

Leeds Federated Housing Association Limited

Report and Financial Statements
Year Ended 31 March 2026

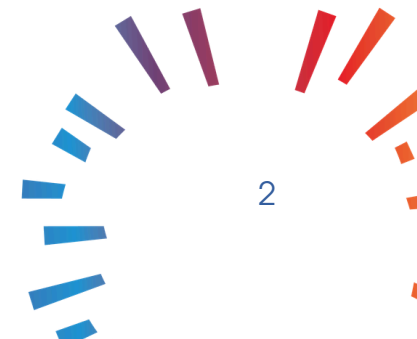
CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETY NUMBER IP21457R
HOMES ENGLAND REGISTERED NUMBER LH0989



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Board Members:

Chris Simpson (Chair)
Kim Brear (resigned 18 September 2025)
Naseer Ahmed
Helen Ball (appointed 19 September 2025)
Stephen Dungworth
Charlotte Green
Stephen Hepworth
Innocent Moyo
David Royston
Kirsty Spark

Executive Directors:

Matthew Walker	Chief Executive
Jason Ridley	Director of Finance and IT
Michelle Collins	Director of Customer Services
Mark Donnachie	Director of Assets and Development

Secretary:

Megan Henderson

Registered Office: The Tannery, 91 Kirkstall Road, Leeds, LS3 1HS

Registered number: Leeds Federated Housing Association Limited is registered under the Co-Operative and Community Benefit Act 2014 No. IP21457R and registered by Homes England No. LH0989

Auditors: Forvis Mazars, One St Peters Square, Manchester, M2 3DE

Bankers: Virgin Money, 94-96 Briggate, Leeds, LS1 6NP

The Board of Leeds Federated Housing Association (hereafter referred to as Leeds Federated) is pleased to present its report together with the audited financial statements of the Group and Association for the year ended 31 March 2026. the Group comprises the Association and its subsidiary undertaking Leeds Federated Property Services Limited.

Principal activities

The Association's principal activity is the management of social housing. It operates through three key business streams including 'general needs' housing for rent, supported housing and care, and low-cost home ownership. The Group's head office is based in Leeds and its 4,871 properties are predominantly located in the Leeds City region.

As well as managing social housing, the Group also provides non-social housing, in particular accommodation for students in higher education. The Association has charitable status by virtue of its registration as a charitable social landlord under the Co-Operative and Community Benefit Act 2014.

Leeds Federated Property Services Limited is a non-charitable company which manages design and build projects.

Board Members and Executive Directors

A list of Board members and the Executive Directors of the Group, including dates of appointment and resignation where applicable, are set out on page 3. The Board consists of 9 Board members as at 31 March 2026.

Executive Directors are the Chief Executive, the Director of Finance and It, the Director of Customer Services, and the Director of Assets and Development. None of the Executive Directors hold any interest in the Association's shares and they act as executives within the authority delegated by the Board. Group insurance policies indemnify Board Members and Executive Directors against liability when acting for the Group.

Pensions

The Executive Directors are members of the Social Housing Pension Scheme (SHPS). They participate in the scheme on the same terms as all other eligible staff and the Association contributes to the scheme on behalf of its employees.

Other benefits

The Executive Directors are entitled to other benefits: the provision of a car allowance and health care insurance.

i) Objectives and strategy

The Group's visions and social purpose is very clear, being simply **"to help people make a home"**.

The achievement of this vision and purpose is delivered through three strategies of **Thrive**, **Engage** and **Evolve** which are set out in the 2025-2030 Corporate Plan that was reviewed and approved by the Board on 25 March 2025.

The Board and Senior Management Team have developed a series of key performance indicators using a Balanced Score Card (BSC) to measure performance against a range of targets to monitor the achievement of the Group's corporate goals which support each strategy as set out below and are further detailed within operational plans and ultimately team and individual objectives.

The corporate strategic goals from the current Corporate Plan fall into the following areas:

Thrive:

- Quality services that recognise and respond to customer aspirations
- Safe, high-quality homes people want to live in
- A healthy, resilient, and well-governed business

Engage:

- Learning from customer feedback to enhance experience
- Listening to and engaging with customers
- Building a strong, diverse and engaged workforce
- Collaborating with our customers and stakeholders for better outcomes

Evolve:

- Supporting customers to grow and thrive
- Fostering learning and professional growth
- We will take a strategic and sustainable approach to our existing homes and future development programme
- Transitioning to net zero carbon

ii) Principal Risks and uncertainties

Conflicts in Ukraine and the Middle East, international political uncertainty and continued economic fragility

2025/26, like 2024/25 was a challenging year for Leeds Federated, the UK social housing sector, the UK and global economy. Whilst inflation has fallen it has remained above the Bank of England target and so interest rates have not fallen as quickly or far as expected and may well increase as inflationary pressures increase as a result of the war in Iran. The residual inflation and higher interest rates continue to put pressure on margins and covenant headroom whilst the US Government's trade, foreign affairs and economic policies and the threat of increased tariffs has created global uncertainty with increased risk of recession, inflation and further delays in interest rate reductions. Our tenants continue to face cost of living pressures including high energy costs.

