

Annual Report and Financial Statements

Annual Report 2025



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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

The year in numbers

01 Quality homes and places	1,590 New affordable homes delivered 2,486 New homes started
02 Improved environmental and social impact	£140m HACT ¹ social value £36.5m Allocated through the Government's Warm Homes: Social Housing Fund Wave 3
03 A great customer experience	4.6/5 Rating for customer advisor helpfulness C2 RSH ² Consumer Standard rating
04 A great place to work	65 Colleague engagement score 25% Roles filled internally helping colleagues grow their careers with us
05 Organisational resilience	G1/V2 RSH Governance and Financial Viability rating £1.5 billion EMTN ³ programme established

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.
Note 3: Euro Medium Term Note – a flexible, cost-effective way for large organisations (like housing associations) to raise money from investors over time by issuing debt.

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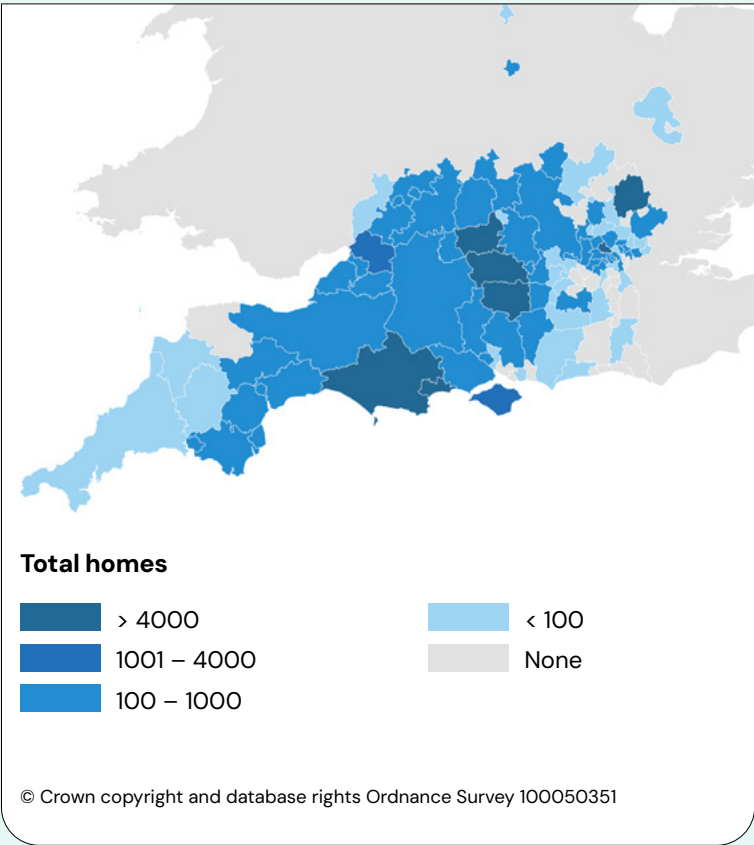
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About us

SNG (Sovereign Network Group) was formed in October 2023 through the merger of Sovereign and Network Homes.

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 85,000 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.



Aytoun Road, Stockwell



Chair's statement

"We are now in the position to harness improved technology, better data and more agile ways of working to drive innovation, improve services and scale our impact – building an organisation ready not to just adapt to change, but to lead it."

This year marked a major milestone for SNG, as we completed the groundwork to become a single organisation – a transition that formally took place on 31 March 2025.

This was a significant undertaking, bringing together the strengths and diverse histories of our legacy organisations to deliver on our common purpose – to provide good, affordable homes: the foundation for a better life.

The work of integration has been extensive and is ongoing – aligning and improving systems, structures and cultures while maintaining continuity of service for our customers. The greater resilience that comes from being larger and more diverse organisation ensures that we can continue to build the new homes that the country needs. In addition, we are now in the position to harness improved technology, better data and more agile ways of working to drive innovation, improve services and scale our impact – building an organisation ready not just to adapt to change, but to lead it.

Delivering on this ambition depends on our people. We are investing to make sure they have the skills they need for the future and working hard to ensure our workforce better reflects the communities we serve. Our new values, co-created with colleagues, set a clear standard for how we work together. We've also launched a new equality, diversity and inclusion strategy and put in place the leadership structures needed to support a stronger, more unified culture.

For the Board, the formation of the merged entity has also marked the start of a new phase in our oversight and accountability. It provides greater clarity of purpose and a stronger foundation from which to deliver our social purpose.

We are clear that customers are at the forefront of our plans, and we are being ably supported by our new Customer Influence Panel, which brings together a diverse group of residents to make sure their voice is heard and acted on.

We have now received our first regulatory judgement since merging. The Regulator of Social Housing confirmed a G1/V2 grading – affirming our strong governance and sound financial management. It also awarded us a C2 against the Consumer Standard. While most of our services perform well, we recognise that ongoing improvements are needed across our repairs and complaints services.

Significant investment is being made in these areas, building on our existing improvement plans. We focussed on providing a faster, more efficient repairs service, which has led to better performance with over 75% of routine repairs completed on time. Work is ongoing so that customers continue to feel the difference.

Our investment is underpinned by a strong understanding of our customers' homes. Over the year we carried out 21,000 stock condition surveys to help target improvements where they're needed the most. At the same time, customer contact rose by 7% and those who got in touch rated their experience with our call handlers 4.6 out of 5 – a reflection of the professionalism and commitment of our teams.

We've also laid the foundations for the new SNG Community Foundation. With trustees selected and ready to be appointed, I look forward to seeing its potential realised, unlocking up to £1 billion in long-term social impact. This will build on the work already taking place: during the year, alongside our own investment of £7 million (including a £1.5 million customer support fund for cost of living programmes), we secured over £2 million of external funding from a range of partners to deliver programmes that maximise the impact we generate in our communities.

Our financial performance this year was robust. Our turnover increased by 12.2% to £794.2 million and our operating surplus increased by £33.7 million to £205.2 million, reflecting the positive impacts of our merger. As always, our surplus will be reinvested in improving our existing homes and building new ones for those who need them. To support our long-term plans, we established a £1.5 billion Euro Medium Term Note (EMTN) programme – providing flexible access to capital markets and enhancing financial resilience. We also secured the largest unsecured short-term trade loan that Barclays has ever provided to a housing association, reflecting strong market confidence in our strategy.

I was very pleased to welcome a new Board member during the year, further strengthening the breadth and depth of our oversight. I would like to thank all Board and Committee members for their continued focus on customer outcomes and their ongoing support and challenge.

My sincere thanks also go to colleagues across SNG, whose dedication has made this transformation possible and of course to the customers who work in partnership with us to ensure we keep improving.

Paul Massara
Chair



Foreword by CEO

“Over the last year, the number of children living in temporary accommodation across England rose again to 165,000 – leaving each of them and their families without the foundation of a secure home on which to build their lives.”

This is just one of many stark reminders why the work of housing associations like SNG has never been more critical. In an increasingly challenging operating environment, I’m proud that we continue to buck the trend as one of the most ambitious housing associations.

The impact of the housing crisis is increasingly felt across the public consciousness. The election of a new government that has made housing central to its mission – including the pledge to build 1.5 million homes over five years, a figure not seen for decades – has shifted the public policy environment significantly.

Planning reform is an important step, but it is only part of what is needed to deliver the homes the country needs. The recently announced funding in the Comprehensive Spending Review could mark a turning point for social housing and create the conditions for real progress. The confirmation of a £39bn affordable homes programme for 2026–2036 and a rent settlement of CPI+1% for 10 years alongside convergence will help us continue to deliver our ambition to build 25,000 homes over 10 years.

While this funding is welcome, it won’t solve the housing crisis on its own. There remains a strong argument for a fundamental reshaping of the way we deliver social housing to be sustainable and resilient over the coming decades. It is important that this engages every part of the wider housing sector, and that this starts now – because getting it right will take time. A government convened task force would be a sensible way forward.

Outside Westminster, we’re also seeing important shifts in local leadership. By the time that I write this foreword next year, we will have new mayors for Hampshire and the Solent, and for Sussex, adding to the mayors we already work with in London and the West of England. Devolution provides a genuine opportunity to think differently and more holistically about how places grow and thrive. We are not just waiting for this to happen. This year, we worked with a coalition of partners to develop an innovative new model that will enable large-scale investment in towns as part of an integrated approach to regeneration and wider infrastructure.

Despite the headwinds, we remain one of the most active developers of affordable housing. We welcomed customers into 1,590 new homes this year, and we continue to grow our pipeline of 11,300 homes, one of the largest in the sector.

We’ve also led on innovation, including delivering the UK’s first zero-energy bills social homes in Devon, and continued to forge strategic partnerships, such as our deal to build 660 homes in Oxfordshire. Alongside this, we’ve increased our investment in existing homes to £245 million, and our sector-leading Homes and Place standard continues to be an effective tool for strategic

asset management. We were also successful in securing £36.5 million through the Social Housing Warm Homes Fund to upgrade 4,500 homes using predictive technology to prevent problems before they arise. Customer wellbeing, quality and sustainability are at the heart of this work.

We’ve delivered these results against a backdrop of ongoing economic uncertainty and sector-wide pressures. High inflation, rising costs, and increasing demand for affordable housing have tested our resilience. At the same time, global events have had local consequences – from increased energy and food costs to rising financial insecurity – intensifying the challenges faced by our customers and communities.

There’s no question that the scale of the challenge ahead is significant. But so too is our sense of purpose – and our determination to deliver for our customers and communities.

Finally, I would like to thank colleagues across SNG who have worked hard throughout the year to deliver the full benefits of our merger for our customers and communities.

Mark Washer
Chief Executive



Financial and delivery highlights

Our 2024/25 financial results show another year of strong performance, despite the ongoing external economic and political environment facing the UK housing sector. 2024/25 also saw the completion of the final legal stage of our merger, with the combination of the two legacy charitable organisations: Sovereign Housing Association Limited and Sovereign Network Homes.

Sovereign Network Group (SNG) and its subsidiaries (the “Group”) achieved an operating surplus of £205.2m, and an overall surplus of £74.8m which will be reinvested into new and existing affordable homes. This continues to position us amongst the leading profitable housing associations in the sector. Overall surplus has grown by £11.9m since last year mainly due to an increase in

rental income and sale of housing properties, partially offset by higher operating and interest costs.

During the year we invested £642m in the development of new homes (2024: £488m) and delivered 1,590 new homes (2024: 2,015). The overwhelming majority (90%) were affordable homes, which ranks us as one of the largest suppliers of new affordable housing in the sector.

EBITDA MRI has increased for a third consecutive year, from £158.5m to £180.9m and EBITDA MRI interest cover increased from 104.3% to 105.5%. The core financial performance of the Group remains robust and in line with our strategy.

Measure	2025	2024	Change
Operating surplus £m	205.2	171.5	33.7
Operating margin %	20.0%	21.1%	(1.1)%
Overall surplus £m	74.8	62.9	11.9
EBITDA MRI £m	180.9	158.5	22.4
EBITDA MRI Interest Cover %	105.5%	104.3%	1.2%

Operating margin % = Operating surplus excluding sale of housing properties and fair value movement of investment properties divided by total turnover
EBITDA MRI = Earnings before interest, tax, amortisation and major repairs included



Turnover

The Group's total income increased by 12.2% (£86.4m) in 2024/25, to £794.2m. Social housing rental income increased by £51.6m to £617.8m driven by strong new build performance from the previous year and the 7.7% annual social rent increase. Shared ownership first tranche sales remained resilient with volumes broadly in line with last year at £90.1m (2024: £87.6m). Open market sales reduced by £0.7m to £9.5m (2024: £10.2m). Overall net margins including

cost of sales have decreased from 22.4% in 2023/24 to 10.2% in 2024/25 due to lower margins achieved on shared ownership sales within our London region following contractor failure.

Other non-social housing activities increased by £31.3m to £51.7m, which included the receipt of one-off performance bond monies and construction services income at a site in London.

Above:
Alphington,
Exeter

Turnover (£m)	2025	2024	Change
Social housing rent	617.8	566.2	51.6
Other social housing income	16.8	9.6	7.2
Shared ownership first tranche sales	90.1	87.6	2.5
Open market sales	9.5	10.2	(0.7)
Private rent	8.3	13.8	(5.5)
Other non-social housing activities	51.7	20.4	31.3
Total	794.2	707.8	86.4

Operating costs

The Group's operating costs have increased by 12.5% in the year from £467m to £525m, driven mainly by an increase in maintenance and depreciation costs. The overall costs reflect:

- Continuing investment in our existing stock through increased maintenance and major repairs.
- Increased insurance costs and rising depreciation charge due to investment in new housing property.

Operating costs (£m)	2025	2024	Change
Social housing activities			
Management costs (excl. depreciation)	153.4	141.9	(11.5)
Maintenance costs	154.4	138.6	(15.8)
Depreciation and other costs	190.9	163.5	(27.4)
Non-social housing activities	26.4	22.6	(3.8)
Total	525.1	466.6	(58.5)

Other costs and activities

Surplus from the sale of housing properties increased by £18.9m to £52m (2024: £33.1m) driven by our Strategic Asset Management programme, which led to higher volumes of core stock disposals including shared ownership equity sales (staircasing sales) compared to the previous year.

During the year, reflecting the overall commercial property market, we saw a £5.5m reduction in the fair value of our investment properties.

Statement of Comprehensive Income (£m)	2025	2024	Change
Turnover	794.2	707.8	86.4
Cost of sales	(110.4)	(91.5)	(19.0)
Operating expenditure	(525.1)	(466.6)	(58.5)
Sale of housing properties	52.0	33.1	18.9
Movement in fair value of investment properties	(5.5)	(11.3)	5.8
Operating surplus	205.2	171.5	33.7

Bleadon Hill,
Weston-Super-Mare



The Group Statement of Financial Position

2024/25 also saw a further strengthening of a robust, diversified and resilient balance sheet with net assets totalling £2.8bn as at 31 March 2025. Fixed assets totalled £7.9bn (2023/24: £7.3bn), an increase of £0.6bn on the previous year reflecting our investment in new and existing homes.

The Group’s financial position is strong with net debt of £3.9bn and available cash and undrawn facilities of £761m at 31 March 2025. This liquidity ensures the Group’s ongoing ability to support both operational cash requirements and development plan activities.

The Group’s interest and financing costs increased to £147m (2023/24: £128m). This was driven primarily by the year-on-year increase in debt. This was partially offset by a decreasing rate of interest in respect of the Group’s floating rate debt.

Cash and short-term investments at £118.7m (2023/24: £80.7m) remains sufficient for ongoing operational requirements. This level of cash holding reserves ensures the Group has sufficient cash balances to meet operational requirements. Revolving bank facilities remain available to support ongoing liquidity requirements across the Group.

Statement of Financial Position (£m)	2025	2024
Fixed assets	7,868.5	7,349.6
Current assets	393.9	333.7
Creditors amounts falling due within one year	(383.0)	(360.1)
Net current assets	10.9	(26.4)
Creditors amounts falling due after more than one year	(5,095.5)	(4,624.3)
Total net assets	2,783.9	2,698.9
Income and expenditure reserve	2,449.7	2,348.7
Other reserves	334.2	350.2
Capital and reserves	2,783.9	2,698.9

Cash flow

Operating cashflow improved by 18.3% to £285m (2024: £241m). The Group continued to invest heavily in more homes and better places with net cash outflow from investing activities of £511m (2024: £353m). This was driven by new housing development, which increased by £189m to £734m (2024: £545m). Higher grants of £42m helped to offset this increase.

Net new loan borrowings increased by £239m to £433m (2024: £194m), offset by higher interest paid of £22m. This has driven a higher cash inflow from financing activities.

Cash flow (£m)	2025	2024
Net cash inflow from operating activities	285.2	241.4
Cash flow from investing activities		
Net cash flow from jointly controlled entities	2.4	0.6
Purchase of tangible fixed assets	(734.0)	(545.0)
Proceeds from sale of tangible fixed assets	133.8	145.2
Grants received	79.7	37.9
Interest received	7	8.2
Net cash used in investing activities	(511.1)	(353.1)
Cash flow from financing activities		
Interest paid	(169.3)	(147.2)
Interest element of finance lease rental payment	(0.2)	(0.3)
Movement in collateral deposits	-	(0.5)
Net new borrowing	433.7	194.0
Finance lease rental repayments	(0.3)	(0.3)
Net cash from financing activities	263.9	45.7
Net change in cash and cash equivalents	38.0	(66.0)

Our approach to Value for Money (VfM)

At SNG, value for money (VfM) means making the most effective use of our resources to deliver on our purpose and maximise the impact of every pound spent to deliver our Corporate Plan.

In September 2024, our Board approved a new VfM Framework, developed in close collaboration with the Executive Board and Senior Leadership Group. It reaffirms our commitment to embedding the four 'Es' of VfM – economy, efficiency, effectiveness and equity – across all of our activities.

Embedding VfM in everything we do

Our VfM Framework 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 assessments. It is rigorously stress tested. 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. We proactively monitor supplier performance 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

Merger benefits:

Our merger has strengthened SNG's capacity to deliver new homes by 18% and we have an overall ambition to deliver 25,000 new homes over 10 years.

We are investing in transformation and integration programmes designed to improve customer satisfaction and drive long-term value. These programmes are projected to deliver a net present value of £159 million over the next decade.

In 2024/25, our transformation and integration portfolios were instrumental in supporting our corporate objectives and enabling organisational change at pace. Together, they successfully completed 15 projects, with a further 22 projects in progress at year end. This work delivered £5 million in cash benefits over the year: £2 million from integration activity and £3 million from transformation. These outcomes reflect our continued focus on maximising value, improving efficiency, and delivering better outcomes for customers.

Investment in homes:

Our Homes and Place standard ensures consistent, evidenced-based investment decisions across existing homes, new homes, regeneration and, where appropriate, disposals.

Our strategic asset management strategy is making great progress. All of our core assets have now been graded against the Homes and Place standard, identifying assets for our regeneration, retrofit and disposal pipelines. In March 2025, we secured £36.5 million in grant funding through the Government's Warm Homes: Social Housing Fund Wave 3 to improve 4,500 existing homes across London

Above:

Borders Lane, Epping Forest

and the South of England. This investment will help upgrade the condition of our housing stock while delivering tangible benefits for customers – prioritising health, wellbeing, and affordability. It builds on SNG's previous success in securing £19.2 million through the Social Housing Decarbonisation Fund Wave 2.1 programme, which is supporting energy efficiency improvements to more than 3,000 homes. We have identified an initial 5,200 homes for retrofit as part of Wave 3, with a further 10,000 under review.

Operational efficiency:

Our transformation programme is improving service delivery, customer communication channels and maintenance services while managing costs.

Despite continuing high inflation in core areas like maintenance and staffing, organisational enabling expenditure has grown more slowly thanks to increased organisational efficiency and cost-absorption – even as we take on expanded service and legislative obligations, increased regulatory fees and market disruptions.

Procurement:

By increasing our use of procurement frameworks, we're actively providing ready access to the most efficient and economical suppliers providing better value and better contract terms across our supply chain.

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.

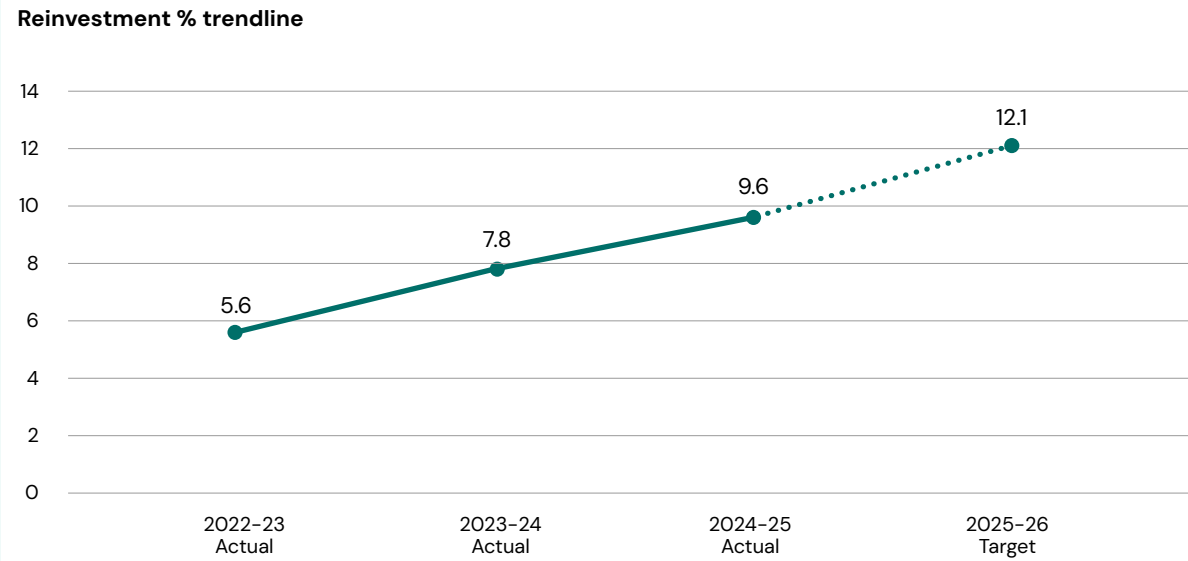
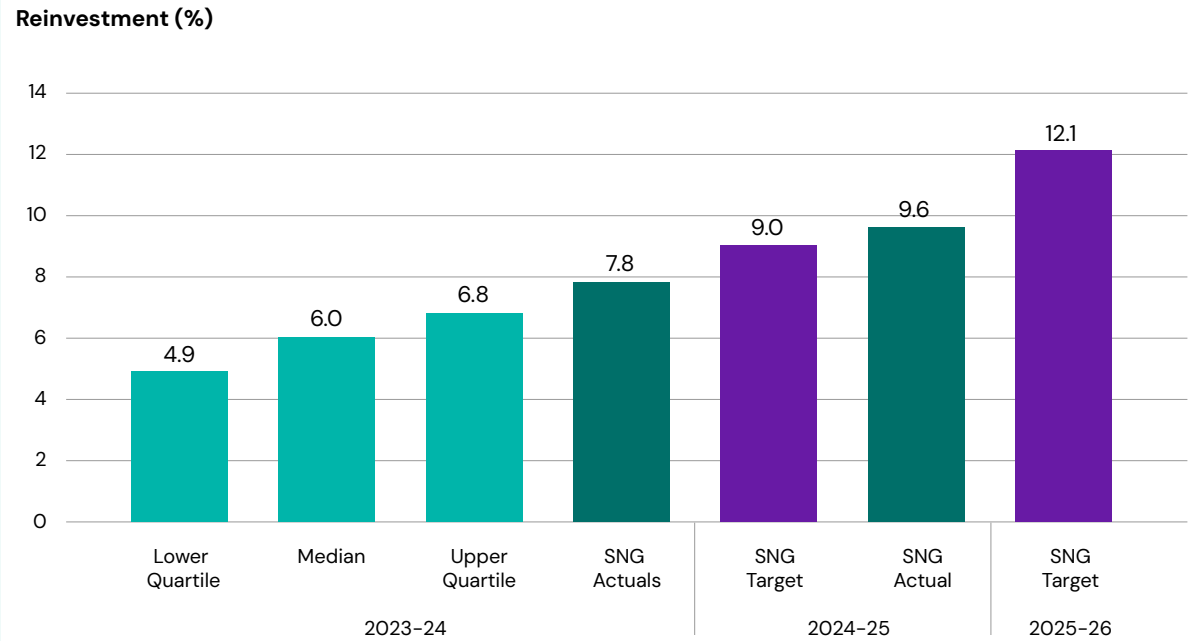
We benchmark against the G15 group of registered providers, a group of large housing associations who are a similar peer group with significant property holdings in London and across the country.

