transfers in)	**3.2**	3.1
Contributions by scheme participants	**(0.1)**	(0.1)
Unfunded pension payments	**-**	-
Defined benefit obligation at the end of the year	**(51.4)**	(51.4)

Asset reconciliation	2026 £ m	2025 £ m
Fair value of scheme assets at the beginning of the year	**56.3**	56.1
Interest on assets	**2.9**	2.7
Return on assets less interest	**1.6**	(0.6)
Other actuarial gains	**0.9**	-
Contributions by employer	**1.2**	1.2
Contributions by scheme participants	**0.1**	0.1
Estimated benefits paid (net of transfers in)	**(3.2)**	(3.1)
	59.8	56.3
Settlement costs	**(7.5)**	-
Fair value of scheme assets at the end of the year	**52.3**	56.3

(m) Guaranteed minimum pensions

On 23 March 2021, the Government published the outcome to its Guaranteed Minimum Pension Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016. The valuation assumption in these financial statements is consistent with the consultation outcome.

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29. Financial instruments

(a) Carrying amount of financial instruments

The carrying amount of the financial assets and liabilities includes:

	2026 £ m	2025 £ m
Assets measured at amortised cost	**0.1**	4.4
Liabilities measured at fair value through income statement (derivatives)	**(2.2)**	(3.4)
Assets measured at fair value through income statement (derivatives)	**4.7**	2.1
Liabilities measured at amortised cost (housing loans)	**(4,391.2)**	(4,064.9)
	(4,388.6)	(4,061.7)

(b) Financial instruments measured at fair value

Derivative financial liabilities at fair value are calculated using quoted market prices to establish expected future cash flows, which are discounted at a market derived interest rate.

(c) Hedge accounting

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur as required by FRS 102.29(a) for the cash flow hedge accounting models:

	2026						2025					
	Carrying amount	**Expected cash flows**	**1 year or less**	**1 year to <2 years**	**2 years to <5 years**	**5 years and over**	Carrying amount	Expected cash flows	1 year or less	1 year to <2 years	2 years to <5 years	5 years and over
	£ m	**£ m**	**£ m**	**£ m**	**£ m**	**£ m**	£ m	£ m	£ m	£ m	£ m	£ m
Interest rate swaps												
Liabilities	**2.2**	**3.0**	**0.1**	**0.4**	**0.6**	**1.8**	3.0	6.2	(0.9)	0.6	4.4	2.2
	2.2	**3.0**	**0.1**	**0.4**	**0.6**	**1.8**	3.0	6.2	(0.9)	0.6	4.4	2.2

The Group uses cash flow hedges to manage interest rate risk arising from uncertain future interest rates on its floating rate loans. Interest rate swaps (the hedging instrument) are used to swap a proportion of the Group's floating rate interest cash flows (the hedged items) for fixed rate cash flows, thereby reducing the cash flow and income statement uncertainty. The Group recognises interest rate exposure as a key risk to be managed as an integral part of its strategy for managing its overall business risks and costs.

Change in fair value (Group and Association)	2026 £ m	2025 £ m
Recognised through other comprehensive income	**3.2**	1.1
Recognised through the income statement	**(0.3)**	4.1
Decrease in fair value	**2.9**	5.2

Financial Statements

29. Financial instruments (continued)

(d) Fair values

The amounts for all financial assets and financial liabilities carried at fair values are as follows:

	2026	2025
	£ m	£ m
Derivatives measured at fair value through income statement	**(2.4)**	1.3
	(2.4)	1.3

30. Called up share capital

Each shareholder of the Parent holds a non-equity share of £1 in the Parent. The shares carry no rights to dividends and are non-redeemable. They carry the right to vote at meetings of the Parent on the basis of one share one vote. No rights to participate in the net assets of the Parent in the event of a winding up are conferred by the shares.

	2026	2025
	£	£
Allotted issued and fully paid		
As at 1 April 2025	**73**	80
Issued in the year	**2**	-
Cancelled during the year	**(8)**	(7)
As at 31 March 2026	**67**	73

31. Reserves

Called up share capital – represents the nominal value of shares that have been issued.

Income and expenditure reserve – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Hedging reserve – gains and losses on hedge effective financial instrument.

Revaluation reserve – the difference between historic cost and valuation or deemed cost of fixed assets.

32. Capital commitments

	Group		Association	
	2026 £ m	2025 £ m	**2026 £ m**	2025 £ m
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**1,630.3**	1,660.4	**1,260.6**	846.1
Capital expenditure that has been authorised by the Executive Board but has not yet been contracted for	**760.0**	820.1	**608.9**	754.6

At the 31 March 2026, the Group expects to meet the above commitments through £628m in first tranche sales, £294m in grant funding, £975m in undrawn loan facilities and through cash generated by operating activities.