The Group's Business Plan has proven resilient despite the impact of increasing costs. The most recent updated 2026/27 business plan, approved by Board in March 2026, was subject to stress testing against a range of extreme scenarios and continues to be financially resilient albeit with a reduced operating margin reflecting the necessary trade-off between continuing to deliver services and maintain our tenants' homes whilst ensuring financial resilience in the face of continued economic and political uncertainty.

Risk Agenda

As a co-regulated provider of social housing operating within a challenging and uncertain economic environment, Leeds Federated places a high priority on the identification and effective management of the range of existing and potential

risks it faces, ensuring that risk management is integrated within decision making by the board and management through the Risk Management Framework.

Stakeholders can take assurance that risks are being effectively managed where possible within the board's risk appetite in support of achievement of the organisation's corporate strategic objectives.

Internal management, external specialist resources and the Association's Audit and Risk Committee work together to ensure the Association's Risk Management Framework is effectively maintained.

Risk Assessment

Existing and potential emerging risks associated with the current and planned activities of the organisation are identified, regularly assessed, and documented using a Risk Register within the Hydrogen BI system.

The current strategic risks faced by Leeds Federated, many in common with most Housing Associations are:

- Assets are not built or are not maintained to a satisfactory standard
- Statutory duty not fulfilled in respect of residential property
- Maintaining future viability
- Strategic goals not delivered
- Failure or persistent underperformance of a key supplier or contractor
- Material financial fraud due to failure of internal control
- Non compliance with legal requirements and regulatory standards
- Health & Safety

- Cyber Risk
- Poor customer perception of service quality and/or Value for Money
- We develop new homes that are unviable
- Reputational Risk
- Innefactive use of data
- Health & Safety (excluding Statutory Services)

The impact and probability of the association's risks are assessed both before and after the application of internal controls designed to manage the risk within the risk appetite determined by the board. The Association uses the impact criteria of Financial, Health and Safety, Legal & Regulatory, Residents & Community, Reputation & Staff and Service Disruption implications when assessing the impact score and both the timing and % likelihood when assessing the probability scores for each risk.

All board and committee papers consider the relevant risk(s) to the subject of the paper. The risk register and internal controls are regularly reviewed by Audit & Risk Committee and Board and the risk impact of all papers taken are considered by Board at each meeting. The Audit & Risk Committee also conduct 'deep dive' reviews on key risks.

Risk Response

The board determines the nature and extent of the risks it is willing to take in achieving its corporate plan through a differentiated risk appetite linked to the key activities undertaken by the association.

The table below represents the current allocation of risk appetite by activity category as approved by the Board. Both the activity categories and the allocation of risk appetite are regularly reviewed as part of the on-going review of the Risk Management Framework Policy.

	Averse	Cautious	Balanced	Open	Hungry
1. Financial Stability					
2. Health & Safety					
3. Legal & Regulatory					
4. Operational Delivery					
5. Customer Experience					
6. Investment & Asset Management					
7. Technology					
8. Reputation					

Risk appetite statements

These statements have been developed to summarise the essence of the risk approach for each activity in support of the selected appetite level and noting where necessary exceptional aspects of the activity. Like the list of activities, the statements are regularly reviewed as part of the policy review to ensure they reflect the association's approach.