VfM Metric Tables	2023-24				2024-25		2025-26
	Lower Quartile	Median	Upper Quartile	SNG Actual	SNG Target	SNG Actual	SNG Target
Reinvestment	4.9%	6.0%	6.8%	7.8%	9.0%	9.6%	12.1%
New Supply (Social)	0.9%	1.2%	1.9%	2.5%	2.3%	1.8%	2.1%
New Supply (Non-Social)	0.0%	0.2%	0.6%	0.0%	0.0%	0.2%	0.0%
Gearing	42.9%	49.9%	52.3%	50.4% ¹	51.2%	51.9%	53.8%
EBITDA MRI Interest Cover	24.0%	44.0%	80.0%	104.3%	83.2%	105.5%	46.0% ²
Headline Social Housing Cost per unit (£)	6,032	6,800	7,564	5,352	5,561	5,929	6,054
Operating Margin (SHL)	15.5%	23.0%	25.0%	23.6% ¹	24.7%	22.3%	22.2%
Operating Margin (Overall)	7.2%	12.4%	17.3%	21.1%	21.0%	20.0%	20.5%
ROCE (return on capital employed)	1.7%	1.9%	2.5%	2.6%	2.7%	2.7%	2.7%

Note 1: Operating Margin (SHL) 2023-24 Actuals and Gearing 2023-24 Actuals have been re-stated.
Note 2: The Board approved a target of 116.4% for 2025-26 which is calculated in line with our Golden rule definition, that excludes net zero spend, and includes the gain/loss on disposal of assets. The 46.0% target is calculated using the RSH (Regulator for Social Housing) definition, which includes net zero spend and excludes gain/loss on disposal of assets. See explanation on page 22 for year-on-year trend.

Reinvestment

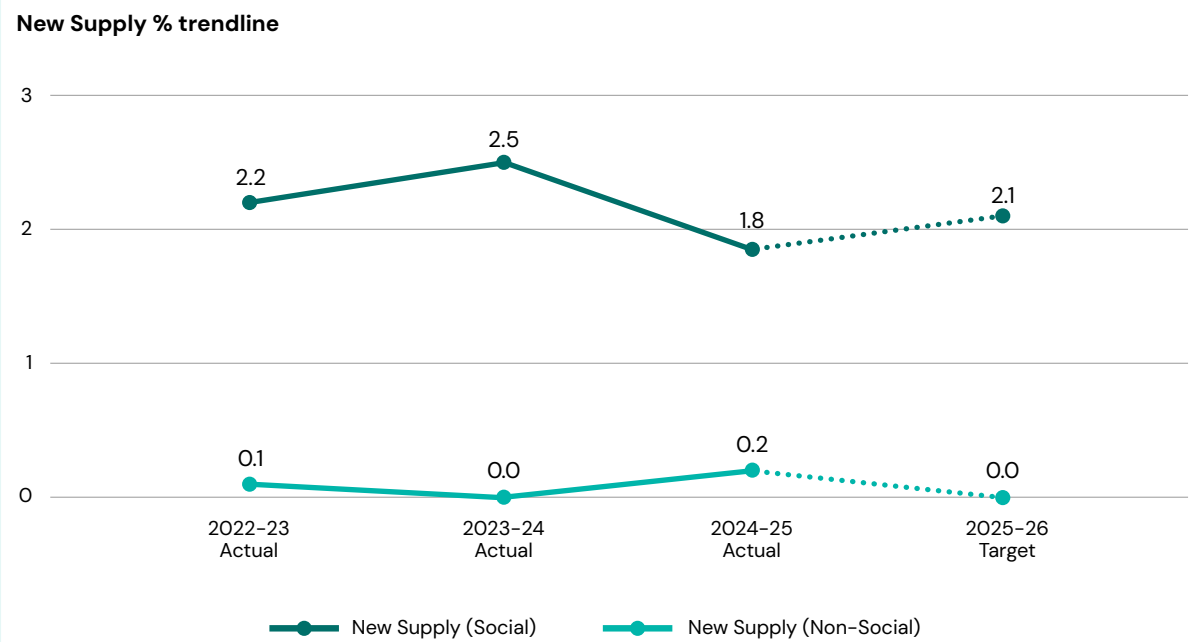
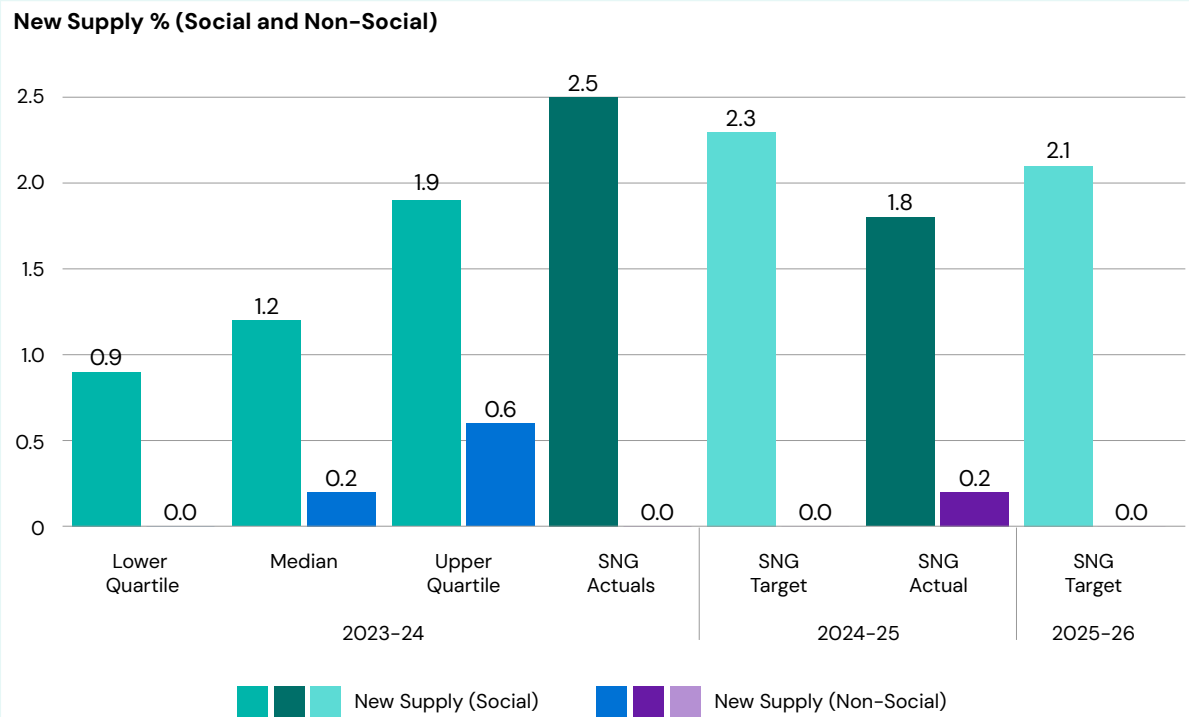
The reinvestment metric looks at investment in new and existing properties as a percentage of book value of properties held. Reinvestment has increased by 1.8 percentage points and is above the upper quartile. This is due to £153m more investment in our homes from development and capital major repairs compared to 2023-24.



New Supply (Social and Non-Social)

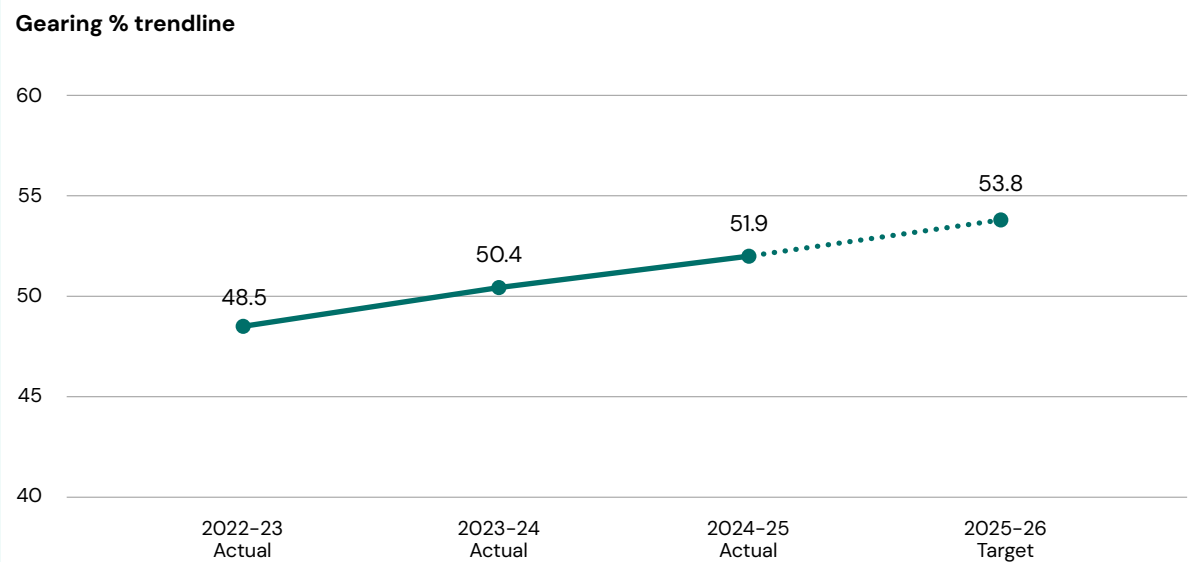
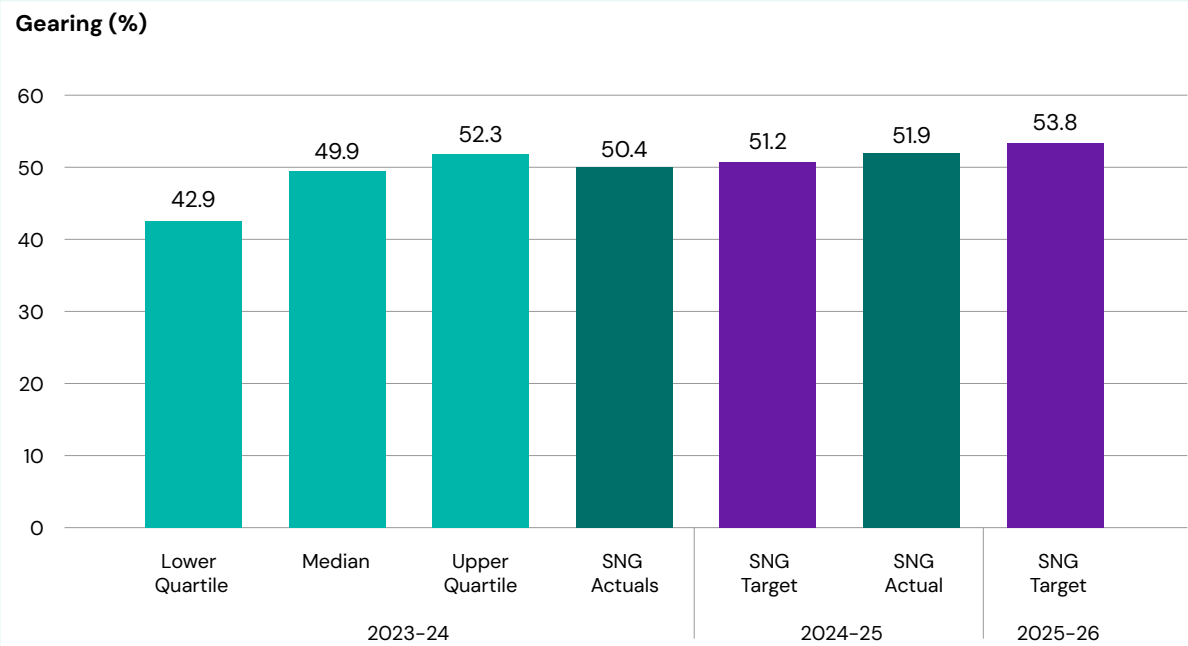
The new supply metric looks at how many new homes, social and non-social, we have delivered during the year relative to our total stock of homes owned. This year, we have delivered 1,590 much-needed new affordable homes. In addition, we built 31 new homes for market sale. We aim to deliver 25,000 homes over 10 years.

The overall number of homes delivered is down compared with the previous year because of the natural variability of a complex development programme and reprogramming of existing schemes following supply chain issues.



Gearing

The gearing metric looks at our debt to asset ratio, comparing our cash and financing balances against the value of properties held. This shows our approach to risk and our appetite for growth by seeking external financing options. Our gearing has increased by 1.5 percentage points and benchmarks to the upper quartile as we increase borrowing to fund our growing development programme.

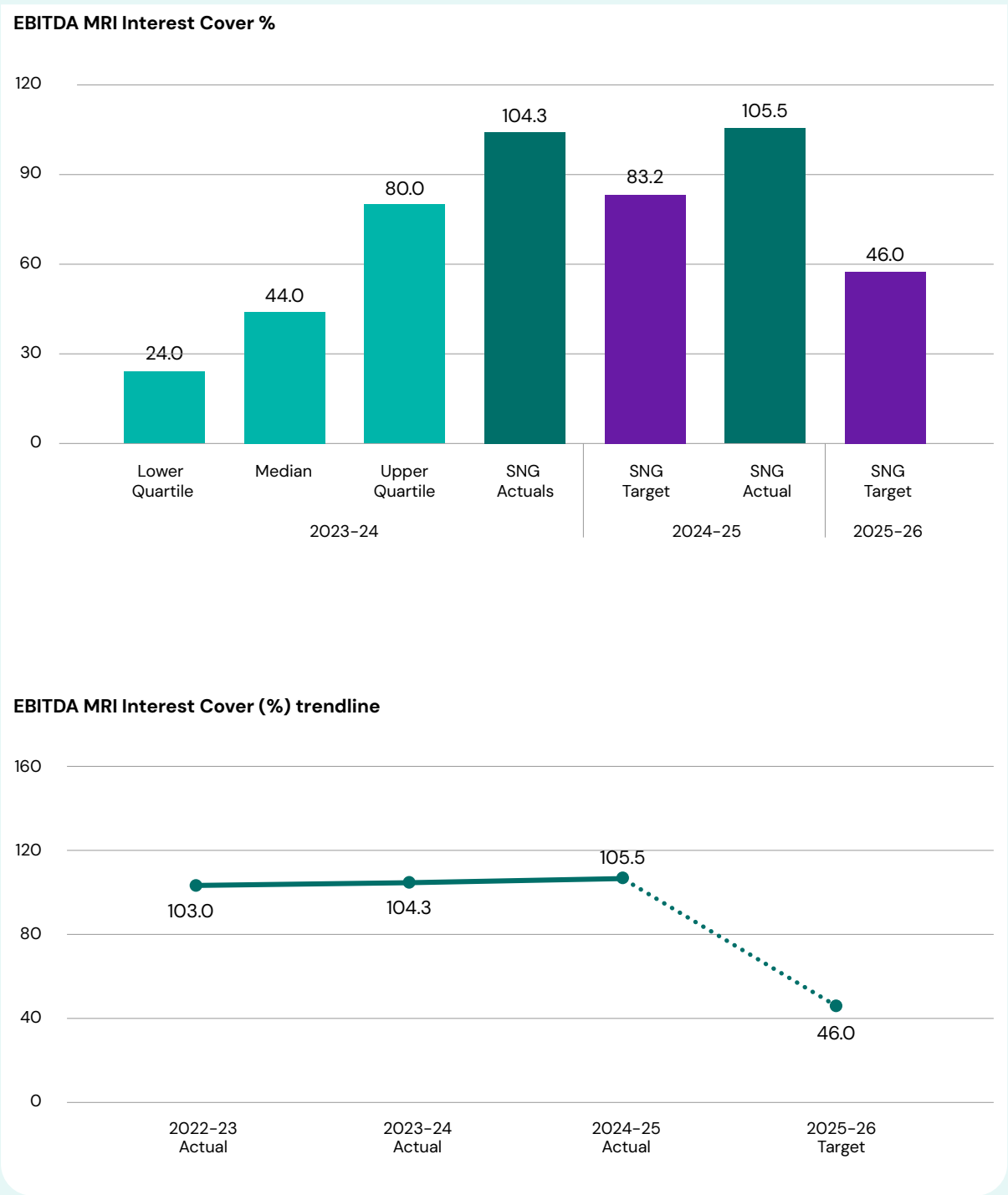


EBITDA MRI Interest Cover

EBITDA MRI refers to earnings before interest, tax, depreciation and amortisation, with major repairs included. We then divide this by the total interest payable to show how much surplus we have available to cover interest payments. This has increased by 1.2 percentage points. EBITDA MRI has increased for a third consecutive year, from £158.5m to £180.9m and EBITDA MRI interest cover increased from 104.3% to 105.5%. The core financial performance of the Group remains robust and in line with our Strategy.

The EBITDA MRI target of 46.0% for 2025–26 is calculated per the RSH definition. This includes a further planned increase in investment in our existing homes including additional net investment of £63m to achieve our net zero commitments. The Regulator of Social Housing definition excludes the gain/loss on disposal of assets. Year-on-year this contributes to a lower EBITDA MRI.

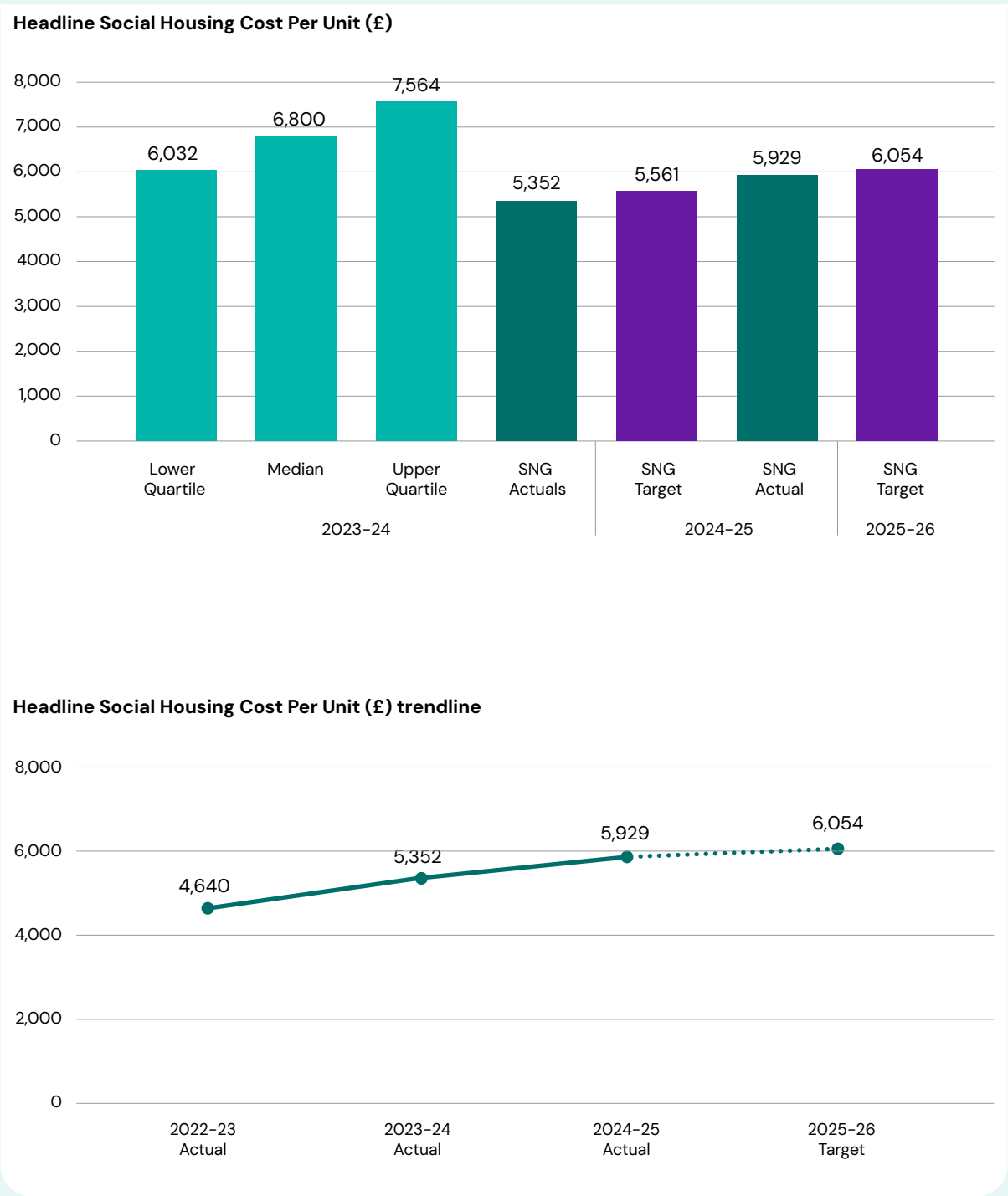
The Board approved a target of 116.4% for 2025–26 which is calculated in line with our Golden Rule definition. This excludes net zero spend and includes the gain/loss on disposal of assets.



Headline Social Housing Cost Per Unit (CPU)

This metric is calculated by adding together our total spend on management costs, maintenance, major repairs, service costs and other social housing costs and then dividing by the total number of properties. This indicates how efficient we are being at delivering services while controlling our costs. Our cost per unit was in the lower quartile. Whilst CPU has increased, it remains significantly lower than the majority of our peers. The increase in the social housing cost per unit between the two financial

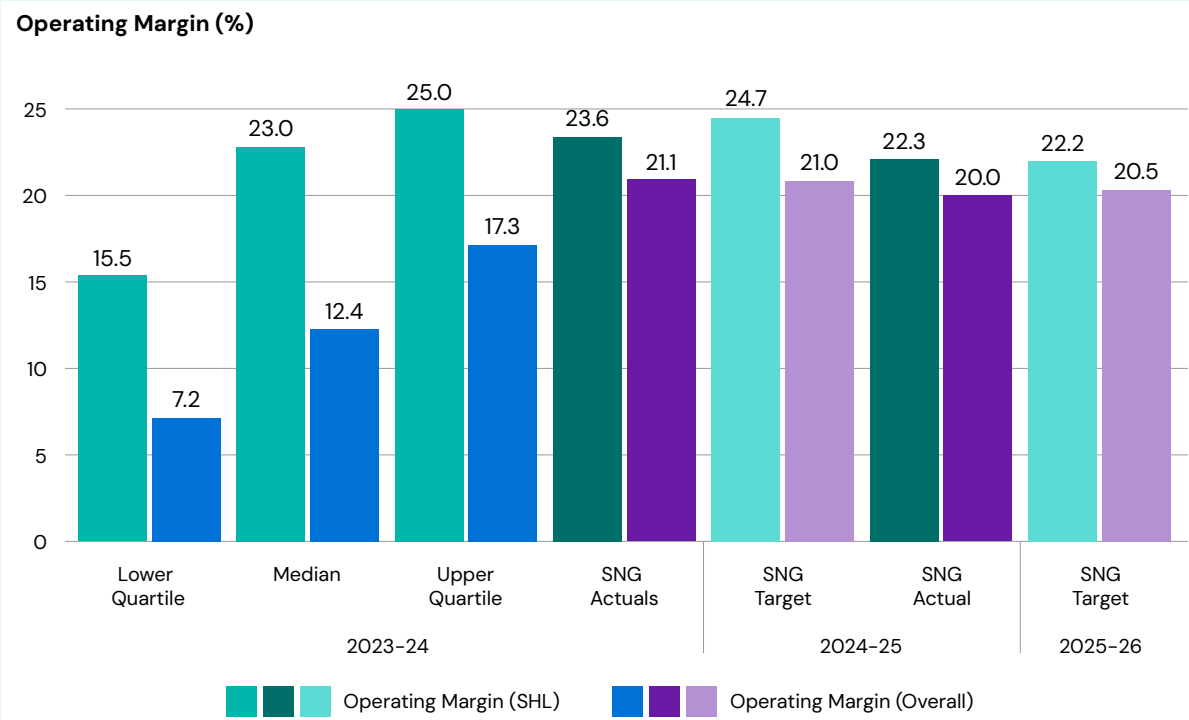
years is due to higher maintenance costs where we continued to invest and maintain our homes through repairs as well as an increase in management costs along with inflationary pressures. We are continuing to invest in our existing homes through increased maintenance and major repairs along with increased insurance costs and rising depreciation charges due to investment in new housing property.