33. Operating leases

The Group and Association hold office premises and equipment, and vehicles under non-cancellable operating leases. Non-cancellable operating lease rentals are payable as follows:

	Group		Association	
	2026	**2025**	**2026**	**2025**
	£ m	£ m	**£ m**	£ m
Amount payable:				
- within one year	**9.4**	10.0	**9.4**	10.0
- between two and five years	**41.7**	28.6	**41.7**	28.6
- in over five years	**52.2**	46.2	**52.2**	46.2
	103.3	84.8	**103.3**	84.8

34. Group analysis of change in net debt

	As at 1 April 2025	Cashflows	Other changes	**As at 31 March 2026**
Cash at bank and in hand	118.7	(6.6)	-	**112.1**
Debt due within one year	(119.4)	(2.3)	-	**(121.7)**
Debt due within more than one year	(3,941.5)	(339.0)	1.2	**(4,279.3)**
The Housing Finance Corporation debt	(7.4)	(0.8)	-	**(8.2)**
	(3,949.6)	(348.7)	1.2	**(4,297.1)**

35. Group company information and related parties

Company	Status	Activity	Holding
Sovereign Network Group	Co-operative and Community Benefit Society	Charitable housing registered provider	
Subsidiary			
Sovereign Housing Design and Build Limited	Private Limited Company	Design and build	100%
Sovereign Housing Developments Limited	Private Limited Company	Commercial investment	100%
Sovereign Living Limited	Co-operative and Community Benefit Society	Non - charity housing registered provider	100%
Sovereign Advances Limited	Private Limited Company	Capital funding	100%
Sovereign Housing Partnerships Limited	Private Limited Company	Joint venture holding company	100%
Sovereign Housing Property Services Limited	Private Limited Company	Repairs and maintenance	100%
Spectrum Premier Homes Limited	Private Limited Company	Development and sale of housing properties	100%
Sovereign Housing Capital Plc	Public Limited Company	Capital funding	100%
Sovereign Network Homes	Co-operative and Community Benefit Society	Charitable housing registered provider	100%
Network Homes Investments Limited	Private Limited Company	Development and sale of residential accommodation	100%
Network Affordable Developments Limited	Private Limited Company	Development of housing properties	100%
Network Treasury Services Limited	Private Limited Company	Capital funding	100%
Network New Build Limited	Private Limited Company	Design and build	100%
SW9 Community Housing	Private Limited Company	Housing management company	100%
SNG Community Foundation Limited	Private Limited Company	Community Foundation	100%

Under s479(a) of the Companies Act 2006 the following subsidiaries are exempt from the requirement of audit of their individual company accounts, through the application of a parental guarantee for the year ended 31 March 2026:

- Sovereign Housing Property Services Limited
- Spectrum Premier Homes Limited

35. Group company information and related parties (continued)

Joint venture	Status	Activity	Holding
Sovereign BDW (Newbury) LLP	Limited Liability Partnership	Development and sale of residential accommodation	50%
Linden Homes Westinghouse LLP	Limited Liability Partnership	Development and sale of residential accommodation	50%
Tilia Sovereign LLP	Limited Liability Partnership	Development and sale of residential accommodation	50%
Linden Sovereign Brockworth LLP	Limited Liability Partnership	Development and sale of residential accommodation	50%
Crest Sovereign (Brooklands) LLP	Limited Liability Partnership	Development and sale of residential accommodation	50%
Sovereign BDW (Hutton Close) LLP	Limited Liability Partnership	Development and sale of residential accommodation	50%
Countryside Sovereign Swindon LLP	Limited Liability Partnership	Development and sale of residential accommodation	50%
Homes for West Berkshire LLP	Limited Liability Partnership	Development and sale of residential accommodation	50%
Sovereign Hill Partnership LLP	Limited Liability Partnership	Development and sale of residential accommodation	50%
Northwick Park Development LLP	Limited Liability Partnership	Development and sale of residential accommodation	50%
Thornbury Pickedmoor Development LLP	Limited Liability Partnership	Development and sale of residential accommodation	50%
SNG BDW (Kingston Bagpuize) LLP	Limited Liability Partnership	Development and sale of residential accommodation	50%

Sovereign Property Care Limited, Sovereign Maintenance Limited, Sovereign Network Homes and Sovereign Housing Property Services Limited are dormant and net assets are zero in each.

Sovereign Housing Partnerships Limited is a member in eleven joint ventures at the date of reporting with equal interests from two Partners in each case. These are Linden Homes Westinghouse LLP, Sovereign BDW (Newbury) LLP, Sovereign BDW (Hutton Close) LLP, Tilia Sovereign LLP, Linden Sovereign Brockworth LLP, Crest Sovereign (Brooklands) LLP, Countryside Sovereign Swindon LLP, Homes for West Berkshire LLP, Sovereign Hill Partnership LLP, Thornbury Pickedmoor Development LLP and SNG BDW (Kingston Bagpuize) LLP.

Network Homes Investments Limited is a member of a joint venture at the date of reporting with equal interests from two Partners. This joint venture is Northwick Park Development LLP.

The Association has a senior loan with Countryside Sovereign Swindon LLP, a partnership between Sovereign Housing Partnerships Limited and Countryside Properties (UK) Limited. The monies owed to the Group are lent on commercial terms. The amount outstanding at 31 March 2026 is £25.0m (2025: £35.0m).

35. Group company information and related parties (continued)

Related parties

(a) Pension schemes

FRS 102 considers defined benefit pension schemes for the benefit of the reporting entity as related parties. During the year Sovereign Network Group had transactions with the below pension providers:

Sovereign Pension Plan
LGPS - Dorset County Council
LGPS - Royal Berkshire Pension Fund
LGPS - Hampshire County Council
LGPS - Isle of Wight Council

Please refer to the pension note 28, which provides the full details of the pension providers and impact on the statement of total comprehensive income.

(b) Inter company

During the year Sovereign Network Group had the following intra-group transactions with non-regulated members of the Group:

	2026	2025
	£ m	£ m
Payment of interest at commercial rates	**81.8**	71.6
Purchase of design and build services at cost plus commercial mark-up	**294.2**	274.2
Management charges on a cost sharing basis (income)	**(4.2)**	(4.3)
	371.8	341.5