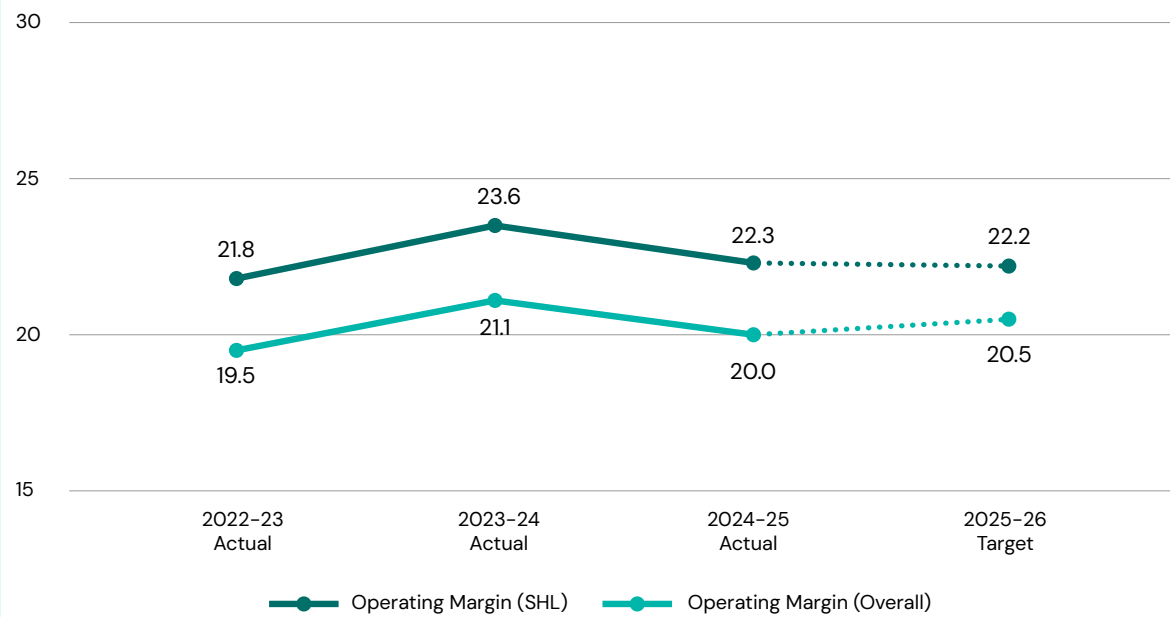
Operating Margin

Operating margin measures the amount of money we have left from rental income after we have deducted our main costs to run the business and serve our customers. Our overall operating margin has decreased slightly in 2024–25, along with Social Housing Lettings

Operating Margin (SHL). Ongoing pressures on operating margin continue primarily as a result of maintenance and repair costs increasing ahead of inflation along with depreciation ramping up as we continue to expand our asset base.

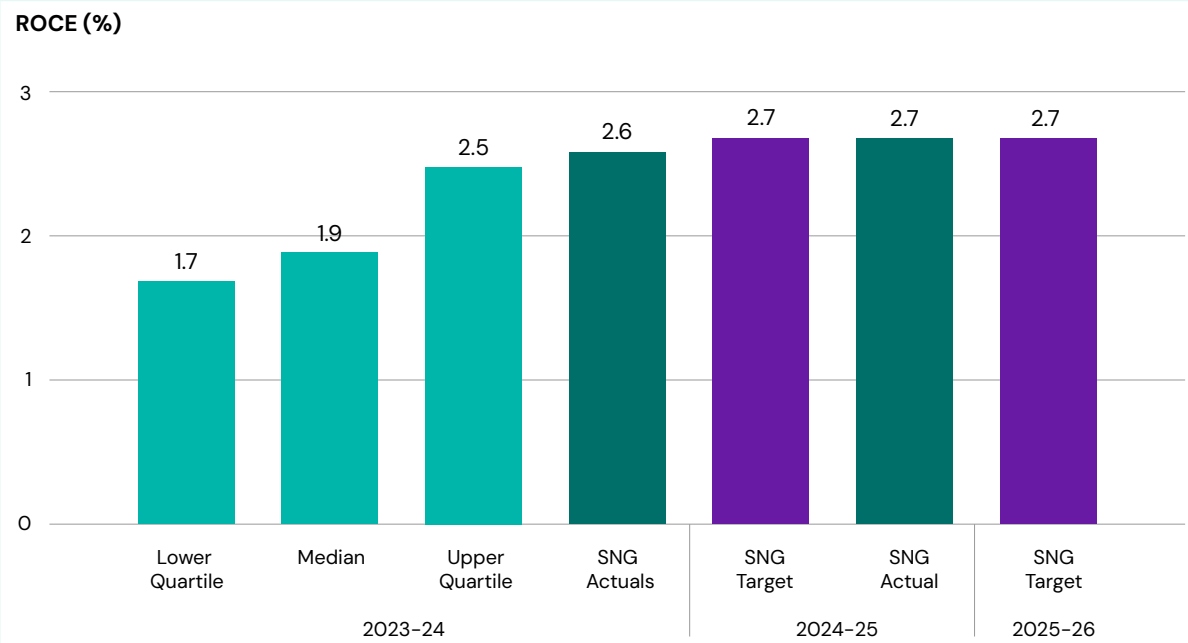


Operating Margin % trendline

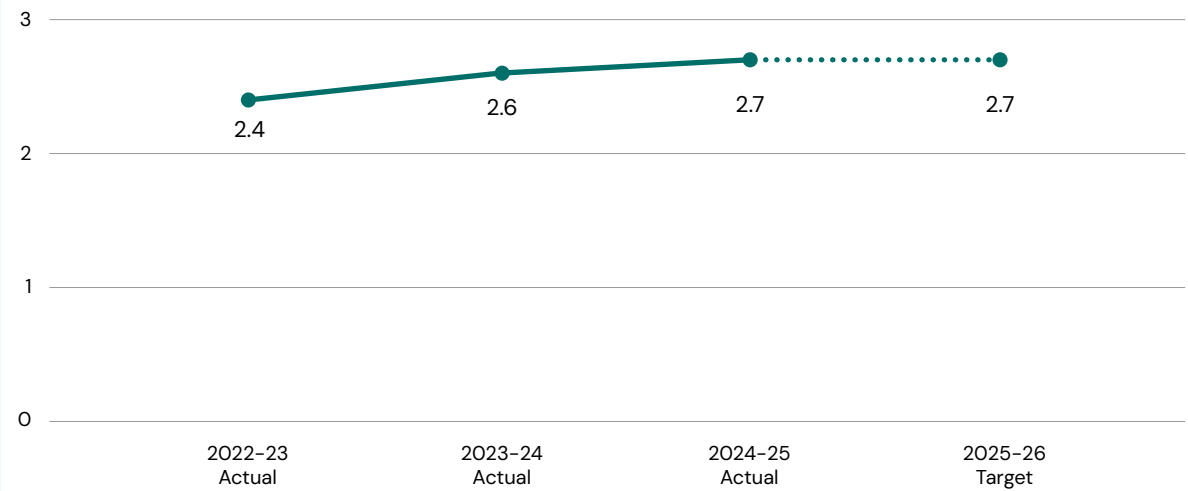


ROCE

ROCE (return on capital employed) indicates how efficiently our money is invested internally and compares our operating surplus against total assets less current liabilities. ROCE remained stable and is above upper quartile for the peer group.



ROCE % trendline



01

Quality homes and places



Quality homes and places

Ensuring customers' homes are fit for the future

We're proud to be one of the UK's most active developers of affordable housing. Our ambition is to build 25,000 new homes over the current decade to 2034, investing £9 billion into both new and existing homes. In 2024-25 we invested £245 million into our existing homes.



"Tackling damp and mould remains a top priority, and we've taken decisive steps to improve how we respond."

£527m
investment to retrofit
15,000 homes
over 10 years

100%
compliance on
our Fire Risk
Assessment
Programme

In November we launched our new Investment Strategy, a practical roadmap to ensuring every home we own is fit for the future by 2050. That includes a £527 million investment to retrofit 15,000 homes over the next 10 years – making them warmer, greener and better for our customers' wellbeing.

New homes and good places

Our Homes and Place standard is driving a step-change in how we design, build and maintain homes. It's a sector-leading benchmark that puts people, quality, and sustainability at the heart of every decision we make about our assets.

This year over 3,000 new homes were assessed against the standard at approval stage, scoring an average of 69% – a 'Very Good' rating, exceeding our corporate target of 64%.

Our disposal activity is making progress and has grown by 20% year-on-year. The sale of these homes allows us to replace poor performing homes with new homes which meet our Homes and Place standard.

We've continued to roll out future-ready house types across new sites – blending traditional build and modern methods of construction – all designed to meet the 2025 Future Homes Standard and be approved by NHBC. To ensure quality is built in from the start, we've introduced a new agent framework to strengthen inspections and accountability, and a smarter contractor procurement framework to boost standardisation and efficiency.

We also tripled our stock condition survey programme, completing over 21,000 surveys to keep ahead of future investment needs.

We're now rolling out phase one of our Single Asset View platform (SAVi) across all new home schemes which will provide a common

data environment – a significant step forward in how we understand and manage our properties in the future. As we develop this platform, SAVi will give us the insight we need to make smarter investment decisions, digitise inspections, and strengthen our reporting.

Ensuring compliance: keeping our customers safe

We know our customers need more than a warm and comfortable home – they need a safe home too. We've continued to maintain excellent levels of compliance across the 'Big six' areas of Gas, Asbestos, Fire, Electrical, Water Hygiene, and Lifts. This includes achieving 100% compliance on our Fire Risk Assessment Programme across all our regions.

We've invested over £20 million to improve the fire safety of our buildings, including over 20,000 fire door installations. A strategic focus on fire safety has seen us complete over 18,000 fire risk actions during the financial year.

Progress on our remediation projects remains on target and a key priority. We have met the target for investigations of all of our over 18m high rise buildings and all of our 11-18m buildings across our South and West regions, with the remaining across our London regions on track to complete by September 2025.

Tackling damp and mould remains a top priority, and we've taken decisive steps to improve how we respond. For instance, to ensure a faster first response we've brought in a broader pool of specialist contractors to speed up complex repairs, and increased capacity within our teams to provide more intensive case management. We've also grown our surveying team to keep pace with rising demand for technical inspections.

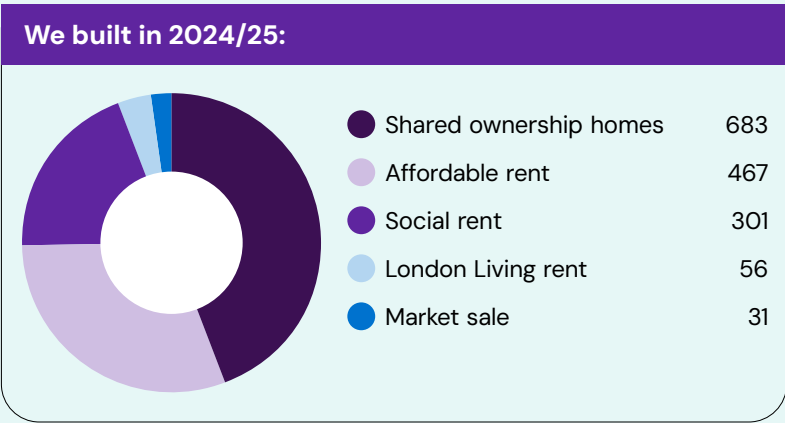
“The surplus generated from the sale of shared ownership homes will be reinvested into delivering more affordable homes for people in need.”

New homes

During the year we invested £642 million in the development of new homes and delivered 1,590 new homes in total. This includes 683 shared ownership homes, 31 for market sale, 467 for Affordable Rent, 56 for London Living Rent and 301 for social rent. The overall number of new homes delivered is down compared with the previous year because of the natural variability of a complex development programme and reprogramming of existing schemes following supply chain issues. Our ambition to deliver 25,000 new homes over 10 years still remains.

Notable completions:

- Central Way (Central Middlesex Hospital) in the Old Oaks and Park Royal regeneration area – 159 affordable homes and workspace for local businesses.
- St Johns Road in Isleworth – 31 homes under the Mayor of London’s London Living Rent programme.
- New carbon smart homes for social rent at Nexa Meadows in Exeter. Customers will benefit from zero energy bills and 5 years with Octopus Energy.
- Taverners, Exeter – our first self-procured scheme developed using our standard house types.
- New affordable high-quality sustainable section 106 homes at St Frideswide in Oxford City.



Central Middlesex Hospital, Brent

2,486
new homes started

687
Shared Ownership homes sold

Despite a challenging market we sold 687 shared ownership homes raising £89.1 million and making a £9.1 million surplus – helping families acquire new homes through low-cost home ownership. The surplus generated will be reinvested into delivering more affordable homes for people in need.

We started a further 2,486 new homes and acquired land to develop 3,865 homes into our pipeline across sites, including:

- Smiths Farm in Northolt (London Borough of Ealing), starting 220 affordable homes under Affordable Homes Programme 2021–26, all of which will meet a Very Good standard under SNG’s Homes and Place standard.
- Partnering with Related Argent for the next phase of affordable homes (50 homes for Social Rent) at the transformative Brent Cross Town regeneration.
- Starting onsite at our Three Oaks scheme in Newport on the Isle of Wight, which will see 145 all affordable homes built using modern methods of construction.
- Acquiring Beaufort Park in Bracknell Forest with our partners, Hill, and starting on site to deliver 226 new homes, of which 50% will be affordable.
- Forming a new Joint Venture with Vistry to build 595 new homes at Pickedmoor, Thornbury, Bristol.

02

Improved environmental and social impact



Improved environmental and social impact

Sustaining stronger and more adaptable communities

At SNG, we're investing for the long term – because we believe everyone deserves a place to call home that's safe, warm, affordable and promotes wellbeing. From reducing our environmental impact to deepening our community roots, 2024/25 was a year of meaningful progress. Here's how we're creating lasting change.

575

young people supported through our #iWill fund for youth social action

"You're the reason I got the job with the help you have given me... I've had such a disappointing few years, and now I can finally build the life I want. Happy is an understatement!"

An SNG Customer

Healthier homes, thriving communities

As the cost of living continues to rise, we've stepped up our support for customers in their communities. Our SNG Community Foundation is helping us to have a bigger impact – investing £100 million to unlock over £1 billion in social value for our communities over the next decade by 2034.

We're working to create resilient, adaptable neighbourhoods where people not only live, but truly thrive.

Warmer, greener homes

This year, we were delighted to be allocated £36.5 million through the Government's Warm Homes: Social Housing Fund Wave 3. This will support improvements to 4,500 existing homes, making them more energy efficient, more comfortable and more affordable to run for our customers.

It's all part of our ambitious 10-year £500 million investment plan to retrofit 15,000 homes to EPC B+ standard – 1,500 homes every year – helping tackle climate change and fuel poverty head on.

This builds on our success from the Social Housing Decarbonisation Fund (SHDF) Wave 2 programme, where we secured £19.2 million to improve over 3,000 homes – a programme that's now well under way and providing benefits for our customers.

Investing in our communities

We want to create thriving and resilient communities over generations, where everyone reaches their potential. That's why, alongside our own investment of £7 million (including £1.5 million on cost of living support), we secured over £2 million of external funding from a range of partners including the National Lottery Community Fund, Hampshire and Isle of Wight Community Foundation and The Blagrove Trust to deliver programmes that maximise the impact we can generate in our communities.

During the year:

- **424 community organisations** received support through our Community Foundation.
- **575 tailored interventions** helped build skills, improve governance and unlock new funding for community partners.
- **Over 30,000 people** took part in community activities we supported.
- **Programmes** spanned everything from community kitchens, food projects and warm spaces to mental health support and cost-of-living initiatives.

Our #iWill Fund – which provides £1.5 million in opportunities for youth social action co-funded by the National Lottery – provided 31 grants and supported 575 young people.





We helped **382** people get jobs and delivered over **2,500** training outcomes

965 digital inclusion outcomes including training, devices and connectivity support

Creating opportunities

Our dedicated Employment Support Team worked with 992 customers, helping 382 to get jobs and delivering over 2,500 training outcomes.

Meanwhile, our Business Enterprise Coaches supported 117 budding entrepreneurs offering expert guidance on starting and growing a business.

We also helped thousands of customers navigate financial challenges they are facing:

- **Over 10,000 positive outcomes** achieved through our Financial Inclusion Team for customers including access to specialist services or grants.
- **Over £1.3 million in savings** helped reduce or eradicate debt for nearly 400 customers.
- **Over 4,000 targeted interventions** helped tackle fuel poverty over winter including providing energy grants, Winter Warm Packs and specialist advice.
- **965 digital inclusion outcomes** including training, devices and connectivity support.

We use the Housing Associations' Charitable Trust's (HACT) Wellbeing Valuation to measure our social impact. In 2024/25, our efforts generated over £140 million in social value. We continue to seek ways to maximise the opportunities for our customers and communities with our supply chain and community partnerships. Every investment we make is about building a better future for the people we serve.

"A huge thank you to the SNG Thriving Communities Fund for your generous support. Your funding makes a huge difference to those who are isolated and vulnerable in our community. Thanks to your support, we will continue to host regular lunch clubs, bringing people together to connect. Already in January 2025, we have welcomed over 150 people to the café – we simply couldn't do this without the support of funders like you."

An SNG Customer



Featured developments

1 Central Middlesex Hospital, London Borough of Brent

We're building 158 new homes near to Central Middlesex Hospital in Park Royal in collaboration with the Old Oak and Park Royal Development Corporation (OPDC). Of the new homes, 24 are for London Affordable Rent and 134 are for Shared Ownership with the site containing a listed refectory building which will be used as a community space.

2 Borders Lane, Epping Forest

We've completed 107 affordable homes at Borders Lane in Loughton, Essex, part of a wider 424 home project. It was our first major project in our partnership with Epping Forest District Council as one of their preferred partners. 65 apartments are for Affordable Rent available for people on the council's housing register and 42 for Shared Ownership. The homes range from one-bedroom to four-bedroom family sized houses and apartments.

3 Sampford Peverell, Mid Devon

Sampford Peverell, known as The Orchards is a development of high-quality homes located in Sampford Peverell, Mid Devon. Constructed by Edenstone Homes (a quality SME builder), there will be a total of 60 homes on this development and SNG have acquired 18 affordable homes (a mixture of houses and coach houses) delivered via section 106. Seven will be for shared ownership and 11 for affordable rent. The development features a village square and green in addition to community gardens and orchards. The homes will also benefit from solar panels and air source heat pumps for efficiency and sustainability.



4 Alphington, Exeter

The Alphington development is part of the Matford Development of 2,500 homes on the outskirts of Exeter. SNG has purchased 302 homes from Vistry, 198 of which will utilise Homes England Strategic Partnership grant funding. The development will provide a wide range of homes, from two-bed bungalows to five-bedroom detached homes. This will provide a diverse range of affordable options for our residents and help to create a mixed and balanced community.

5 St John's Road, London Borough of Hounslow

We completed 31 apartments in Isleworth as part of the London Living Rent scheme, which offers Londoners struggling to get on the housing ladder lower rents so they can save for a deposit to buy a home. The development has transformed a former brownfield site into one, two and three-bedroom apartments. London Living Rent is a Mayor of London scheme for middle income Londoners providing rented homes with a minimum three-year tenancy on initial rents based on a third of local household incomes. Money saved on rent can then go towards a deposit to buy shares in the property.

6 Brockworth, Cheltenham

We have acquired 62 homes via a section 106 with Vistry, and a further 27 homes utilising Homes England Strategic Partnership grant funding. The properties are a mixture of houses and flats for affordable rent and shared ownership and are located in the village of Brockworth which has excellent transport links to the nearby cities of Cheltenham and Gloucester.

7 Wichelstowe, Swindon

Swindon Borough Council is working with BDW to deliver 4,000 new homes at Wichelstowe, through a joint venture called Wichelstowe LLP. SNG is partnering with the LLP to deliver the affordable housing on site, with 180 homes currently under construction across three phases – and more planned in future. All affordable homes in Phase 2 will include energy-efficient features such as solar panels, electric vehicle charging points, heat recovery systems, sheds, water butts and compost bins. The development recently won the Placemaking Award at the South West Residential Property Awards, recognised for its use of public art, green initiatives and strong local character – creating a community with a real sense of pride.

Wichelstowe was also the first residential site in the UK to receive Modeshift STARS Silver accreditation for its travel plan, which supports walking, cycling and public transport. Bus routes are built into the road layout, and the site includes dedicated cycle lanes and footpaths.

2 Borders Lane, Epping Forest

3 Sampford Peverell, Mid Devon

6 Brockworth, Cheltenham

7 Wichelstowe, Swindon

1 Central Middlesex Hospital, Brent

4 Alphington, Exeter

5 St John's Road, Hounslow

03

A great customer experience



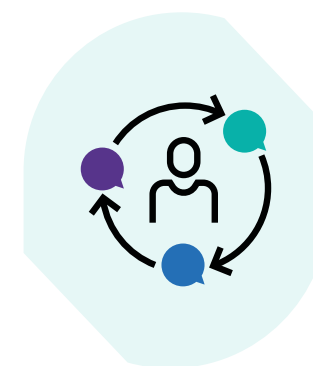
A great customer experience

Increasing customer satisfaction

We serve over 200,000 customers in 85,000 homes in London and the South of England. At SNG we know that good, affordable homes are the foundation for a better life. Everything we do is at the service of our customers, whether that's in our approach to new homes, how we ensure we are efficient as a business, how we ensure we can raise new funds, as well as the operational delivery of high quality customer services.

4.6/5

customer advisor helpfulness score



7% increase year-on-year in customer interactions



Consumer grading of C2 from the Regulator of Social Housing

"Our 'Close the Loop' initiative is helping build trust and reduce complaints by proactively reaching out to dissatisfied customers to put things right."

Improving the customer experience

We know that improving outcomes for our customers is essential. Our overall customer satisfaction rate fell from 68% to 64% during the year.

Our C2 consumer grading from the Regulator of Social Housing confirmed that while we are meeting expectations in most areas, there are some weaknesses in our repairs and complaints services.

Significant investment is being made in these areas, building on our existing improvement plans, and customers are telling us they can see the difference we are making.

Central to this is our new Customer Experience Strategy – Better Together, which we launched during the year. It's informed by what customers and colleagues told us really matters and sets out how we'll deliver customer experiences which are simple, reliable, individual and connected so ultimately we can improve services and build stronger and thriving communities.

We also launched our new Customer Engagement Model to put residents' voices at the heart of our decision-making. This included setting up our new Customer Influence and Scrutiny Panels, which replaced our previous resident panels and provide us with valuable residents' insight to hold us to account.

Our 'Close the Loop' initiative is helping build trust and reduce complaints by proactively reaching out to dissatisfied customers to put things right. We also launched a transparent "You Said, We Did" webpage showing how customer feedback shapes real change.

We've worked hard to reduce our maladministration rate with the Housing Ombudsman and during the year this fell by 6% to 71%. The maladministration rate reflects

the proportion of Ombudsman investigations where the decision is in the customer's favour.

Our Lessons Learned Framework is embedding greater accountability and ensuring we take meaningful action – nine in-depth reviews led to 39 improvement actions so far. We've also introduced early risk assessments to resolve more complaints before they escalate to the Housing Ombudsman.

Understanding our customers better

We've put our new customer segmentation model into action, allowing us to better tailor services to the diverse needs of our customers and their preferences. Work is underway to extend this model to our London and Hertford regions.

To ensure clarity and transparency, we launched our new Customer Promises for repairs across our South and West regions and complaints across all areas. These clearly set out what our customers can expect from us as their landlord and what we expect in return. Work is underway to expand the repairs promise to our London and Hertfordshire regions, ensuring consistency across all SNG homes.

Despite a 7% year-on-year increase in customer interactions, we met our targets on customer wait times across all channels. Thanks to our 'Winter Plan' we were able to maximise service provision during the busy winter period, continuing to maintain high levels of customer satisfaction and achieving a customer advisor helpfulness score of 4.6/5.



Over 3,400 key workers supported into high quality accommodation



4.9 out of 5 average customer satisfaction score for lettings

Improving our digital experience

We launched a new single website for all customers – bringing together our legacy organisations into one easy-to-use platform. We also introduced Engage, a new digital space for engaged customers to share feedback, ideas and shape our services. In its first month, over 200 customers got involved. Customers applying for a Mutual Exchange can now use our app, where they can track progress of their application and receive a decision in principle within 42 days.

Supporting those who need it most

We understand that at various points during their tenancy, customers might need extra help from us. This year we provided specialist support to customers facing domestic abuse, hoarding and mental health challenges and safeguarding concerns. We introduced enhanced training for our colleagues and new systems and processes to ensure earlier interventions and better outcomes for our customers. For instance, we recognise the negative impact that anti-social behaviour (ASB) has on our customers and on their communities. We held our first ASB summit – sharing best practice for tackling ASB in our communities. As a result, we've increased our resources for tackling ASB, refreshed training, enhanced our management information suite and launched a new mediation service. We continue to contribute more widely by sitting on the Home Office Feedback Panel.

Letting new homes

Our Lettings team supported 2,790 customers into new homes this year, including 854 that were into newly built homes. We kept the proportion of empty homes at a low level (a void rate of just 0.56%, well below our 0.72% target) meaning we're getting homes to those who need them faster.

Satisfaction with our lettings service reached an impressive 4.9 out of 5.

We also made significant progress across our key worker housing offer – improving customer satisfaction, upgrading the quality of accommodation, deepening partnerships with the NHS and driving greater operational efficiencies. We supported over 3,400 key workers from the NHS and Ministry of Defence into high quality accommodation, strengthening our role as a trusted partner in the sector.

Our SNG Home Transfer programme helped 120 customers, including those fleeing domestic abuse and others with serious medical needs.

We launched a new partnership with Brent Council to support customers wanting to downsize their property, recognising that customer needs can change over time and freeing up larger homes for families. Over 240 customers have applied and 35 have received support so far.



“Despite the ongoing pressure, we kept overall arrears at just 3.98% thanks to our responsive income team and tailored support offers.”

Supporting customers to pay their rent

The past year brought new financial challenges for many. With the arrival of the '53-week rent year' and acceleration of the migration to Universal Credit (up 88% to 27,242 claimants), we acted quickly to provide the right support to our customers.

Despite the ongoing pressure, we kept overall arrears to just 3.98% thanks to our responsive income team and tailored support offers.

Our welfare benefits team supported customers to gain over £2million in welfare benefits throughout the year.

Note 1: Every five or six years, there are 53 Mondays because of how the calendar aligns – and therefore 53 'rent weeks' in a year.

“This year, we focussed on providing a faster, more efficient repairs service and delivering a prompt quality complaints service. Last year, we completed over 75% of routine repairs on time and 87% of emergency repairs on time.”

Repairs, maintenance and improvement

This year, we focussed on providing a faster, more efficient repairs service and delivering a prompt quality complaints service. Last year, we completed over 75% of routine repairs on time and 87% of emergency repairs on time. We invested £245 million into our existing homes during the year.

To further strengthen our repairs service and increase the number of first-time fixes, we’ve partnered with Jewson to open two bespoke Jewson Partnership Stores. These dedicated facilities will improve parts availability, reduce delays, and help our tradespeople complete more repairs on the first visit – delivering a faster, more efficient experience for customers. In London and Herts, we mobilised two new responsive repairs contractors to help improve the service our customers receive.

We also significantly reduced the average turnaround time for empty homes by 41% – it now takes just 22 days to turn around a

property, to get it into a suitable condition for reletting, ensuring homes are ready for new tenants sooner.

We carried out a full review of all our Section 106 head leases (a legal arrangement where we take on a long lease from a developer for affordable homes), giving us a clearer picture of repairing responsibilities and enabling us to better support teams in managing repairs efficiently. At the same time, we introduced a transparent, streamlined process for handling service charge enquiries and disputes – leading to a noticeable uplift in customer satisfaction and confidence.

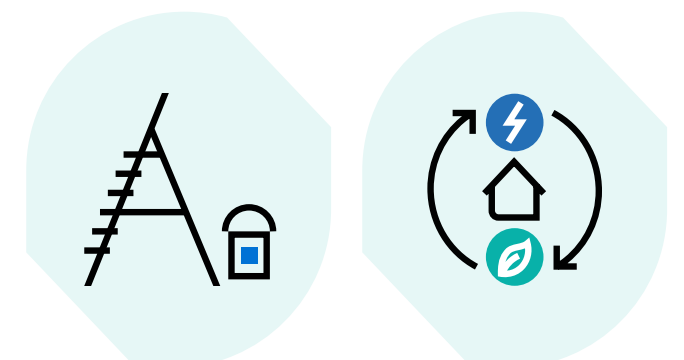
We’re continuing to deliver value in other areas too. For example, we have been reviewing our significant repairs materials spend and planned costs which has led to savings of nearly £300,000. In addition, we regularly review all of our service contracts and identify efficiencies – and have identified savings of £175,000 during the year, all of which can be redeployed into services our customers need.

Delivering for customers in our neighbourhoods

We know we can sometimes achieve more for our customers when we work in partnership with others. Across our neighbourhoods, we’ve joined forces with local authorities, the police, and other stakeholders to secure funding that directly improves safety, wellbeing, and quality of life for our residents. For instance:

- We secured **£229,000 from the Home Office’s Safer Streets Fund** to improve safety and community outcomes on the Nightingale Estate in Newbury.
- In Southampton, we partnered with the City Council and local stakeholders to successfully secure **£75,000 in grant funding** for estate improvement works on the Lordshill estate.
- On Knightstone Grange, we worked closely with the Hampshire Police and Crime Commissioner to secure a **£17,000 grant** to deliver a series of positive activities and community initiatives.
- In the Church End and Harlesden areas of Brent, **SNG and Peabody are jointly contributing £20,000** to support a six-month pilot project aimed at engaging young people in positive activities and diverting them from harmful behaviour. The initiative is being delivered by United Borders, who are running twice-weekly sessions. Using their outreach double-decker bus, the team is building rapport, engaging young people, and connecting them to local opportunities and support.

These successful bids show the power of collaboration in delivering better places to live – creating safer, more vibrant estates where communities can thrive.



41% reduction in turnaround time to get empty homes into suitable condition for reletting

We invested **£245 million** into our existing homes

04

A great place to work



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.

25%

of job vacancies filled internally, helping colleagues grow their careers with us

“This year, we took an even bigger step with the development of our Great Place to Work strategy – a shift from laying the foundations to fully embedding a people-first culture at the heart of SNG.”

People Plan

Since launching our Corporate Strategy and People Plan in 2022, we've made big strides in shaping a culture that reflects our business goals. This year, we took an even bigger step with the development of our Great Place to Work strategy – a shift from laying the foundations to fully embedding a people-first culture at the heart of SNG. We also co-created with colleagues new PLACE values to reflect the mindset and behaviours we need to succeed together.

Our focus is on attracting, developing, and retaining great people – creating a place where colleagues feel proud to work and inspired by the part they play in delivering for our customers.

Corporate Plan development

We've continued to embed our 2023–2026 Corporate Plan, turning strategic goals into tangible progress, with major change delivered through our transformation programme. With a stronger focus on customer outcomes and improved internal capabilities, we've laid the groundwork for the next phase of our journey.

As we begin shaping our next Corporate Plan, we're drawing on insights from across the organisation and beyond to ensure it reflects what matters most – our customers, our communities, and our colleagues who deliver for them every day.

Rewarding and retaining talent

We know that attracting great people is only the beginning. Building a great place to work means retaining, developing, and rewarding talent.

This year, we've strengthened our focus on building a high-performing, people-first culture by enhancing how we reward, support, and plan for the future of our workforce. We have also introduced our refreshed Talent Management and Succession Planning Framework, designed to help us proactively identify, support, and retain our future leaders.

This year:

- We managed over **15,000 applications** to work for us and running over **3,400 interviews**.
- Almost **700 offers** were made and onboarded, with **70% directly sourced** by our in-house Talent Acquisition team.
- Nearly **1 in 4 roles were filled internally**, helping colleagues grow their careers and realise their potential with us.

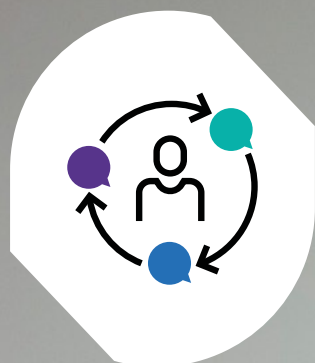


Employee engagement

Listening to and acting on feedback from our colleagues is essential to our commitment to building a great place to work.

In 2024, over 79% of colleagues (up from 77% the previous year) completed our full engagement survey, sharing more than 4,000 comments – a testament to their willingness to share honest feedback, helping us to shape a better organisation. Our engagement score held steady at 65, during a year of significant change as we integrated both legacy organisations into one SNG.

We have acted and continue to take action on what we heard – from increasing leadership visibility and communications, to wellbeing and recognition initiatives and follow-up sessions with local teams.



Over 79% of colleagues completed our full engagement survey, up from 77% last year

Equality, diversity and inclusion

This year, we launched our new ambitious Equality, Diversity & Inclusion (EDI) strategy, shaped through engagement with colleagues from across SNG and backed by two external accreditations – House Proud and Disability Confident Leader (Level 3). It marks a key milestone in our journey to build a workplace and culture where everyone feels they belong, are respected, and have the opportunity to thrive.

The strategy is both an evolution and a step-change: it builds on the work we've already done, while setting out clear, measurable goals to increase representation and address systemic barriers.

We're committed to turning these commitments into outcomes, and that includes:

- Strengthening **leadership accountability**.
- Embedding **fairness and equity** into every stage for the employee journey, from recruitment to progression.
- **Listening** to lived experiences.
- **Partnering with leading organisations** such as Inclusive Employers, Business in the Community, Houseproud, British Disability Forum and Social Housing Anti Racism Pledge.
- We also continue to be part of **Leadership 2025** and have signed the **G15 Ethnicity Pledge**.
- We hosted 10 'Let's Talk About' **education events** to build shared understanding across the organisation.

It's all about making SNG a place where everyone can thrive and contribute to delivering for our customers and communities.



As a signatory of the **G15 Ethnicity Pledge**, we are committed to fully aligning our EDI strategy with its principles

"Our new ambitious EDI strategy marks a key milestone in our journey to build a workplace and culture where everyone feels they belong, are respected, and have the opportunity to thrive."

05 Organisational resilience



Organisational resilience

Establishing strong foundations, delivering more value to customers

In 2024/25 we made significant progress in strengthening organisational resilience across SNG – investing in leadership, culture, systems, and change capability to deliver long-term success for our people, customers, and communities.



“To support ongoing transformation, we delivered three tailored Change Management programmes and rolled out a consistent change management approach across the organisation. This has improved how we lead and manage transformation at scale.”

Merger and integration: strengthening our foundation

This year marked a major milestone in our integration journey, as we continued building a single, unified organisation. The merger has provided a strong platform to strengthen governance, align our operating model, and position SNG for sustainable growth.

While the scale of the work has been significant, it has been driven by clear purpose – enabling us to deliver on our long-term ambition, support our corporate strategy, and enhance our overall resilience.

Operating as one organisation

We have moved from transition to delivery – implementing a single executive leadership structure, aligning directorates and introducing a target operating model that enables clearer accountability, improved service coordination and better collaboration across teams. Shared strategies are now in place across key areas including customer experience, people and culture, digital and data, and equality, diversity and inclusion – reflecting our ambition to operate as one organisation with shared goals and a unified direction of travel.

Strategic alignment and long-term value

Integration has enabled us to align how we work with the priorities set out in our three-year Corporate Plan – bringing clarity to our purpose and focus to our delivery. Our new operating model and structures ensure that the right capabilities are in place to support innovation, deliver value for money, and create space for transformation. These foundations are not only enabling us to meet today's challenges but are also unlocking the potential for long-term growth and impact.

We continued to build leadership strength with 126 senior leaders completing the Edge Leadership Development Programme and 140 colleagues gaining qualifications from Level 2 to Level 7 through SNG's Learning Academy. We also strengthened commercial capability with targeted development, including Financial Storytelling training for Heads of Service.

To support ongoing transformation, we delivered three tailored Change Management programmes and rolled out a consistent change management approach across the organisation. This has improved how we lead and manage transformation at scale.

We also signed a multi-year partnership with Workday, a significant step in transforming our HR and Finance services. This investment will modernise our internal systems and ways of working – creating a more agile, data-driven and efficient organisation, better equipped to deliver a great experience for both colleagues and customers.

We retained Gold Status in our Investors in People Strategic Review and approved a new Group Talent Management and Succession Planning Framework, strengthening our long-term planning for critical roles and future leaders.

During the year we took important steps to explore and harness the transformative potential of artificial intelligence (AI) across SNG. We established a cross-organisational AI Working Group to ensure a coordinated, strategic approach to emerging technologies, and launched a series of colleague focus groups to understand opportunities, address concerns, and build confidence in the use of

AI. This work is already delivering practical benefits. For instance, we've automated physical stock condition survey reporting, enabling real-time insight on renewal rates and progress. We're also advancing a new AI-powered Virtual Stock Condition Assessment tool, giving surveyors digital access to key asset information – reducing time on site.

Together, these developments demonstrate our commitment to building a resilient, values-led organisation – capable of navigating change, empowering people, and delivering lasting outcomes for the communities we serve.

Looking ahead

The year ahead marks a new phase in our journey – moving beyond integration towards transformation and growth. With the foundations now in place, our focus will be on unlocking the full potential of operating as one organisation. This includes accelerating digital transformation, embedding more agile ways of working, and using data more intelligently to improve services and decision-making. We will continue to invest in our people, systems and customer offer to ensure we remain innovative, adaptable and responsive. As we scale our impact, we are committed to building an organisation that is not only fit for the future but one that leads it.

Ensuring good governance: managing risk across the organisation

Since the year-end, our ratings were assessed as G1 and V2 under the Regulator of Social Housing's (RSH) Governance and Financial Viability Standards following the conclusion of our Inspection in April 2025. This demonstrates the strong governance processes that we have in place at SNG and our continued efforts to improve services, practices and reporting. Our governance team has supported the Executive Board, the Board of SNG and its committees to ensure effective and robust governance. We were also assessed for the first time under the new Consumer Standards and the RSH confirmed a C2 rating.

Our new organisational structure under the Group General Counsel, who joined in 2024, has worked to consolidate all risk management activity across SNG under one roof and to ensure that SNG operates within or in sight of its defined risk appetite in achieving its Corporate Plan. We have an established set of Principal Risks defined for SNG, with compensating controls in place and work continues to monitor and assess new and evolving risks as they present.

We've renewed our insurance arrangements across SNG in an extremely challenging market, agreeing our insurance arrangements across our risk portfolio for the next 3+ years ensuring an appropriate spread of risk against the risks and hazards presented.

Borders Lane,
Epping Forest



G1/V2

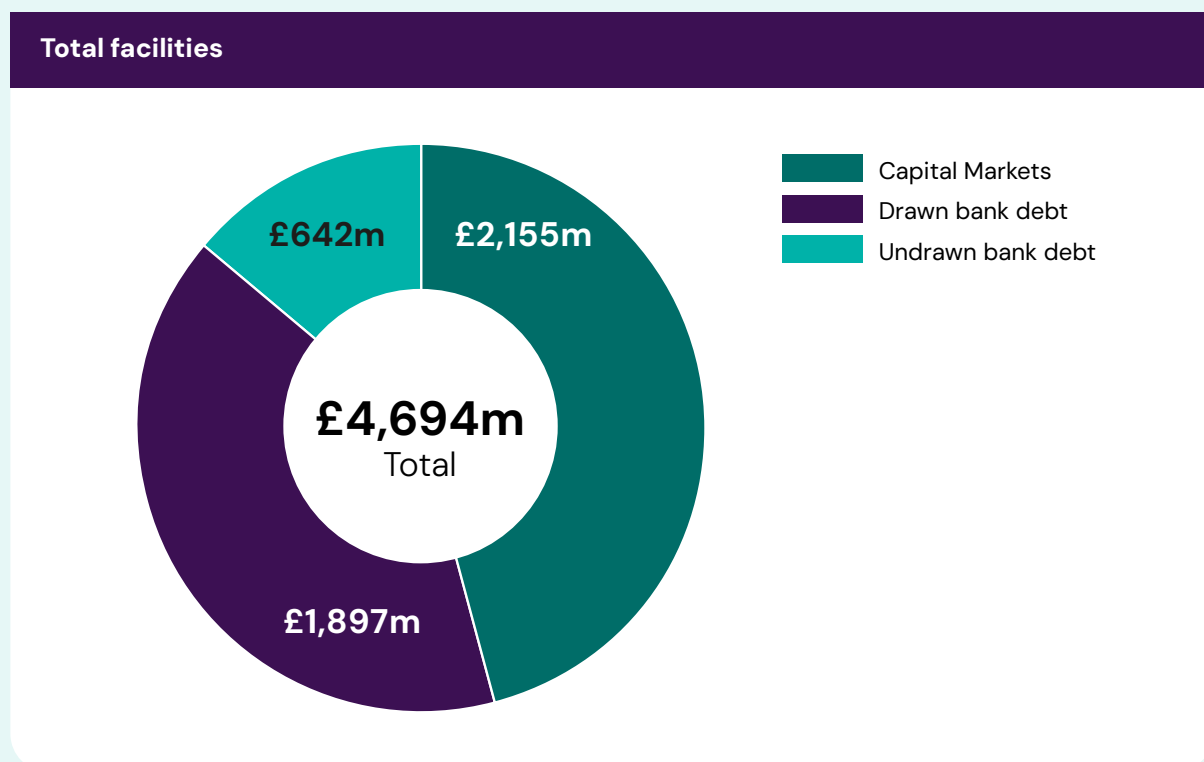
RSH Governance and
Financial Viability
rating

C2

RSH Consumer
Standards rating

Treasury management

Effective treasury management is critical to delivering our Corporate Plan and supporting the scale of our development and investment ambitions. Our Treasury Management Policy sets a robust 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. Our 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.



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. We have four public bonds in issuance £175m (2039), £250m (2043), £375m (2048) and £400m (2057) as well as £575m in private placement notes. In 2024/25, SNG established a £1.5bn Euro Medium Term Note ('EMTN') programme to provide flexible access to capital markets.

Security

The majority of SNG's debt facilities are secured facilities, with security provided by way of charges over housing properties. As at 31 March 2025 we had 22,181 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 embedded Golden Rules for Interest Cover and gearing metrics. There have been no covenant compliance breaches during the financial year.

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. Following the transfer of engagements from Sovereign Network Homes to Sovereign Network Group (formerly Sovereign Housing Association Limited), headroom to our tightest interest cover and gearing covenants has increased. 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 exceed a minimum target of 18 months of SNG's net funding requirement inclusive of committed and approved expenditure less 25% 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 2025, SNG's available liquidity and cash totalled £761m. 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 14 years, with £1.2bn of debt facilities maturing in the next three years. The majority of the facilities maturing in the next three years are revolving credit facilities (£920m). Of this, £525m were drawn at year end. There are also 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 4.4%.

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 2025, 78% 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 2025, the aggregate value of these derivatives was £1m negative (2024: £7m negative), all of which is covered by thresholds and property security with no requirement of cash security.

Governance

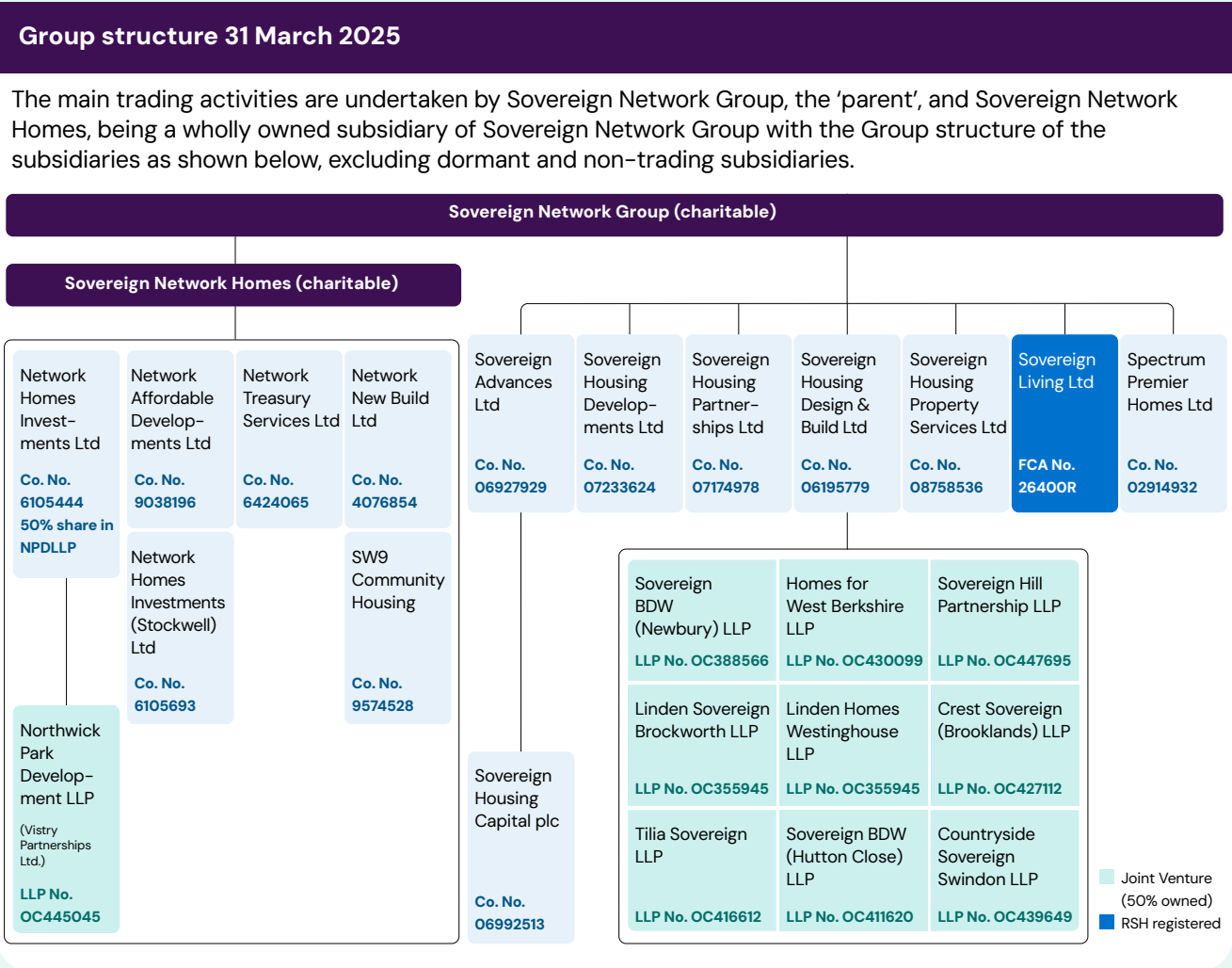
Sovereign Network Group (SNG) was created by the merger of Sovereign Housing Association Limited and Network Homes Limited on 1 October 2023. On 31 March 2025, the final stage of the merger between Sovereign Network Homes (previously Network Homes Limited) and Sovereign Housing Association Limited, trading as Sovereign Network Group, was completed, creating one legal entity and operating as one organisation, Sovereign Network Group (SNG) (registered number 7448). On 1 April 2025, Sovereign Housing Association Limited legally changed its name to Sovereign Network Group.

On 31 March 2025, Sovereign Network Homes’ activities, assets and liabilities transferred into SNG by use of the statutory process of transfer of engagements under section 110 of the Co-operative and Community Benefit Societies Act 2014 (“CCBSA”). The effect of the Transfer is that SNG automatically becomes party to all contracts to which Sovereign Network Homes is party, without the need for any assignment or novation of those contracts.

Sovereign Network Group is a Registered Society under the Co-operative and Community Benefit Societies Act 2014 and a registered provider of social

housing with the Regulator for Social Housing. 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 2025. The Board believes that SNG is well placed to manage its business risks successfully, despite the current economic uncertainties. Therefore, the Board has a reasonable expectation that SNG has adequate resources to continue to adopt the going concern basis in preparing these annual financial statements.



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 the newly formed Customer Influence Panel (which replaced the legacy Resident and Board Partnership and the Customer Services Committee in January 2025) and the Scrutiny Panel (which also formed in January 2025).

Working together with our customers

Our Customer Influence Panel (CIP) is chaired by Jackie Dunn who lives in an SNG home in the New Forest, Hampshire. CIP enables customers to influence our long-term plan, policies and services, as well as recommending resident-led scrutiny of services that require a customer perspective.

Customer-led service scrutiny

This year the Scrutiny Coordination Group (SCG), predecessor to the new Scrutiny Panel, looked at:

Damp and Mould

This scrutiny was an in-depth piece of work which aimed to scrutinise SNG's approach to damp and mould following a change to a more proactive and specialist approach in December 2022. Three involved customers acted as scrutineers. The scrutineers held sessions with staff, surveyed customers, reviewed case studies and carried out desktop analysis to understand whether the approach of frontline operatives when dealing with damp and mould is empathetic and customer-focused, as well as taking on board the experience of customers in this area and looking at what can be improved.

Four recommendations relating to communication, seven relating to approach and two relating to the use of technology were made, all of which were accepted or partially accepted. An action plan was formulated and implemented as a result of the report.

Engaging with younger residents

Two members of our former Youth Panel took part in planning and attending our #iWill wellbeing and social action festivals in Plymouth and on the Isle of Wight. They were pivotal in helping the #iWill team to design the activities and stalls that would be appealing to younger residents and children living in SNG homes as well as the wider community. They both also led on the engagement stalls at the events, which included t-shirt decorating.

One of our younger engaged residents took part in the review panel for the Thriving Communities Fund for the 2024-25 financial year, ensuring that the view of younger people was considered when awarding the grants. They also became a scrutineer for the Scrutiny Coordination Group's review into Emergency Decants.

Members also took part in sessions with tenant engagement experts Tpas in relation to the new customer engagement framework, which we implemented during the year. In addition they contributed to the review of role profiles for the new Customer Influence Panel and Scrutiny Panel, plus recommended ways to maximise interest from younger residents to apply.

"One of our younger engaged residents took part in the review panel for the Thriving Communities Fund for the 2024-25 financial year, ensuring that the view of younger people was considered when awarding the grants."



Our Board as at 31 March 2025 (Non-Executive Directors)



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

A former CEO of RWE Npower, with extensive experience in the energy industry at Board level.

An experienced non-executive and executive director, Paul was an active member on the executive committee of both RWE and Centrica/Direct Energy and a non-executive director of Electron, Wilder Sensing and green flexibility.



Jon Gooding
Vice Chair
Appointed as a Board member and Vice Chair of SNG in 2023 (joined Sovereign Network Homes in 2017)

Jon is a Chartered Surveyor by profession. He has experience of property investment and development, affordable housing, care and professional services in public and private sectors.



Gareth Mostyn
Chair of Audit and Risk Committee
Appointed as a Board member in 2023 and Chair of Audit & Risk Committee in July 2024

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.



Bhavin Shah
Chair of Treasury Committee
Appointed as a Board member and Chair of the Treasury Committee in 2023

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.

As well as having a passion for helping reduce the homelessness crisis, Bhavin is a trustee of the Change Ahead Charity, and a governor at The Beacon School.



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-focussed 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.



Jonathan Milward
Chair of Major Projects Committee
Appointed as a Board member and Chair of the Major Projects Committee in 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 Centrepoin, a charity for young homeless people



Ade Adebayo
Vice Chair of Major Projects Committee and Chair of SNG Community Foundation
Appointed in 2023 (joined Sovereign Network Homes in 2020) – left on 8 May 2025

Ade is a Director of AOA Property Consulting Limited. He has extensive experience of managing services at senior level in local government.



Jennifer Dykes
Resident Board member
Board representative to the Customer Influence Panel (and formerly the Resident Board Partnership)
Appointed as a Board member in 2016

Former NHS manager Jenny has been a social housing resident for over 40 years. Her focus is on ensuring SNG remains a strong organisation, committed to maintaining high standards of service and providing housing for those in need.



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.

Other Directors during the year

Sean West
Chair of Audit and Risk Committee
Appointed in 2023 (joined Sovereign Network Homes in 2015) (left on 31 July 2024)

Stuart Laird
Chair of Major Projects Committee
Appointed in 2016 (joined Sovereign Housing Association Limited in 2014) (left on 30 September 2024)

Our Executive Board as at 31 March 2025

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 CEO and a Board member in 2018



Gerry Doherty
Appointed as Executive Director for Operations in London and Hertfordshire in 2023 – left in April 2025



Kevin Ives
Appointed as Chief Information Officer in 2019



Jamie Ratcliff
Appointed as Chief Communities and Sustainability Officer in 2023 – left in March 2025



Helen Evans
Appointed as Deputy Chief Executive and Board member in 2023 – left in April 2025



Sally Hyndman
Appointed as Chief People and Transformation Officer in 2021



Kirsten Keegan
Appointed as Group General Counsel in 2024



Nicole Sharp
Appointed as Chief Customer Officer in 2021



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



David Gooch
Appointed as Executive Director of Development (London and Hertfordshire) in 2023 – left in April 2025



Tom Titherington
Appointed as Chief Investment and Development Officer in 2019 – left in March 2025

Compliance with the Regulator of Social Housing's Consumer, Governance and Financial Viability Standards

SNG's Board has carefully considered the requirements of the regulatory standards and has 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 RSH's regulatory standards during the reporting period ended 31 March 2025.

The Board has assessed its compliance against its adopted Code of Governance and is satisfied that the organisation's governance is compliant with the principles and material aspects of the code and is supported by its internal controls, policies and procedures, subject to some minor departures.

In order to provide continuity through the merger with Network Homes, one of SNG's non-executive Board members (Stuart Laird) remained in post following the completion of his permitted term of office. Stuart stood down in October 2024, having served for 10 years which is beyond the maximum of nine years set out in provision 3.7(3) of SNG's adopted Code of Governance. As at the date of SNG's 2025 AGM, three non-executive Board members (Jenny Dykes, Jon Gooding and Angela Williams) will have served in excess of six years. Jenny Dykes will stand down as a Board member at the AGM and Jon Gooding and Angela Williams will stand down at the 2026 AGM.

In the period up to 31 July 2024, the Board had 13 members in total, those being three executives and 10 non-executives. Following the completion of the permitted term of office by one non-executive Board member in July 2024, the number of Board members reduced to 12. The Code of Governance requires that the board have between five and 12 members, including any co-optees and executive members (provision 3.3(2)).

As required by provision 3.9(1) of the Code of Governance, a Governance Effectiveness review is usually carried out annually.

An independent review was last completed by Campbell Tickell in February 2023 and presented to the Board.

The Board did not carry out an effectiveness review in 2024 since the items required to be considered by such a review were considered as part of the merger discussions and documentation in the latter half of 2023 and into 2024.

An independent review took place in May 2025.

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 2025.

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.

Appointment of the external auditor

It is SNG's policy to retender the external audit every seven years. 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. A decision to procure external auditors via competitive tender for future external audits was approved by the Audit and Risk Committee in November 2024.



Three Oaks development, Isle of Wight

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 executive officers, as well as 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 procedures, the Risk Management Framework, and the annual financial statements.

The Committee includes two Non-Executive Board members and two 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 meets at least five times a 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 continued to review the development of SNG's risk management framework, monitored its risk appetite and SNG's key strategic risks. The Committee also approved the renewal of SNG's insurance programme, taking into account the organisation's principal risks.

Key focus areas for internal audit for the relevant period included IT, data management and income, arrears, rents, and service charge processes.

SNG continued its co-sourced internal audit approach, following the agreed internal audit plan, and the Audit and Risk Committee monitored the effectiveness of these arrangements on an ongoing basis throughout 2024/25.

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 focussing on areas such as Building Safety Compliance, Occupational Health and Safety and any other Principal Risks where SNG is outside of risk appetite.

The Committee will also continue with its full and rolling annual workplan, which for 2025-26, 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.

"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 we are outside of risk appetite."



Merchant Street,
Brent Cross
Pic credit: Argent



“The Remuneration and Nominations Committee 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.”

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.

As at 31 March 2025, the Committee consisted of one Non-Executive Board member, two independent members and the Chief Financial Officer. The Committee is also supported by independent treasury advisers and met eight times during the year.

The establishment of a £1.5bn Euro Medium Term Note (‘EMTN’) programme was a key focus for the Committee, with a view to supporting flexible access to capital markets. In concert with this, 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 £530m in 2024–25 including new sustainability-linked loans.

The Committee also reviewed SNG’s credit rating strategy and legacy derivative portfolio, including authorising the partial restructure of the latter to mitigate treasury risk and optimise security efficiency.

The Committee continues to review our 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 2025–26, 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:
Quince Avenue,
Wichelstowe

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, and to 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 the trustees of the Community Foundation and Chair of the Major Projects Committee (also a Board member).

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 bonus framework and continued to review its progress during the period. The Committee 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. The Committee also reviewed non-executive and executive remuneration arrangements.

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 including the successful conclusion of arrangements with SNG’s four Local Government Pension Scheme providers and a new pension provider for SNG.

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.

As at 31 March 2025, the Committee's membership included three Non-Executive Board members (one of whom chairs the Committee) and an independent Non-Executive member.

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. In September 2024, the Committee scrutinised new group-wide development hurdle rates and assumptions, recommending them to the Board for approval.

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. This includes continuing to embed the Homes and Place standard and reviewing new joint venture and regeneration opportunities that deliver our strategy; and ensuring the right delegations are in place to ensure the strategy can achieve its goals and remain within business plan.

"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."

Below:
Borders Lane,
Epping Forest



Risk context

Managing risk

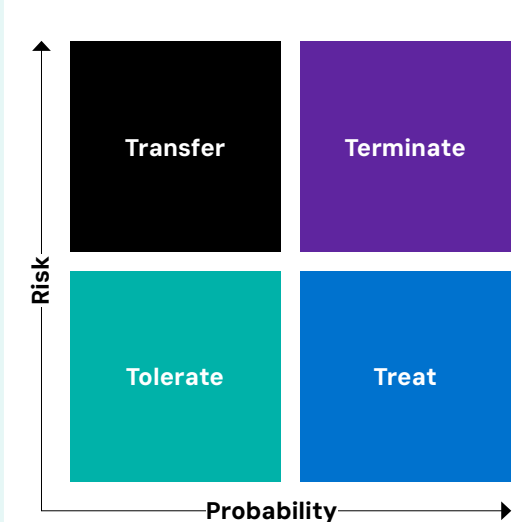
SNG recognises that a robust Risk Management Framework (RMF) is central to the organisation’s resilience. It ensures that SNG operates within the risk and reward parameters the Board sets, enabling it to achieve its strategic goals and operating, reporting, and compliance objectives through identifying, assessing, and mitigating risks so they are within the Board’s risk appetite.

The Board retains accountability for actively managing the risks faced by the organisation and obtaining assurance that controls are effective. Whilst the Board ensures an effective risk management framework

is in place, the Audit and Risk Committee provides the Board with assurance through maintaining the framework and scrutinising and challenging the execution of risk management activities in line with the framework.

SNG’s Risk Management Framework is a comprehensive approach to managing uncertainty and ensuring organisational resilience. By fostering a culture of risk awareness and leveraging robust processes, SNG is well-positioned to achieve its goals while adapting to an ever-changing environment.

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

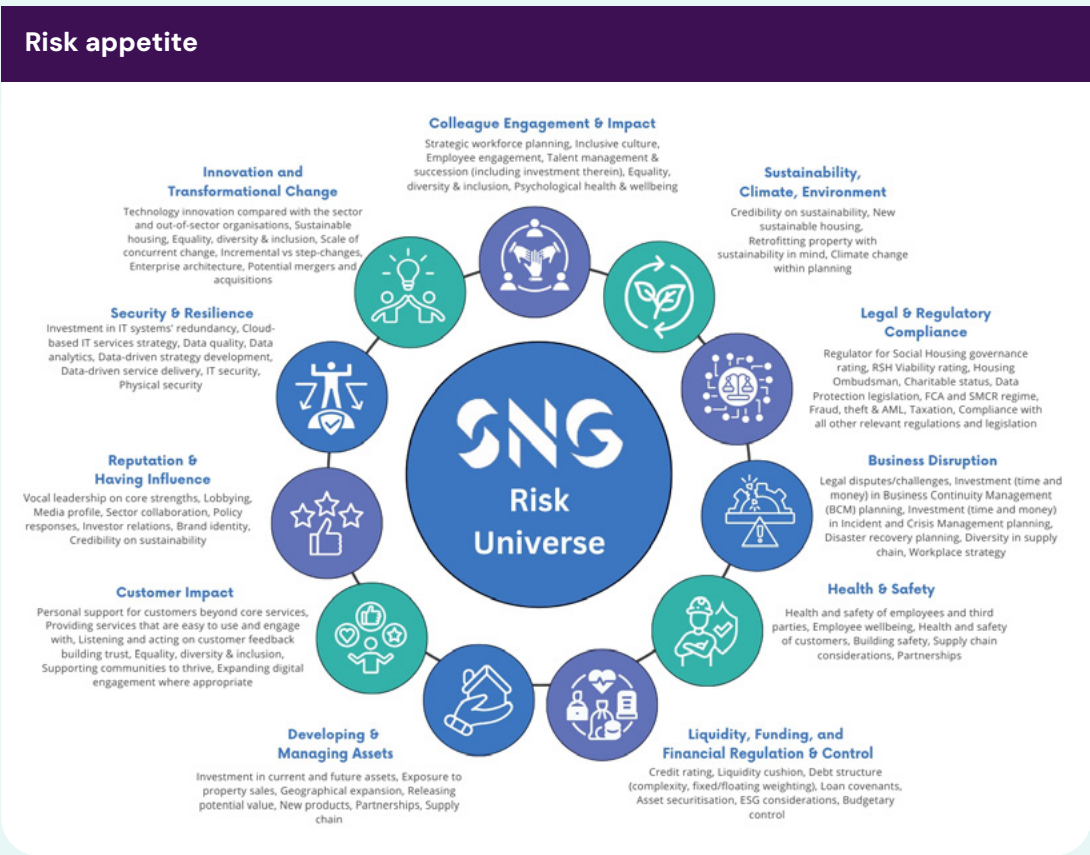
Risk appetite

The Board sets its appetite with a five-year time-horizon, so SNG has certainty for designing its strategies and plans in line with its appetite for risk. The Board reviews its risk appetite every year in case significant changes in our operating environment mean we should change our appetite for any categories of our Risk Universe. It provides clarity to the organisation on how much risk the Board is willing to accept as SNG achieves its goals and objectives. The Board sets its risk appetite at one of five levels: hungry, open, cautious, minimal, averse.

For each category of the Risk Universe, a set of appetite statements show the approach we would take to a particular topic if the Board set its appetite at that level. These statements help the Board decide which level of appetite they have for each category. They also help SNG translate the Board’s intent into day-to-day decision-making.

We have 11 categories of the Risk Universe, of which five have an ‘open’ appetite, one is set at ‘averse’, two at ‘minimal’, two at ‘cautious’, and one at ‘hungry’.

With regards to matters of health and safety the Board has set an ‘averse’ risk appetite. This means we often go further than required by relevant laws and regulations to reduce the risk as low as reasonably possible. ‘Legal, Regulatory and Compliance’, and ‘Sustainability, Environment and Climate Change’ are set as ‘minimal’ where we take only essential risks, while ensuring compliance.



“During the year, we added AI as a Principal Risk; mitigation activity continues in this area as we build a specialist team with the knowledge to embrace the opportunities and manage the downside risks.”

Identifying and mitigating risks

To identify risks, we start from SNG’s goals and objectives. Risks are only relevant to the extent they may impact what we are trying to achieve – whether that’s improving our customers’ experience, building more high-quality homes, or keeping people safe. We seek input from all parts of SNG, including our joint ventures and other partners; those who are closest to where the risks occur are best placed to identify them and understand how best to deal with them. We also use our risk foresight process to identify risks early as they emerge, giving us time to design and implement appropriate mitigations.

It is important to recognise the external factors that may cause risk to SNG. We use a variety of sources, including the Regulator’s sector risk profile and peers in the sector. We also refer to out-of-sector organisations that are considered leaders in managing risk. This process gives the Board assurance that we understand our risk profile and identify risks early as they emerge, giving us time to determine whether existing controls already mitigate those risks to within our appetite, or whether they require further controls to bring them within our risk appetite.

We have identified 14 Principal Risks that present the most significant threats to SNG achieving its goals. All Principal Risks are owned by a member of the Executive Board and are examined at Executive Board, Audit and Risk Committee, and Board on a quarterly basis.

Environmental and climate change risks are an increasingly relevant part of our landscape and, during the year we added this to our Risk Universe as a new Category. We also commissioned a report on predicted climate change hazards in our areas of operation. The key risks highlighted by this study are increased flooding, heatwaves and prolonged drought, all of which are carefully considered in our investment in assets strategy.

We recognise both the risk and opportunities from the rate of digital change and the increased use of Artificial Intelligence (AI). During the year, we added AI as a Principal

Risk; mitigation activity continues in this area as we build a specialist team with the knowledge to embrace the opportunities and manage the downside risks.

The Board is satisfied that, with the changes made to the Principal Risks, during the year they accurately represent the most significant risks to SNG. The direct line of sight to the lower-level risks that contribute to those Principal Risks, the controls that mitigate them, and the assurance over the effectiveness of those controls, gives the Board confidence SNG’s risks are being well managed.

Early warning reporting

In October 2024, an early warning reporting process was implemented which monitors SNG’s exposure to 17 financial indicators, reporting monthly to Executive Board and quarterly to Board and linked to the corporate risk register. It measures the compounding effect of adverse movements in these indicators and provides clear trigger points for the implementation of mitigating actions to protect the group’s financial strength.

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 sub-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, and the Major Projects Committee regularly considers all new investment and development opportunities.



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 has made Organisational Resilience one of the five goals of SNG’s Corporate Plan. 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 is concerned to ensure 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:
Wichelstowe,
Swindon

Financial statements 2024-25



Merrick Place,
Southall

Statement of Board’s responsibilities

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 those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including 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 and the Statement of Recommended Practice 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 it either intends to liquidate the Group or the Association or to cease operations, or has 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, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of 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. Sovereign Network Group continues to meet the principles and material obligations of the Code, with only minor departures as explained below.

In order to provide continuity through the merger with Network Homes, one of SNG’s non-executive Board members (Stuart Laird) remained in post following the completion of his permitted term of office. Stuart stood down in October 2024, having served for 10 years which is beyond the maximum of nine years set out in provision 3.7(3) of SNG’s adopted Code of Governance. As at the date of SNG’s 2025 AGM, three non-executive Board members (Jenny Dykes, Jon Gooding and Angela Williams) will have served in excess of six years. Jenny Dykes will stand down as a Board member at the AGM and Jon Gooding and Angela Williams will stand down at the 2026 AGM.

In the period up to 31 July 2024, the Board had 13 members in total, those being three executives and 10 non-executives. Following the completion of the permitted term of office by one non-executive

Board member in July 2024, the number of Board members reduced to 12. The Code of Governance requires that the board have between five and 12 members, including any co-optees and executive members (provision 3.3(2)).

As required by provision 3.9(1) of the Code of Governance, a Governance Effectiveness review is usually carried out annually.

An independent review was last completed by Campbell Tickell in February 2023 and presented to the Board.

The Board did not carry out an effectiveness review in 2024 since the items required to be considered by such a review were considered as part of the merger discussions and documentation in the latter half of 2023 and into 2024.

An independent review took place in May 2025.

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 review 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 account of any changes needed to maintain the effectiveness of the risk management and control processes.

This Strategic Report, Board Report and the Statement of Board’s Responsibilities were approved on 15 August 2025 and signed on its behalf by:

BY ORDER OF THE BOARD

Charlotte Ferris

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 (formerly Sovereign Housing Association Limited) for the year ended 31 March 2025 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 in 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 affairs of the Group and the Association as at 31 March 2025 and of the income and expenditure of the Group and the 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;
 - 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 and 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, the 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. This included communication from the Group audit team to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

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 judgements.

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 all full scope components based on risk criteria and comparing the identified entries to supporting documentation. For the Association these criteria included unusual or unexpected account combinations with revenue and unusual or unexpected account combinations with cash.
- Selected a sample of development sales revenue recognised either side of the balance sheet date and ensured the sale completed in the period where it is recorded.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-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, pensions 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 these 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 84, the Association’s Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and the Association’s ability to continue as a going concern, disclosing, as

applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the Association or to cease operations, or has 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 and section 128 of the Housing and Regeneration Act 2008. 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



Mark Dawson
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
 One Snowhill
 Snow Hill Queensway
 B4 6GH
 18 August 2025

Consolidated and Association Statement of Total Comprehensive Income
For the year ended 31 March 2025

	Note	Group		Association	
		2025 £ m	2024 £ m	2025 £ m	2024 £ m
Turnover	4a	794.2	707.8	731.3	666.5
Cost of sales	4a	(110.4)	(91.5)	(77.5)	(71.6)
Operating expenditure	4a	(525.1)	(466.6)	(498.1)	(450.8)
Sale of housing properties	4a	52.0	33.1	51.8	33.8
Movement in fair value of investment properties	4a	(5.5)	(11.3)	(2.0)	(5.7)
Operating surplus	4a	205.2	171.5	205.5	172.2
Gift Aid		-	-	7.7	2.3
Gain/(loss) on disposal of plant and equipment	13	0.1	1.6	0.1	1.7
Interest receivable and similar income	9	12.8	15.2	17.2	21.3
Interest and financing costs	10	(147.4)	(127.7)	(149.0)	(131.6)
Share of operating surplus in joint ventures	16	-	2.6	-	-
Movement in fair value of financial instruments	29	4.1	(0.3)	4.1	(0.3)
Surplus before tax	8	74.8	62.9	85.6	65.6
Taxation	11	-	-	-	-
Surplus for the year		74.8	62.9	85.6	65.6
Actuarial gain/(loss) in respect of pension schemes	28	9.0	(0.7)	9.0	(0.7)
Changes in fair value of hedged financial instruments	29	1.1	3.3	1.1	3.3
Total comprehensive income for the year		84.9	65.5	95.7	68.2

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 15 August 2025 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 2025

		Group		Association	
	Note	2025 £ m	2024 £ m	2025 £ m	2024 £ m
Fixed assets					
Social housing properties	12	7,587.6	7,049.0	7,591.3	7,058.8
Other fixed assets	13	63.9	60.2	63.9	60.2
Investment properties	14	136.3	151.8	103.8	115.1
		7,787.8	7,261.0	7,759.0	7,234.1
Financial assets	15	11.8	13.8	116.8	118.7
Investments in joint ventures	16	6.7	8.7	-	-
Investments – Shared equity loans	17	11.9	12.3	11.9	12.3
Debtors: amounts falling due after more than one year	18	50.3	53.8	143.5	133.6
Total fixed assets		7,868.5	7,349.6	8,031.2	7,498.7
Current assets/(liabilities)					
Stocks	19	112.1	139.8	87.9	113.2
Debtors: falling due within one year	18	158.1	113.2	143.6	95.1
Pension	28	5.0	-	5.0	-
Cash and cash equivalents	20	118.7	80.7	108.9	70.6
		393.9	333.7	345.4	278.9
Creditors: amounts falling due within one year	21	(383.0)	(360.1)	(427.9)	(406.8)
Net current assets		10.9	(26.4)	(82.5)	(127.9)
Creditors: amounts falling due after more than one year	22	(5,074.4)	(4,578.7)	(5,078.8)	(4,573.9)
Provisions for liabilities		-	-	-	-
– Other	24	(21.1)	(33.8)	(18.0)	(28.9)
– Pension	28	-	(11.8)	-	(11.8)
Total net assets		2,783.9	2,698.9	2,851.9	2,756.2
Capital and reserves					
Called up share capital	30, 31	-	-	-	-
Income and expenditure reserve	31	2,449.7	2,348.7	2,306.9	2,195.5
Revaluation reserve	31	314.4	331.5	525.2	542.0
Hedging reserve	31	19.8	18.7	19.8	18.7
Total reserves		2,783.9	2,698.9	2,851.9	2,756.2

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 15 August 2025 and were signed on its behalf by:

Paul Massara
Chair

Mark Washer
Chief Executive

Charlotte Ferris
Company Secretary

Consolidated Statement of Changes in Reserves As at 31 March 2025

	Income and expenditure reserve	Revaluation reserve	Hedging reserve	2025 Total	2024 Total
	£ m	£ m	£ m	£ m	£ m
As at 1 April	2,348.7	331.5	18.7	2,698.9	2,633.4
Surplus from statement of comprehensive income	74.8	-	-	74.8	62.9
Transfer from revaluation reserve to income and expenditure reserve	17.1	(17.1)	-	-	-
Actuarial gain/(loss) in respect of pension schemes	9.0	-	-	9.0	(0.7)
Movement in fair value of financial derivatives	-	-	1.1	1.1	3.3
As at 31 March	2,449.7	314.4	19.8	2,783.9	2,698.9

Association Statement of Changes in Reserves As at 31 March 2025

	Income and expenditure reserve	Revaluation reserve	Hedging reserve	2025 Total	2024 Total
	£ m	£ m	£ m	£ m	£ m
As at 1 April	2,195.5	542.0	18.7	2,756.2	2,688.0
Surplus from statement of comprehensive income	85.6	-	-	85.6	65.6
Transfer from revaluation reserve to income and expenditure reserve	16.8	(16.8)	-	-	-
Actuarial gain/(loss) in respect of pension schemes	9.0	-	-	9.0	(0.7)
Movement in fair value of financial derivatives	-	-	1.1	1.1	3.3
As at 31 March	2,306.9	525.2	19.8	2,851.9	2,756.2

Consolidated Statement of Cash Flows As at 31 March 2025

	Note	2025 £ m	2024 £ m
Cash flow from operating activities			
Surplus for the year		74.8	62.9
Adjustments for non-cash items			
Depreciation of fixed assets		99.9	91.0
Decrease in stock		63.6	34.6
(Increase)/Decrease in trade and other debtors		(32.7)	(4.3)
Increase/(Decrease) in trade and other creditors		15.1	(25.5)
(Decrease)/Increase in provisions		(17.2)	3.7
Pension costs less contributions payable		(5.8)	(5.8)
Carrying amount of tangible fixed asset disposals		76.5	98.9
Impairment	8, 12, 13	4.7	4.6
Fair value movements in investment properties	14	5.5	11.3
Share of operating surplus in associate		-	(2.6)
Adjustments for investing or financing activities:			
Proceeds from the sale of tangible fixed assets		(133.8)	(139.9)
Interest payable	10	147.4	127.7
Interest receivable	9	(12.8)	(15.2)
Cash from operations		285.2	241.4
Corporation tax		-	-
Net cash inflow from operating activities		285.2	241.4
Cash flow from investing activities			
Net return on investment in jointly controlled entities	16	2.0	-
Shared equity investments		0.4	0.6
Purchase of tangible fixed assets		(734.0)	(545.0)
Proceeds from sale of tangible fixed assets		133.8	145.2
Grants received	25	79.7	37.9
Interest received		7.0	8.2
Net cash used in investing activities		(511.1)	(353.1)
Cash flow from financing activities		-	-
Interest paid		(169.3)	(147.2)
Interest element of finance lease rental payment		(0.2)	(0.3)
Movement in collateral deposits		-	(0.5)
New secured loans		654.6	870.8
Repayment of borrowings		(220.9)	(676.8)
Capital element of finance lease rental payments		(0.3)	(0.3)
Withdrawal from deposits		-	-
Net cash from financing activities		263.9	45.7
Net change in cash and cash equivalents		38.0	(66.0)
Cash and cash equivalents at beginning of the year	20	80.7	146.7
Cash and cash equivalents at end of the year	20, 34	118.7	80.7

The accompanying notes form part of the financial statements.

Notes to the financial statements

For the year ended 31 March 2025

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 £761m at 31 March 2025 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 30-year Business Plan presented to and approved by Board in June 2025 demonstrated ongoing compliance with all financial covenants throughout the life of the plan with comfortable headroom.

Housing loans contain a range of covenants and cross-default clauses. As described in note 23 there is an administrative condition with two lenders for all members of the Group including subsidiaries to have positive net assets. As explained in the Subsequent event note 37, waivers were received from these lenders in July 2025 in order to address any potential risk arising after the balance sheet date from those two lenders. These waivers state the lenders waive any breach that has or may have occurred or that may occur in relation to the subsidiaries net asset position. In addition, based on external legal advice obtained, the Board are confident that it is highly unlikely that there would be any claims in cross-default clauses.

The 30-year 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) Merger

On 1 October 2023 Sovereign Housing Association Limited and its subsidiaries and Network Homes Limited and its subsidiaries merged to become Sovereign Network Group by Sovereign Network Homes becoming a wholly owned subsidiary of Sovereign Housing Association Limited.

On 31 March 2025 a Transfer of Engagements, conducted under section 110 of the Co-Operative Benefit Societies Act 2014, took place resulting in the statutory vesting of all the assets and liabilities of Sovereign Network Homes into Sovereign Housing Association Limited.

On 1 April 2025 Sovereign Housing Association Limited legally changed its name to Sovereign Network Group.

In accordance with FRS 102 both transactions have been accounted for as a merger and these financial statements have been prepared as if Sovereign Network Group had existed since the start of the previous reporting period.

(e) 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.

(f) 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 aerals 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.

(g) 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.

(h) 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.

(i) Pension costs

During the year, the Association participated in six multi-employer defined benefit pension schemes, all of which are now closed to new members. On the 31 March 2025, the Association transferred relevant scheme assets and liabilities out of the Social Housing Pension Scheme (SHPS), a multi employer scheme, into the Sovereign Pension Plan (SPP). The Association also participates in defined contribution money

purchase pension schemes, 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 Total 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.

Defined contribution schemes

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

(j) 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.

(k) 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.

(l) Leased assets

Operating leased assets

Rentals paid under operating leases are charged to the Statement of Total 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 Total Comprehensive Income in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the lease term.

(m) 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 Total 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 Total 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.

(n) 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.

(o) Depreciation

Freehold land is not depreciated. Depreciation is charged 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	20–40 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	3–10 years
Computer equipment	2–5 years
Motor vehicles	over life of hire purchase contract or 5 years
Leasehold premises	over life of lease
Leasehold office improvements	10 years
Freehold offices	50–100 years
Scheme furniture and equipment	3–10 years
Scheme lifts	15–30 years

(p) 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 during the construction of the property up to the date of practical completion.

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.

(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

Housing loans

As at 31 March 2025, four subsidiaries to the Association had net liabilities totalling £4.3m, representing –0.15% of Group net assets. A similar occurrence happened in the prior year with net liabilities totalling £2.1m (–0.08% of Group net assets). Loan agreements with two lenders include a clause noting that subsidiary entities should not have net liabilities. In order to address any potential risk the Association has after the balance sheet date obtained waivers from those two lenders which state that the lenders waive any breach that has or may have occurred or that may occur and therefore cannot be called in relation to the net liabilities now or in the future. These loans totalled £275m (2024: £283m) and £129m (2024: £136m) for the Group and Association respectively.

In addition, around 60% of the group’s debt include cross-default clauses which are included in the amounts repayable after more than one year, whereas other housing loans had cross-acceleration clauses. Based on the review of the relevant loan agreements and associated terms, the waivers obtained and external legal advice the Board have taken the judgement that the situation did not give rise to cross-default on other loans.

Accounting standards require liabilities are classified as non-current only if the entity has an unconditional right at the balance sheet date to defer payment for at least 12 months. Despite what may indicate an initial breach regarding negative net assets and a possible existence of cross-default, the Board’s judgement is that the Association had an unconditional right at the balance sheet date to defer payment of the loans for a period of at least twelve months after the balance sheet date and therefore the Board is satisfied with the presentation of these loans as non-current creditors. This is based on review of the relevant loan agreements and associated terms, the waivers obtained and external legal advice received by the Board.

Investment properties

The valuation exercise was carried out in March/April 2025 with a valuation date of 31 March 2025. 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 out turn 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.

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

Group	Note	Turnover	Cost of sales	Operating costs	Other	2025 Operating surplus	2024 Operating surplus
		£ m	£ m	£ m	£ m	£ m	£ m
Income and expenditure from social housing lettings:							
Housing accommodation		551.1	-	(423.7)	-	127.3	110.3
Shared ownership accommodation		66.7	-	(56.2)	-	10.5	22.6
	4b	617.8	-	(480.0)	-	137.8	132.9
Other social housing income and expenditure:							
Income from Group undertakings		-	-	-	-	-	(0.3)
External income generated from development services		-	-	(3.0)	-	(2.9)	(0.2)
Community investment		-	-	(6.5)	-	(6.5)	(4.7)
London Living (Build to Rent)		7.0	-	(1.7)	-	5.3	4.5
Other		9.8	-	(3.9)	-	5.9	3.3
		16.8	-	(15.1)	-	1.7	2.6
Development for sale							
Shared ownership first tranche sales		90.1	(77.5)	(3.7)	-	8.9	12.2
		90.1	(77.5)	(3.7)	-	8.9	12.2
Total social housing activities		724.7	(77.5)	(498.7)	-	148.5	147.7
Non-social housing activities							
Market rented properties		8.3	-	(0.7)	-	7.7	2.3
Commercial properties		4.7	-	(6.3)	-	(1.6)	(0.9)
Outright sales		9.5	(8.6)	-	-	0.9	2.3
Fully staircased properties		2.1	-	(7.4)	-	(5.2)	(2.1)
Construction services and other		44.9	(24.4)	(12.0)	-	8.5	0.4
		69.6	(32.9)	(26.4)	-	10.2	2.0
Other activities							
Housing assets disposals		-	-	-	52.0	52.0	33.1
Movement in fair value of investment properties		-	-	-	(5.5)	(5.5)	(11.3)
		-	-	-	46.5	46.5	21.8
Total		794.2	(110.4)	(525.1)	46.5	205.2	171.5

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

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

Association	Note	Turnover	Cost of sales	Operating costs	Other	2025 Operating surplus	2024 Operating surplus
		£ m	£ m	£ m	£ m	£ m	£ m
Income and expenditure from social housing lettings:							
Housing accommodation		541.3	-	(412.3)	-	129.0	114.1
Shared ownership accommodation		63.6	-	(53.0)	-	10.7	20.2
	4b	604.9	-	(465.2)	-	139.7	134.3
Other social housing income and expenditure:							
Income from Group undertakings		0.1	-	-	-	0.1	0.2
External income generated from development services		-	-	(3.0)	-	(3.0)	-
Community investment		-	-	(6.5)	-	(6.5)	(4.6)
London Living (Build to Rent)		7.0	-	(1.7)	-	5.3	4.5
Other		9.8	-	(3.9)	-	5.9	3.0
		16.9	-	(15.0)	-	1.9	3.1
Development for sale							
Shared ownership first tranche sales		90.1	(77.5)	(3.7)	-	8.9	12.2
		90.1	(77.5)	(3.7)	-	8.9	12.2
Total social housing activities		711.9	(77.5)	(483.9)	-	150.5	149.6
Non-social housing activities							
Market rented properties		5.8	-	(0.4)	-	5.3	(0.6)
Commercial properties		4.4	-	(6.3)	-	(1.9)	(0.4)
Outright sales		-	-	-	-	-	-
Fully staircased properties		8.4	-	(7.4)	-	1.0	(5.2)
Construction services and other		0.8	-	-	-	0.8	0.6
		19.4	-	(14.2)	-	5.2	(5.5)
Other activities							
Housing assets disposals		-	-	-	51.8	51.8	33.8
Movement in fair value of investment properties		-	-	-	(2.0)	(2.0)	(5.7)
		-	-	-	49.8	49.8	28.2
Total		731.3	(77.5)	(498.1)	49.8	205.5	172.2

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

4b. Income and expenditure from social housing lettings

Group	General needs	Shared ownership	Supported housing/ Housing for older people	Intermediate Keyworker	Other	2025 Total	2024 Total
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Rent receivable net of identifiable service charges	453.8	50.1	29.6	20.6	3.9	558.0	510.2
Service charges	17.0	15.6	11.6	5.0	0.1	49.3	44.9
Supporting people block subsidy	(0.3)	-	0.3	-	-	0.1	0.1
Amortised government grants	7.4	1.1	0.9	0.8	0.3	10.4	10.3
Other income	-	-	-	-	-	-	0.6
Turnover from social housing lettings	478.0	66.7	42.4	26.4	4.3	617.8	566.1
Management	(114.1)	(21.7)	(8.1)	(7.6)	(1.8)	(153.4)	(141.9)
Service costs	(40.8)	(6.0)	(4.6)	(0.7)	(0.3)	(52.4)	(46.8)
Routine maintenance	(84.8)	(10.8)	(3.8)	(1.9)	(0.9)	(102.2)	(77.6)
Planned maintenance	(36.5)	(5.1)	(1.8)	(1.1)	(0.4)	(44.9)	(48.5)
Major repairs expenditure	(6.2)	(0.7)	(0.3)	(0.2)	-	(7.4)	(12.6)
Bad debts	(2.2)	0.2	(0.2)	(0.3)	-	(2.4)	(0.8)
Depreciation of housing property	(74.5)	(8.6)	(5.8)	(5.7)	(1.4)	(96.0)	(85.0)
Impairment	-	(1.1)	-	-	(0.2)	(1.3)	(4.1)
Lease Costs	(7.6)	(1.2)	(0.4)	(0.7)	(1.5)	(11.5)	(9.7)
Other costs	(6.5)	(1.2)	(0.4)	(0.2)	(0.1)	(8.4)	(6.4)
Operating costs on social housing activities	(373.3)	(56.2)	(25.5)	(18.2)	(6.7)	(480.0)	(433.2)
Operating surplus on social housing activities	104.7	10.5	16.9	8.1	(2.4)	137.8	132.9
Rent receivable is net of void losses of:	5.2	-	0.6	2.6	-	8.4	8.3

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	Shared ownership	Supported housing/ Housing for older people	Intermediate Keyworker	Other	2025 Total	2024 Total
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Rent receivable net of identifiable service charges	446.6	49.4	29.3	20.6	3.9	549.8	503.1
Service charges	15.0	13.1	11.3	5.0	0.1	44.6	23.4
Supporting people block subsidy	(0.3)	-	0.3	-	-	0.1	14.8
Amortised government grants	7.4	1.1	0.9	0.8	0.3	10.4	10.3
Turnover from social housing lettings	468.8	63.6	41.8	26.4	4.3	604.9	551.6
Management	(107.9)	(19.9)	(7.7)	(7.6)	(1.8)	(144.8)	(131.8)
Service costs	(38.1)	(5.1)	(4.4)	(0.7)	(0.3)	(48.7)	(42.4)
Routine maintenance	(83.8)	(10.5)	(3.7)	(1.9)	(0.9)	(100.8)	(76.4)
Planned maintenance	(36.1)	(4.9)	(1.8)	(1.1)	(0.4)	(44.3)	(48.1)
Major repairs expenditure	(6.2)	(0.7)	(0.3)	(0.2)	-	(7.4)	(12.6)
Bad debts	(2.1)	0.2	(0.2)	(0.3)	-	(2.4)	(0.8)
Depreciation of housing property	(74.5)	(8.6)	(5.8)	(5.7)	(1.4)	(96.0)	(85.0)
Impairment	-	(1.1)	-	-	-	(1.1)	(4.1)
Lease Costs	(7.6)	(1.2)	(0.4)	(0.7)	(1.5)	(11.5)	(9.7)
Other costs	(6.5)	(1.2)	(0.4)	(0.2)	(0.1)	(8.3)	(6.4)
Operating costs on social housing activities	(362.8)	(53.0)	(24.8)	(18.2)	(6.5)	(465.2)	(417.4)
Operating surplus on social housing activities	106.0	10.7	17.0	8.2	(2.2)	139.7	134.3
Rent receivable is net of void losses of:	5.0	-	0.6	2.6	-	8.1	5.9

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	2025 £	2024 £
Board and committee members received emoluments totalling	185,954	238,625

No expenses paid to Board members are subject to income tax (2024: £nil).
No additional remuneration was paid to subsidiary Board members during the year (2024: nil).

Executive directors’ emoluments

The level of emoluments to members of the Executive Board during 2024/25 is shown below

	2025 £'000	2024 £'000
Emoluments (including pension contributions and benefits in kind)	3,371	2,933
Total pension contributions to Executive Officers	249	205
Emoluments (excluding pension contributions and payments in lieu of pension contributions) include amounts paid to the highest paid director. The Chief Executive was the highest paid Director	378	349
Pension contributions, or pay in lieu thereof, in respect of the highest paid Director	41	38
Aggregate total of compensation paid to Directors in respect of loss of office	102	-

Executive director remuneration as a £ per owned unit basis is shown below

	2025 £	Restated 2024 £
Chief executive remuneration per home	5.27	4.46
Executive remuneration per home	42.47	37.42

Units 2025: 79,369 (Restated 2024: 78,387)

The restated 2024 amounts are due to a restatement of 2024 unit numbers (see Note 7).

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 (2024: £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 2025, shown in bands of £10,000.

Salary £'000	2025 Number	Restated 2024 Number
>60 to 70	167	148
>70 to 80	100	77
>80 to 90	68	70
>90 to 100	67	46
>100 to 110	23	22
>110 to 120	18	16
>120 to 130	12	9
>130 to 140	5	4
>140 to 150	3	4
>150 to 160	-	6
>160 to 170	5	4
>170 to 180	6	8
>180 to 190	6	1
>190 to 200	4	3
>200 to 210	2	2
>210 to 220	2	-
>220 to 230	2	3
>230 to 240	2	-
>260 to 270	1	2
>270 to 280	-	2
>280 to 290	3	-
>290 to 300	-	2
>300 to 310	2	1
>310 to 320	2	-
>400 to 410	-	1
>410 to 420	1	-
	501	431

2024 numbers have been restated to include total remuneration to ensure comparison with 2025.

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	
	2025 FTE	2024 FTE	2025 FTE	2024 FTE
Expressed in full time equivalents (FTE):				
Central administrative services	803	803	803	803
Developing or selling housing properties	162	159	162	159
Managing or maintaining properties	1,894	1,756	1,894	1,756
Staff providing support to Customers	113	94	113	94
	2,972	2,812	2,972	2,812

	Group		Association	
	2025 £ m	2024 £ m	2025 £ m	2024 £ m
Staff costs (for the above persons):				
Wages and salaries	135.8	124.2	135.8	124.2
Social security costs	13.9	12.6	13.9	12.6
Pension costs	8.2	7.4	8.2	7.4
	157.9	144.2	157.9	144.2

7. Number of units in management

	Group		Association	
	2025 Units	Restated 2024 Units	2025 Units	2024 Units
Owned and managed:				
General needs	48,482	48,377	47,591	47,485
General needs – affordable	10,599	10,055	10,579	10,035
Shared ownership	10,836	10,439	10,795	10,390
Housing for older people	3,647	3,642	3,582	3,596
Housing for older people – affordable	85	85	72	72
Supported	1,017	894	971	848
Intermediate Keyworker	2,948	2,958	2,948	2,958
Intermediate market rent	935	816	935	816
Other social	10	286	10	286
Non-social – market rent	223	305	223	305
Non-social – other	85	128	85	128
Managed not owned:				
Owned by an external company – social	15	18	15	18
Owned by an external company – non-social	5,300	5,970	4,641	5,319
Owned by an external company – keyworker	–	–	–	–
Total in management	84,182	83,973	82,447	82,256
Owned and not managed:				
Managed by third parties	779	794	2,514	1,860
Freehold/Long leasehold (incl. Right to Buy leasehold)	16	23	16	674
Total owned not managed	795	817	2,530	2,534
Total owned or managed	84,977	84,790	84,977	84,790

The 2024 unit numbers have been restated to ensure consistency with the previously published regulatory Statistical Data Return.

8. Surplus on ordinary activities before taxation

	Group		Association	
	2025 £ m	2024 £ m	2025 £ m	2024 £ m
Surplus on ordinary activities before taxation is stated after charging:				
Depreciation and amortisation:				
– housing properties and other owned assets	100.0	95.1	100.0	95.0
Rentals payable:				
– plant, vehicles, machinery and other assets	11.1	9.8	11.1	9.8
Auditor's remuneration:				
– in their capacity as auditor – KPMG	0.7	0.4	0.6	0.4
– in their capacity as auditor – BDO	-	0.3	-	0.2
– in respect of other work	-	-	-	-
Other:				
– impairment of social housing property	3.7	4.1	3.7	4.1
– amortised government grants	(7.0)	(7.2)	(7.0)	(7.2)

In addition to remuneration paid to KPMG in their capacity as auditors, in 2025 SNG paid KPMG £72k in respect of the EMTN Establishment which has been capitalised.

9. Interest receivable and similar income

	Group		Association	
	2025 £ m	2024 £ m	2025 £ m	2024 £ m
Interest receivable on investments	7.6	6.9	7.6	6.9
Interest receivable on bank deposits	2.2	3.7	2.1	3.6
Interest receivable from Group undertakings	-	-	6.9	6.7
Interest receivable from Others	3.0	4.6	0.6	4.1
Interest receivable and similar income	12.8	15.2	17.2	21.3

Interest receivable from Others includes interest receivable from Group investments in joint ventures and £57k (2024: £3,4m) of amortised interest relating to the restructuring of financial instrument.

10. Interest payable and financing costs

	Group		Association	
	2025 £ m	2024 £ m	2025 £ m	2024 £ m
In respect of loans:				
Interest payable on loans and bank overdrafts	(171.5)	(153.1)	(120.2)	(121.2)
Interest receivable on hedging arrangements	3.7	2.7	3.7	2.7
Interest receivable on hedging arrangements – non cash	0.9	3.3	0.9	3.3
Interest payable to Group undertakings	-	-	(52.8)	(34.8)
Interest payable on recycled capital grant and disposal proceeds funds	(0.5)	(0.6)	(0.5)	(0.6)
Interest payable on finance leases	(0.2)	(0.3)	(0.2)	(0.3)
Loan costs or other financing costs	(3.5)	(3.0)	(3.2)	(3.1)
Interest payable	(171.1)	(150.9)	(172.3)	(153.8)
Less interest capitalised	24.1	24.3	23.7	23.3
	(147.0)	(126.6)	(148.6)	(130.5)
Net interest payable on pension liabilities	(0.4)	(1.1)	(0.4)	(1.1)
Interest and financing costs	(147.4)	(127.7)	(149.0)	(131.6)

Interest has been capitalised on active development schemes at a range of 4.46% to 4.56% (2024: 3.99% to 4.48%).

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	
	2025 £ m	2024 £ m	2025 £ m	2024 £ 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	-	-	-	-

Sovereign Network Group paid a total of £19k in tax for Sovereign Housing Partnerships Limited during the year.

Factors affecting the tax charge for the current period

	Group		Association	
	2025 £ m	2024 £ m	2025 £ m	2024 £ m
Current tax reconciliation				
Surplus on ordinary activities before tax	87.2	62.9	98.0	65.6
Surplus chargeable to corporation tax	93.5	62.9	98.0	65.6
Current tax at 25% (2024: 25%)	23.4	14.3	24.5	16.4
Effects of:				
Surplus not within the scope of taxation due to charitable status	(23.4)	(14.3)	(24.5)	(16.4)
Total tax credit	-	-	-	-
Current tax (see above)	-	-	-	-
Deferred tax	-	-	-	-
Tax credit for the year	-	-	-	-

12. Social housing properties

Group	Completed Housing properties (rental) £ m	Shared ownership properties £ m	Under construction Housing properties £ m	Shared ownership properties £ m	2025 Total £ m	2024 Total £ m
Deemed cost						
As at 1 April	6,030.3	961.4	707.7	189.4	7,888.8	7,443.6
Reclassification of schemes	-	-	(8.8)	8.8	-	-
Current asset transfers	(61.4)	1.5	-	-	(59.9)	(53.0)
Investment property transfers	(0.5)	-	(5.2)	-	(5.6)	-
Schemes completed	233.3	177.0	(233.3)	(177.0)	-	-
Additions - new units	33.5	10.1	462.3	131.0	636.9	459.0
Additions - improvements to stock	90.4	-	-	-	90.4	77.1
Transfer from Investment Properties	-	-	9.6	-	9.6	-
Impairment	0.5	-	(1.1)	-	(0.6)	(0.3)
Disposals	(36.4)	(26.9)	-	-	(63.3)	(37.0)
Disposals IMR (transferred to current assets)	-	(0.4)	-	-	(0.4)	(0.5)
As at 31 March	6,289.7	1,122.7	931.4	152.1	8,495.9	7,888.8
Depreciation						
As at 1 April	786.6	53.1	-	-	839.7	769.6
Charge for year	75.5	8.3	-	-	83.8	77.9
On disposals	(10.7)	(4.4)	-	-	(15.1)	(7.7)
IMR Disposals	-	(0.1)	-	-	(0.1)	(0.1)
As at 31 March	851.5	56.9	-	-	908.3	839.7
Net book value as at 31 March 2025	5,438.2	1,065.8	931.4	152.1	7,587.6	
Net book value as at 31 March 2024	5,243.6	908.3	707.7	189.4		7,049.0
Existing use value and properties under construction	6,420.2	1,038.5	936.2	152.1	8,547.1	7,572.4

IMR refers to Intermediate market rent.

Additions to housing properties under construction during the year included capitalised interest of £13.7m (2024: £24.3m) and major repairs capitalised of £90.4m (2024: £77.1m). Interest is capitalised on development schemes as set out in the accounting policy in note 2(p).

During the year, no properties were sold to other housing associations (2024: nil). No properties were purchased from other housing associations (2024: nil).

Following purchases of housing properties from other housing associations in previous years, the Group has a contingent liability of £161.3m (2024: £163.3m) for Social Housing Grant which requires recycling into new social housing development on sale of the properties originally purchased.

There are no indicators of impairment in the current year, and a detailed impairment review has not been required.

In addition to the capital improvements to housing properties shown above, £154.4m (2024: £138.6m) was spent on routine, planned and major repairs.

12. Social housing properties (continued)

Association	Completed		Under construction		2025 Total	2024 Total
	Housing properties (rental)	Shared ownership properties	Housing properties	Shared ownership properties		
	£ m	£ m	£ m	£ m	£ m	£ m
Deemed cost						
As at 1 April	6,154.1	961.4	592.6	188.1	7,896.2	7,445.2
Reclassification of schemes	-	-	(8.8)	8.8	-	-
Current asset transfers	(1.1)	1.5	-	-	0.5	1.3
Investment property transfers	(0.5)	-	(5.2)	-	(5.6)	-
Schemes completed	233.3	177.0	(233.3)	(177.0)	-	-
Additions - new units	22.7	10.1	406.9	131.0	570.6	432.0
Additions - improvements to stock	90.4	-	-	-	90.4	55.6
Transfer from Investment Properties	-	-	9.6	-	9.6	-
Impairment	0.5	-	(1.1)	-	(0.6)	(0.3)
Disposals	(36.4)	(26.9)	-	-	(63.3)	(37.0)
Disposals IMR (transferred to current assets)	-	(0.4)	-	-	(0.4)	(0.5)
As at 31 March	6,463.1	1,122.7	760.8	150.8	8,497.5	7,896.2
Depreciation						
As at 1 April	784.6	52.9	-	-	837.4	767.4
Charge for year	75.5	8.3	-	-	83.8	77.9
On disposals	(10.7)	(4.4)	-	-	(15.0)	(7.7)
IMR Disposals	-	(0.1)	-	-	(0.1)	(0.1)
As at 31 March	849.4	56.7	-	-	906.1	837.4
Net book value as at 31 March 2025	5,613.7	1,066.0	760.8	150.8	7,591.3	
Net book value as at 31 March 2024	5,369.6	908.5	592.6	188.1		7,058.8
Existing use value and properties under construction	6,420.2	1,038.5	760.8	150.8	8,370.3	7,463.3

Total grant liability included in creditors, reserves and contingent liabilities is £1,767.9m (2024: £1,721.7m).

13. Other fixed assets

Group	Freehold offices	Leasehold offices	Office furniture and equipment	Scheme plant, furniture and equipment	Computer hardware and software	Plant	Motor vehicles	2025 Total	2024 Total
	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Cost									
As at 1 April	21.1	9.1	13.9	11.1	100.9	0.6	1.3	158.0	145.2
Additions	-	-	0.2	-	15.4	0.2	3.5	19.3	13.3
Disposals	(3.7)	-	(0.7)	-	(0.6)	(0.4)	(0.8)	(6.1)	-
Impairment	-	-	-	-	-	-	-	-	(0.5)
As at 31 March	17.5	9.1	13.4	11.1	115.7	0.4	3.9	171.1	158.0
Depreciation									
As at 1 April	6.3	1.9	11.3	9.7	66.9	0.5	1.2	97.8	85.4
Charge for year	0.6	0.5	0.5	0.3	12.1	0.1	0.1	14.1	12.4
On disposals	(2.2)	-	(0.7)	-	(0.6)	(0.4)	(0.8)	(4.7)	-
As at 31 March	4.7	2.4	11.1	10.0	78.5	0.2	0.6	107.3	97.8
Net book value as at 31 March 2025	12.8	6.7	2.3	1.2	37.3	0.2	3.4	63.9	
Net book value as at 31 March 2024	14.8	7.2	2.7	1.4	34.0	0.1	-		60.2

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

Association	Freehold offices	Leasehold offices	Office furniture and equipment	Scheme plant, furniture and equipment	Computer hardware and software	Plant	Motor vehicles	2025 Total	2024 Total
	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Cost									
As at 1 April	21.1	9.1	13.2	11.1	100.4	0.2	0.4	155.6	142.9
Additions	-	-	0.2	-	15.4	0.2	3.5	19.3	13.3
Disposals	(3.7)	-	-	-	(0.1)	(0.1)	-	(3.8)	-
Impairment	-	-	-	-	-	-	-	-	(0.5)
As at 31 March	17.5	9.1	13.4	11.1	115.7	0.4	3.9	171.1	155.7
Depreciation									
As at 1 April	6.3	1.9	10.6	9.7	66.4	0.1	0.4	95.5	83.1
Charge for year	0.6	0.5	0.5	0.3	12.1	0.1	0.1	14.1	12.4
On disposals	(2.2)	-	-	-	(0.1)	-	-	(2.4)	-
As at 31 March	4.7	2.4	11.1	10.0	78.5	0.2	0.6	107.3	95.5
Net book value as at 31 March 2025	12.8	6.7	2.3	1.2	37.3	0.2	3.4	63.9	
Net book value as at 31 March 2024	14.8	7.2	2.7	1.4	34.0	0.1	-		60.2

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

14. Investment properties

Valuation	Group		Association	
	2025 £ m	2024 £ m	2025 £ m	2024 £ m
As at 1 April	151.8	201.9	115.1	152.2
Transfer from housing properties	5.6	-	5.6	-
Transfer of units under construction to Housing Properties	(9.6)	-	(9.6)	-
Improvements to existing units	-	4.0	-	-
Disposals	(6.0)	(42.8)	(5.3)	(31.6)
Fair value increase / (decrease)	(5.5)	(11.3)	(2.0)	(5.7)
As at 31 March	136.3	151.8	103.8	115.1
Historic cost net book value	139.2	163.0	98.0	99.9

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 2025. 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.

Freehold shops were professionally valued by Savills and Lamberts Chartered Surveyors on the basis of open market value as at 31 March 2025 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		Association	
	2025 £ m	2024 £ m	2025 £ m	2024 £ 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)	2.2	3.9	2.2	3.9
Shares in subsidiary undertakings	-	-	105.0	105.0
Investment Deposit	5.2	5.5	5.3	5.5
	11.8	13.8	116.8	118.7

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

	David Wilson £ m	Linden Homes £ m	Tilia £ m	Crest £ m	Total £ m
Investment					
As at 1 April 2024	-	-	-	0.2	0.2
Amortisation	-	-	-	-	-
As at 31 March 2025	-	-	-	0.1	0.1
Share of profits					
As at 1 April 2024	0.2	2.2	0.1	6.0	8.5
Profit/(Loss) for the year	-	-	-	0.1	-
Dividend distribution	(0.1)	(1.9)	-	-	(2.0)
As at 31 March 2025	0.1	0.3	0.1	6.1	6.6
Net book value as at 31 March 2025	0.1	0.3	0.1	6.2	6.7
Net book value as at 31 March 2024	0.2	2.2	0.1	6.2	8.7

The investment in joint ventures is grouped by venture partner for risk profile and exposure purposes. There are losses of £14.5m (2024: £5.1m) 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		Association	
	2025 £ m	2024 £ m	2025 £ m	2024 £ m
As at 1 April	12.3	12.9	12.3	12.9
New loans issued	-	-	-	-
Loans repaid	(0.4)	(0.6)	(0.4)	(0.6)
Interest	-	-	-	-
As at 31 March	11.9	12.3	11.9	12.3

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 343 loans outstanding (2024: 353).

18. Debtors

	Group		Association	
	2025 £ m	2024 £ m	2025 £ m	2024 £ m
Rental arrears				
Gross	35.8	33.5	34.3	32.1
Discounted repayment schedules	(0.7)	(0.7)	(0.7)	(0.7)
Less bad debt provision	(20.6)	(17.8)	(20.4)	(17.7)
Net rental income due	14.5	15.0	13.2	13.6
Social Housing Grant receivable	-	0.2	-	0.2
Prepayments and accrued income	8.2	3.2	8.2	9.3
Due from other Group undertakings	-	-	130.7	104.9
Other loans	123.0	94.7	115.3	85.8
Other debtors	62.7	54.0	19.7	14.9
	208.4	167.0	287.1	228.7
Amounts falling due within one year	158.1	113.2	143.6	95.1
Amounts falling due after more than one year	50.3	53.8	143.5	133.6
	208.4	167.0	287.1	228.7

Within other loans are amounts due from Crest Sovereign (Brooklands) LLP of £4.6m (2024: £1.8m), Countryside Sovereign Swindon LLP £43.9m (2024: £46.8m) and Northwick Park Developments LLP £14.6m (2024: £8.5m). There were two new loans within the financial year for SNG BDW (Kingston Bagpuize) LLP of £12.0m and Thornbury Pickedmoor Development LLP of £12.4m

Loans from the Association to other members of the Group are charged at a market rate of interest of 5.5% to 9% (2024: 6.25% 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	
	2025 £ m	2024 £ m	2025 £ m	2024 £ m
Properties under construction	77.7	118.2	54.2	99.2
Completed properties	31.8	18.9	31.1	11.3
Consumable stock	2.6	2.7	2.6	2.7
	112.1	139.8	87.9	113.2

20. Cash and cash equivalents

	Group		Association	
	2025 £ m	2024 £ m	2025 £ m	2024 £ m
Cash and cash equivalents	98.4	62.5	88.7	52.5
Cash held for client accounts	20.3	18.2	20.2	18.1
	118.7	80.7	108.9	70.6

21. Creditors – amounts falling due within one year

		Group		Association	
	Note	2025 £ m	2024 £ m	2025 £ m	2024 £ m
Housing loans	23	119.4	106.8	119.0	106.3
Trade creditors		26.9	33.3	21.2	24.9
Social housing grant	25	6.0	10.4	6.0	10.4
Social housing grant – properties	25	5.3	5.1	5.3	5.1
Due to Group undertakings		-	-	96.2	101.5
Other loans		0.2	0.2	8.5	8.4
Taxation and social security		2.9	2.8	2.9	2.8
Recycled capital grant fund	26	-	19.9	-	19.9
Rents received in advance		20.8	21.7	20.5	20.9
Other creditors		16.2	11.4	16.1	11.8
Accruals and deferred income		164.6	130.2	111.6	76.5
Client account creditors		20.7	18.3	20.6	18.3
		383.0	360.1	427.9	406.8

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

		Group		Association	
	Note	2025 £ m	2024 £ m	2025 £ m	2024 £ m
Housing loans	23	3,934.6	3,513.2	2,739.0	2,308.4
Finance lease		2.5	2.6	2.5	2.6
Derivative financial instruments		3.4	11.3	3.4	11.3
Social housing grant – properties	25	1,076.9	1,018.6	1,076.9	1,018.6
Shared equity grants	27	1.3	1.5	1.3	1.5
Due to Group undertakings		-	-	-	-
Deferred income		9.5	9.8	9.5	9.8
Recycled capital grant fund	26	34.8	10.6	34.8	10.6
Other creditors		11.4	11.2	11.4	11.2
Long term Group loans	23	-	-	1,200.0	1,200.0
		5,074.4	4,578.7	5,078.8	4,573.9

23. Housing loans

		Group		Association	
	Note	2025 £ m	2024 £ m	2025 £ m	2024 £ m
Repayable other than by instalments within one year	21	21.0	–	21.0	–
Repayable other than by instalments between two and five years	22	151.6	69.6	151.6	69.6
Repayable other than by instalments in more than five years	22	2,228.1	2,207.6	1,028.1	1,007.6
Repayable by instalments within one year	21	98.4	106.8	98.0	106.3
Repayable by instalments between one and five years	22	742.1	337.5	742.1	336.2
Repayable by instalments in more than five years	22	812.8	898.9	817.2	894.9
		4,054.0	3,620.5	2,858.0	2,414.7
Less amortised cost		(2.9)	(2.5)	(2.9)	(2.5)
		4,051.1	3,618.0	2,855.1	2,412.2

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 (2024: 1.78% to 11.20%). The average rate achieved over the year was 4.5% (2024: 4.2%). 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 2025 were £642m (2024: £902m).

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. In addition most of the debt includes cross-default clauses, whereas other housing loans include cross-acceleration clauses.

As at 31 March 2025, four subsidiaries to the Association had net liabilities totalling £4.3m, representing –0.15% of Group net assets. (2024: £2.1m, –0.08%).

A specific clause within the loan agreements with two lenders would initially indicate an administrative breach due to the negative liabilities of the four subsidiaries. This can cast doubt on the borrower's automatic unconditional right to defer settlement of these loans for at least 12 months after the balance sheet date and as a result FRS102 para 4.7 would potentially have required a reclassification of loans with these two lenders from amounts repayable after more than one year to amounts repayable within one year totalling £275m (2024: £283m) and £129m (2024: £136m) for the Group and Association respectively. In addition, this could have resulted in an impact on cross-default provisions present in around 60% and cross-acceleration provisions present in around 30% of other loan agreements.

Based on review of the relevant loan agreements and associated terms, the waivers obtained and external legal advice, the Board are satisfied that the Group and the Association retain the unconditional right to defer settlement of these loans for at least 12 months after 31 March 2025. As a consequence, the Board are satisfied that there is no impact on these or other Group's lending agreements which would require classification to amounts repayable within one year on the Group and Association balance sheet.

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 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

24. Provisions

Group	Lease termination repairs £ m	Building safety £ m	Property £ m	Other £ m	Total £ m
As at 1 April 2024	3.3	23.8	5.0	1.7	33.8
Arising during the year	–	–	1.7	4.2	5.9
Utilised during the year	–	(17.7)	(0.8)	–	(18.5)
Unused reversed during the year	–	–	–	–	–
As at 31 March 2025	3.4	6.1	5.7	5.9	21.1

Association	Lease termination repairs £ m	Building safety £ m	Property £ m	Other £ m	Total £ m
As at 1 April 2024	3.3	19.0	5.0	11.1	38.4
Arising during the year	–	–	1.6	1.6	3.2
Utilised during the year	–	(12.8)	(0.8)	(9.9)	(23.5)
Unused reversed during the year	–	–	–	–	–
As at 31 March 2025	3.4	6.1	5.7	2.8	18.0

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 following changes in the interpretation of specific services provided historically. There is uncertainty in the timing of resulting payments.

25. Grant

	Note	Group		Association	
		2025 £ m	2024 £ m	2025 £ m	2024 £ m
At 1 April		1,034.1	1,010.8	1,034.1	1,010.8
Grant adjustment		(4.5)	-	(4.5)	-
Grants received during the year		79.7	29.3	79.7	29.3
Grants recycled from the recycled capital grant fund		2.4	7.4	2.4	7.4
Grant re staircasing sales		(4.7)	(1.6)	(4.7)	(1.6)
Grant re other property		(3.3)	(1.3)	(3.3)	(1.3)
Grant amortisation		(10.2)	(10.3)	(10.2)	(10.3)
Transfer to income statement		(5.3)	(0.2)	(5.3)	(0.2)
At 31 March	21, 22	1,088.2	1,034.1	1,088.2	1,034.1

26. Recycled Capital Grant Fund

		Group		Association	
	Note	2025 £ m	2024 £ m	2025 £ m	2024 £ m
Recycled Capital Grant Fund					
As at 1 April		30.5	32.4	30.5	32.4
Grants recycled		7.9	6.9	7.9	6.9
Interest accrued		0.6	0.6	0.6	0.6
New build		(2.4)	(7.4)	(2.4)	(7.4)
Repayment of grant to GLA		(1.8)	(1.9)	(1.8)	(1.9)
As at 31 March	21, 22	34.8	30.5	34.8	30.5

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 2025 will not be recalled.

27. Shared equity grants

		Group		Association	
	Note	2025 £ m	2024 £ m	2025 £ m	2024 £ m
Other Capital Grants					
As at 1 April		1.5	2.0	1.5	2.0
Grant recycled		(0.2)	(0.5)	(0.2)	(0.5)
As at 31 March	22	1.3	1.5	1.3	1.5

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.

28. Pension arrangements

During the year, the Association participated in six defined benefit pension schemes of which five are multi-employer defined benefit schemes providing benefits based on final pensionable pay. All of the defined benefit schemes are now closed to new members. New employees are able to join a defined contribution scheme.

Defined Contribution (DC) Schemes

During the year, SNG contributed to two legacy DC money purchase schemes for its employees;

- the DC section of the Social Housing Pension Scheme (SHPS); and
- the Scottish Widows group personal pension plan.

SNG contributed to these 2 DC schemes by matching employee contributions starting from a minimum contribution rate of 4% of salary up to a maximum of 10/12% depending on legacy scheme.

From 1st April 2025, both these two schemes were closed to new contributions from existing and new employees and replaced with a new DC scheme with Aviva under a Master Trust arrangement. Contribution levels from 1 April 2025 from both SNG and employees remain unchanged.

On 31 March 2025, Sovereign Network Homes (SNH) enacted a 'bulk transfer' of all pension assets and liabilities away from the defined benefit scheme within the Social Housing Pensions Scheme (SHPS), a multi-employer pension fund, to the Sovereign Pension Plan (SPP).

Defined benefit pension plans assets and liabilities

	SPP	LGPS	SHPS	2025 Total £ m	2024 Total £ m
	£ m	£ m	£ m		
Assets and liabilities					
Present value of funded obligation	(157.4)	(51.3)	-	(208.7)	(235.3)
Fair value of scheme assets (bid value)	157.8	56.3	-	214.1	223.6
Net asset/ (liability)	0.3	5.0	-	5.4	(11.7)
Effect of asset ceiling	(0.3)	-	-	(0.3)	-
Present value of unfunded obligation	-	(0.1)	-	(0.1)	(0.1)
Net asset/ (liability) (including unfunded obligations)	-	5.0	-	5.0	(11.8)

Defined benefit pension plans – amounts charged to the income statement

	SPP	LGPS	SHPS	2025 Total £ m	2024 Total £ m
	£ m	£ m	£ m		
Charged to operating costs					
Total service cost	-	0.3	-	0.3	0.4
Administration costs	0.4	-	-	0.4	0.5
Total charged to operating costs	0.4	0.3	0.0	0.8	0.9
(Credit)/charge to other finance costs					
Expected return on pension fund assets	(6.2)	(2.7)	(2.0)	(10.9)	(10.5)
Interest on pension scheme liabilities	6.1	2.8	2.4	11.3	11.2
Net charge to other finance costs	(0.1)	0.1	0.4	0.4	0.7

28. Pension arrangements (continued)

Defined benefit pension plans – amounts charged to other comprehensive income

	SPP	LGPS	SHPS	2025 Total	2024 Total
	£ m	£ m	£ m	£ m	£ m
Defined benefit costs recognised in other comprehensive income					
Return on plan assets (less interest income)	23.9	(0.6)	(43.2)	(19.9)	(3.2)
Experience gains arising on plan liabilities	(46.4)	0.3	45.7	(0.4)	(3.8)
Effects of changes in the demographic and financial assumptions underlying the present value of the defined benefit obligation – (loss)/gain	17.8	6.7	5.0	29.6	6.1
Gain / (loss) from the change in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	(0.3)	-	-	(0.3)	-
Other actuarial losses	-	-	-	-	0.2
Total gain/ (loss) recognised in other comprehensive income	(4.9)	6.4	7.5	9.0	(0.7)

Plan assets and liabilities include the gross bulk transfer of the Social Housing Pensions Scheme (SHPS) to the Sovereign Pension Plan (SPP).

(a) Sovereign Pension Plan (SPP)

On 31 March 2025, Sovereign Network Homes (SNH) enacted a ‘bulk transfer’ of all pension assets and liabilities away from the defined benefit scheme within the Social Housing Pensions Scheme (SHPS), a multi-employer pension fund, to the Sovereign Pension Plan (SPP). This scheme is closed to new members.

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

The net defined benefit liability to be recognised is £nil (2024 £150k).

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	2025	2024
	£ m	£ m
Present value of defined benefit obligation	(157.4)	(126.5)
Fair value of plan assets	157.8	126.4
Surplus/ (deficit) in plan	0.3	(0.2)
Unrecognised surplus/ (deficit)	(0.3)	-
Defined benefit asset/ (liability) to be recognised	-	(0.2)

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

	2025	2024
	£ m	£ m
Asset category		
Equity	34.2	27.8
Bonds	67.7	58.4
Property	6.0	4.4
Cash	2.5	6.7
Other	47.3	29.1
Total	157.8	126.4

The actual return on plan assets was £8.6m (2024: £3m).

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	2025 £ m	2024 £ m
Defined benefit obligation at the beginning of the period	126.5	125.0
Interest expense	6.1	6.0
Actuarial losses/(gains)	(17.6)	(0.3)
Benefits paid and expenses	(3.7)	(4.2)
Liabilities acquired in business combination	46.2	-
Defined benefit obligation at the end of the period	157.4	126.5

Asset reconciliation	2025 £ m	2024 £ m
Fair value of scheme assets at the beginning of the period	126.4	122.9
Expenses	(0.4)	(0.4)
Interest income	6.2	6.0
Experience on plan assets (less interest income) – gain/(loss)	(14.9)	(2.9)
Contributions by employer	5.3	5.1
Benefits paid and expenses	(3.7)	(4.2)
Assets acquired in business combination	38.8	-
Fair value of scheme assets at the end of the period	157.8	126.4

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:

Discount rate + / – 0.1%	- / + 2%
Inflation assumptions + / – 0.1%	- / + 2% (of inflation linked liabilities)
Life expectancy + / – 1 year	- / + 3–5%

Contributions to be made into the SPP for 2025–26 will be £7.5m.

28. Pension arrangements (continued)

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

	2025 £ m	2024 £ m
Defined benefit costs recognised in other comprehensive income		
Return on plan assets (less interest income)	23.9	(2.9)
Experience gains arising on plan liabilities	(46.4)	(3.8)
Gain / (loss) from change in assumptions	17.8	4.1
Gain / (loss) from the change in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	(0.3)	-
Total (loss)/gain recognised in other comprehensive income	(4.9)	(2.6)

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

	2025 £ m	2024 £ m
Charged to operating costs		
Administration costs	0.4	0.4
Total charged to operating costs	0.4	0.4
(Credit)/charge to other finance costs		
Expected return on pension fund assets	(6.2)	(6.0)
Interest on pension scheme liabilities	6.1	6.0
Net charge to other finance costs	(0.1)	-

It has been brought to the attention of the Trustee that changes to benefits in the past may have been implemented at a time or in a way that may not be in accordance with the Scheme Rules. The Trustee has sought Court directions on how to interpret the rules and is awaiting the Courts judgement, expected later in 2025.

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. Any mitigating measures are likely to be agreed and incorporated as part of the next triennial valuation, which will be as at 30 September 2026. The results elsewhere in this report make no allowance for these uncertain potential additional liabilities.

28. Pension arrangements (continued)

The result of full actuarial valuation as at 31 March 2025 will be available by December 2025.

(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 2022 and was updated to 31 March 2025 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 2025 (2024: 0%). An additional allowance is payable each year in respect of past service deficits. The allowance for the year ended 31 March 2025 was £269k (2024: £259k).

(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 2022 and was updated to 31 March 2025 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 2025 (2024: 31.7%). Past service deficit payments of £nil were made during the year (2024: £nil). The allowance for the year ended 31 March 2025 was £491k.

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

The last full actuarial valuation was carried out at 31 March 2022 and was updated to 31 March 2025 by a qualified independent actuary.

An employer contribution rate of 43% of pensionable pay applied for the year ended 31 March 2025 (2024: 43%). An additional allowance is payable each year in respect of past service deficits. The allowance for the year ended 31 March 2025 was £69k (2024: £nil).

Future pension increases have been assumed to be at CPI.

(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 2022 and was updated to 31 March 2025 by a qualified independent actuary.

An employer contribution rate of 17.6% of pensionable pay applied for the year ended 31 March 2025 (2024: 31.7%). Past service deficit payments of £nil were made during the year (2024: £nil). The allowance for the year ended 31 March 2025 was £491k.

Future pension increases have been assumed to be at CPI.

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

The last full actuarial valuation was carried out at 31 March 2022 and was updated to 31 March 2025 by a qualified independent actuary.

An employer contribution rate of 31.7% of pensionable pay applied for the year ended 31 March 2025 (2024: 31.7%). An additional allowance is payable each year in respect of past service deficits. The allowance for the year ended 31 March 2025 was £18k (2024: £198k).

Future pension increases have been assumed to be at CPI.

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.

Major assumptions	2025 % per annum					2024 % per annum				
	Berks	Dorset Sovereign	Hants	Dorset Spectrum	I.O.W.	Berks	Dorset Sovereign	Hants	Dorset Spectrum	I.O.W.
Price increases CPI	2.90	2.95	2.80	2.90	2.75	2.95	2.90	2.80	2.95	2.75
Pension increases	2.90	2.95	2.80	2.90	2.75	2.95	2.90	2.80	2.95	2.75
Pension accounts revaluation rate	-	-	2.80	-	-	-	-	2.80	-	-
Discount rate	5.65	5.75	5.80	5.75	5.80	4.85	4.85	4.80	4.90	4.85
Salary increase	3.90	3.95	3.80	3.90	3.75	3.95	3.90	3.80	3.95	3.75
Asset portfolio										
Equities	57.00	63.00	52.00	63.00	59.00	57.00	53.00	55.70	53.00	75.00
Gilts	-	-	-	-	-	-	-	18.00	12.00	-
Other bonds	15.00	7.00	36.00	7.00	21.00	13.00	5.00	9.20	5.00	16.0
Property	12.00	7.00	10.00	7.00	5.00	13.00	9.00	6.90	9.00	6.00
Cash	2.00	2.00	2.00	2.00	15.00	1.00	2.00	0.90	2.00	3.00
Alternative Assets	14.00	21.00	-	21.00	-	16.00	31.00	9.30	19.00	-

The total of Alternative Assets includes Real Estate, Multi Asset Credit and Longevity Insurance.

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

	Berks Years	Dorset Sovereign Years	Hants Years	Dorset Spectrum Years	I.O.W. Years
Retiring today					
Males	20.7	21.8	22.0	21.8	20.9
Females	23.6	24.0	24.7	24.0	23.3
Retiring in 20 years					
Males	22.0	23.1	22.5	23.1	21.9
Females	25.0	25.4	25.6	25.4	25.5

28. Pension arrangements (continued)

(i) Historic data

Berkshire	2025 £ m	2024 £ m
Assets and liabilities value as at:		
Present value of funded obligation	(9.8)	(11.1)
Fair value of scheme assets (bid value)	9.0	9.4
Net asset/ (liability)	(0.8)	(1.7)

Dorset (legacy Sovereign Housing Association Limited)	2025 £ m	2024 £ m
Assets and liabilities value as at:		
Present value of funded obligation	(7.7)	(8.6)
Fair value of scheme assets (bid value)	6.3	6.3
Net asset/ (liability)	(1.4)	(2.4)
Present value of unfunded obligation	-	-
Net liability (including unfunded obligations)	(1.4)	(2.4)

Dorset (legacy Spectrum Housing Group Limited)	2025 £ m	2024 £ m
Assets and liabilities value as at:		
Present value of funded obligation	(16.7)	(19.0)
Fair value of scheme assets (bid value)	16.1	16.0
Net asset/ (liability)	(0.6)	(3.0)
Present value of unfunded obligation	-	(0.1)
Net liability (including unfunded obligations)	(0.7)	(3.1)

Hampshire	2025 £ m	2024 £ m
Assets and liabilities value as at:		
Present value of funded obligation	(6.4)	(7.4)
Fair value of scheme assets (bid value)	9.7	9.7
Net asset/ (liability)	3.2	2.3

28. Pension arrangements (continued)

Isle of Wight	2025 £ m	2024 £ m
Assets and liabilities value as at:		
Present value of funded obligation	(10.5)	(12.0)
Fair value of scheme assets (bid value)	15.2	14.7
Net asset/ (liability)	4.7	2.7
Consolidated (Group and Association) Local Government Pension Schemes	2025 £ m	2024 £ m
Assets and liabilities value as at:		
Present value of funded obligation	(51.3)	(58.2)
Fair value of scheme assets (bid value)	56.3	56.1
Net asset/ (liability)	5.0	(2.1)
Present value of unfunded obligation	(0.1)	(0.1)
LGPS net asset/ (liability) (including unfunded obligations)	5.0	(2.2)
Sovereign Pension Plan net liability 28a	-	(0.2)
Total net asset/ (liability) (including unfunded obligations)	5.0	(2.3)

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

	2025 £ m	2024 £ m
Charged to operating costs		
Current service cost	0.3	0.4
Past service cost	-	-
Administration costs	-	-
Losses on settlements or curtailments	-	-
Total charged to operating costs	0.3	0.4
(Credit)/charge to other finance costs		
Expected return on pension fund assets	(2.7)	(2.5)
Interest on pension scheme liabilities	2.8	2.7
Net charge to other finance costs	0.1	0.3

28. Pension arrangements (continued)

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

	2025 £	2024 £
Defined benefit costs recognised in other comprehensive income		
Return on plan assets (less interest income)	(0.6)	2.9
Experience gains arising on plan liabilities	0.3	(0.8)
Effects of changes in the demographic and financial assumptions underlying the present value of the defined benefit obligation – (loss)/gain	6.7	1.4
Total gain recognised in other comprehensive income	6.4	3.5

(l) Asset and liability obligation reconciliations – LGPS

Benefit obligation	2025 £ m	2024 £ m
Defined benefit obligation at the beginning of the year	58.2	58.7
Service cost	0.3	0.4
Interest cost	2.8	2.7
Change in financial assumptions	(6.5)	(0.7)
Change in demographic assumptions	(0.1)	(0.7)
Experience gains	(0.3)	0.8
Estimated benefits paid (net of transfers in)	(3.1)	(3.0)
Contributions by scheme participants	0.1	0.1
Unfunded pension payments	-	-
Defined benefit obligation at the end of the year	51.4	58.2

Asset reconciliation	2025 £ m	2024 £ m
Fair value of scheme assets at the beginning of the year	56.1	52.5
Interest on assets	2.7	2.5
Return on assets less interest	(0.6)	2.9
Administration expenses	-	-
Contributions by employer	1.2	1.1
Contributions by scheme participants	0.1	0.1
Estimated benefits paid (net of transfers in)	(3.1)	(3.0)
Fair value of scheme assets at the end of the year	56.3	56.1

(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.

28. Pension arrangements (continued)

(n) Social Housing Pension Scheme (SHPS)

On 31 March 2025, Sovereign Network Homes (SNH) enacted a 'bulk transfer' of all pension assets and liabilities away from the defined benefit scheme within the Social Housing Pensions Scheme (SHPS), a multi-employer pension fund, to the Sovereign Pension Plan (SPP). This scheme is closed to new members.

The net defined benefit liability to be recognised is £nil (2024 £9.4m).

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	2025	2024
£ m	£ m	£ m
Present value of defined benefit obligation	-	41.2
Fair value of plan assets	-	(50.6)
Deficit in plan	-	(9.4)
Unrecognised surplus	-	-
Defined benefit liability to be recognised	-	(9.4)

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	2025	2024
£ m	£ m	£ m
Defined benefit obligation at the beginning of the period	50.6	51.3
Expenses	-	-
Interest expense	2.4	2.5
Actuarial losses/(gains)	(3.5)	(1.4)
Benefits paid and expenses	(2.4)	(1.8)
Business combinations transfer	(47.3)	-
Defined benefit obligation at the end of the period	-	50.6

Asset reconciliation	2025	2024
£ m	£ m	£ m
Fair value of scheme assets at the beginning of the period	41.2	41.9
Interest income	2.0	2.1
Experience on plan assets (less interest income) – gain/(loss)	(3.1)	(3.1)
Contributions by employer	2.4	2.1
Benefits paid and expenses	(2.4)	(1.8)
Business combinations transfer	(40.2)	-
Fair value of scheme assets at the end of the period	-	41.2

Defined benefit cost recognised in Statement of Comprehensive Income (SOCi)

	2025	2024
£ m	£ m	£ m
Defined benefit costs recognised in statement of comprehensive income		
Expenses	-	-
Net interest expense	0.4	0.4
Defined benefit costs recognised	0.5	0.5

29. Financial instruments

(a) Carrying amount of financial instruments

The carrying amount of the financial assets and liabilities includes:

	2025	2024
£ m	£ m	£ m
Assets measured at amortised cost	4.4	5.1
Liabilities measured at fair value through income statement (derivatives)	(3.4)	(11.3)
Assets measured at fair value through income statement (derivatives)	2.1	3.9
Liabilities measured at amortised cost (housing loans)	(4,064.9)	(3,630.5)
	(4,061.7)	(3,632.8)

(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:

	2025						2024					
	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	3.0	6.2	(0.9)	0.6	4.4	2.2	10.6	15.0	0.9	1.1	4.3	8.7
	3.0	6.2	(0.9)	0.6	4.4	2.2	10.6	15.0	0.9	1.1	4.3	8.7

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)	2025	2024
£ m	£ m	£ m
Recognised through other comprehensive income	1.1	3.3
Recognised through the income statement	4.1	(0.3)
Decrease/(increase) in fair value	5.2	3.0

29. Financial instruments (continued)

(d) Fair values

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

	2025 £ m	2024 £ m
Derivatives measured at fair value through income statement	1.3	7.4
	1.3	7.4

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.

	2025 £	2024 £
Allotted issued and fully paid		
As at 1 April	80	108
Issued in the year	-	6
Cancelled during the year	(7)	(34)
As at 31 March	73	80

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 2025 £ m	Restated 2024 £ m	Association 2025 £ m	2024 £ m
Capital expenditure that has been contracted for but has not been provided for in the financial statements	1,660.4	932.3	846.1	736.7
Capital expenditure that has been authorised by the Executive Board but has not yet been contracted for	820.1	1,052.5	754.6	936.9

The restated 2024 values correct a transposition error which understated commitments by £198m.

At 31 March 2025, the Group had cash and short term deposits of £118.7m (2024: £80.7m) and a further £642m of undrawn committed funding (2024: £902m), of which £492m was immediately available (2024: £807.9m). These funds, along with cash generated from operating activities are expected to fund the above capital expenditure.

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 2025 £ m	2024 £ m	Association 2025 £ m	2024 £ m
Amount payable:				
- within one year	10.0	8.0	10.0	7.9
- between two and five years	28.6	24.9	28.6	24.6
- in over five years	46.2	44.6	46.2	42.7
	84.7	77.5	84.7	75.2

34. Group analysis of change in net debt

	As at 1 April 2024	Cashflows	Other changes	As at 31 March 2025
Cash at bank and in hand	80.7	38.0	-	118.7
Debt due within one year	(106.8)	23.7	(36.3)	(119.4)
Debt due within more than one year	(3,528.4)	(457.3)	44.2	(3,941.5)
The Housing Finance Corporation debt	(6.6)	(0.7)	-	(7.4)
	(3,561.0)	(396.4)	7.8	(3,949.6)

35. Group company information and related parties

Company	Status	Activity	Holding
Sovereign Network Group (formerly Sovereign Housing Association Limited)	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 Investment 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 Homes Investments (Stockwell) Limited	Private Limited Company	Development of housing properties	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(c) of the Companies Act 2006 the following subsidiary company is exempt from the requirement of audit of their individual company accounts, through the application of a parental guarantee for the year ended 31 March 2025:

- Sovereign Housing Property Services Limited

35. Group company information and related parties (continued)

Company	Status	Activity	Holding
Joint venture			
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 Housing Association Limited also owns a non-charitable company Points West Housing Limited which is dormant and its net assets are not material. Points West Housing Limited is not consolidated within the Group’s financial statements. Sovereign Housing D1 Limited, Sovereign Property Care Limited, Sovereign Maintenance Limited and Network Living 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.

Sovereign Housing Partnerships Limited has undertaken investment in a new joint venture with Vistry Homes Limited after the balance sheet date in the form of a 50% share in Thornbury Pickedmoor Development LLP.

Network Homes Investments (Stockwell) 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 Group had a loan agreement with Vistry Partnerships Limited, a joint venture partner. The monies owed to the Group are lent on commercial terms. The amount outstanding at 31 March 2025 was £nil (2024: £2.8m).

The Group 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 2025 is £35.0m (2024: £45.0m).

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 Housing Association Limited and Sovereign Network Homes had transactions with the below pension providers:

Social Housing Pension Scheme
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 Housing Association Limited and Sovereign Network Homes had the following intra-group transactions with non-regulated members of the Group:

	2025 £ m	2024 £ m
Payment of interest at commercial rates	71.6	55.7
Purchase of design and build services at cost plus commercial mark-up	274.2	237.5
Management charges on a cost sharing basis (income)	(4.3)	(4.0)
	341.5	289.1

36. Transfer of Engagements from Sovereign Network Homes to Sovereign Housing Association Limited

On 31 March 2025 a Transfer of Engagements, conducted under section 110 of the Co-Operative Benefit Societies Act 2014, took place resulting in the statutory vesting of all the assets and liabilities of Sovereign Network Homes into Sovereign Housing Association Limited trading as Sovereign Network Group.

On 1 April 2025 Sovereign Housing Association Limited legally changed its name to Sovereign Network Group.

In accordance with FRS102, the financial statements for the Association have been prepared adopting merger accounting. From this, the Statement of Comprehensive Income; the Statement of Financial Position; the Statement of Cash Flows; the Statement of Changes in Equity and the accompanying notes are prepared as follows:

- The results and cash flows of the combining entities have been brought into the financial statements of Sovereign Network Group, the Association, from the beginning of the financial period in which the merger occurred.
- The comparative amounts have been restated by including the results for the combining entities for the previous accounting period and their statement of financial position for the previous reporting period date. The comparative figures have been marked as ‘combined’ figures.

In addition to this, the income and expenditure and net assets have been analysed for the merged entity (“Association”) and the results for 2025 and the 2024 comparatives have been combined and reported in these accounts.

36. Transfer of Engagements from Sovereign Network Homes to Sovereign Housing Association Limited (continued)

Total Comprehensive Income and Net Assets Share in the year

	Sovereign Housing Association Limited £ m	Sovereign Network Homes £ m	As at 31 March 2025 £ m
Turnover	509.3	222.0	731.3
Operating surplus for the year	156.5	49.0	205.5
Total comprehensive income for the year	85.1	10.6	95.7
Net Assets	2,292.9	559.0	2,851.9
Reserves	2,292.9	559.0	2,851.9

Total Comprehensive Income and Net Assets Share in the prior year

	Sovereign Housing Association Limited £ m	Sovereign Network Homes £ m	As at 31 March 2024 £ m
Turnover	464.1	202.4	666.5
Operating surplus for the year	137.3	34.9	172.2
Total comprehensive income for the year	68.9	(0.7)	68.2
Net Assets	2,207.8	548.4	2,756.2
Reserves	2,207.8	548.4	2,756.2

37. Subsequent event

As at 31 March 2025, four subsidiaries to the Association had net liabilities totalling £4.3m, representing –0.15% of Group net assets (note 23). Loan agreements with two lenders include a clause noting that subsidiary entities should not have net liabilities. In order to address any potential risk the Association has after the balance sheet date obtained waivers from those two lenders which state that the lenders waive any breach that has or may have occurred or that may occur and therefore cannot be called in relation to the net liabilities now or in the future.