1. Financial Stability (Balanced)

- Use of targets that balance covenant compliance whilst supporting corporate objectives
- Prudent policies to minimise Treasury risks
- Regular stress testing and use of prudent planning assumptions to ensure financial resilience

2. Health & Safety (Averse)

- Legal compliance and protection of customers and staff is of paramount importance and will not be compromised
- Where possible wider customer and staff interests will also be taken into consideration

3. Legal & Regulatory (Averse)

- We operate in a regulated environment where adherence to all laws is an explicit part of the Regulatory Framework

4. Operational Delivery (Open)

- We are prepared to change and innovate our systems, processes and structures in order to achieve value for money objectives, providing this is managed and monitored against performance targets

5. Customer Experience (Open)

- We are prepared to change and innovate our customer facing activities in order to achieve customer satisfaction and value for money services for our customers, providing this is managed and monitored against performance targets

6. Investment & Asset Management (Open)

- We have clear ambitions in terms of on-going development of new homes delivered independently or in partnerships and take appropriate risks in achieving this growth.
- We will explore and follow as appropriate best value for money practices in respect to the on-going maintenance of our properties and the achievement of energy efficiency targets

7. Technology (Balanced)

- Maintaining the security and resilience of our systems is important to us
- We will change our technology using tested and appropriate solutions that support and deliver value for money processes

- In regard to cyber risk we take a cautious approach which recognises and seeks to minimise the constantly emerging threats through cost effective controls, training and monitoring

8. Reputation (Cautious)

- We manage reputational risk by careful consideration of the impact of our activities and decisions on all stakeholders in terms of ethical, operational, governance or financial failings arising from the actions of Leeds Federated, its employees or related organisations.

Leeds Federated uses the three lines of defence approach to identify and document internal controls together with regular control risk self-assessment by individual risk and control owners.

Financial risks are regularly tested through multi-variate stress testing of the Association's business plan and reviewed by the Association's Treasury advisors. The testing also considers the effect of mitigation actions contained within the Association's Resilience Plan. Business continuity and the Association's Resilience plans are regularly reviewed to ensure that they will enable the Association to avoid or be able to recover from significant disruption.

Risk Communication

Leeds Federated uses a Risk Management Framework which is reviewed annually by Board alongside the Resilience Plan. The Framework sets out responsibilities for risk management by the Board and Audit & Risk Committee, reporting & monitoring, documentation of risk, risk appetite, the methodology used to score the impact and likelihood of risks and the risk register.

The Audit & Risk Committee receive an annual report from the Internal Auditors on their work and their view on the effectiveness of the internal control framework and that an appropriate framework is in place for identifying, evaluating, and managing the significant risks faced by the Association. The annual assurance is then used for compliance reporting to the Regulator of Social Housing and within the annual Report and Financial Statements.

The detail of regular reporting, review of the controls, risks and links to the Association's balanced scorecard are detailed within the Risk Management Framework for management & risk owners, Audit & Risk Committee and Board.

Risk Governance

The Association's approach to Risk Governance forms part of its compliance with the NHF Code of Governance and includes meeting the Standards of the Regulator of Social Housing as a registered provider.

The Association uses a Risk Management Framework to set out its approach to the management of risk in conjunction with the terms of reference of the Board and Audit & Risk Committee and to ensure compliance with statutory and regulatory requirements.

By using an external provider of Internal Audit as well as various other specialist 3rd party assurance providers the Association can obtain independent assurance on the effectiveness of internal controls used to manage key risks.

The Risk Management Framework and regular reporting of risk at Audit & Risk Committee and Board enable risk performance to be monitored and challenged.

Risk management is considered at every Board meeting, both within each individual paper, and taking the board papers into account as a whole.

iii) Operational Performance and Value for Money

Leeds Federated Value for Money Statement 2025/26

This can also be found on our website: <https://www.lfha.co.uk/>

1. Summary

2025/26 was the first year of the Corporate Plan covering the period 2025 – 2030, reflecting a set of corporate priorities falling within the 'Thrive', 'Engage' and 'Evolve' strategic objectives. Each strategic objective is supported by specific goals, operational plans and associated performance targets, and is managed within the Association's risk appetite.

The Association through its Strategic objectives and supporting goals explicitly and implicitly incorporates Value for Money as a goal for each objective illustrating how Value for Money is fully integrated within all activities undertaken.

2. Economic conditions and context

VfM performance at Leeds Fed, like the sector has been impacted by changes in the Sector's operating environment, increased interest rates, inflation and increased investment in our housing stock.

These economic conditions continue to drive higher costs per unit impacting operating margin and EBITDA-MRI interest cover which have declined. Like many across the sector Leeds Fed has had to make deliberate trade-offs in our capital investment decisions to prioritise investment in existing stock alongside reduced new development though we continue to deliver top quartile levels of new supply relative to our size.

Leeds Fed has benefitted from improved financial certainty through the long-term rent settlement at CPI+1%, continuation of the Social and Affordable Homes Programme and most recently the confirmation of Rent Convergence from 2027. These all contribute to maintaining financial resilience and capacity in the face of continuing economic uncertainty and ongoing financial pressures arising from the additional necessary investment in existing homes as well as continuing new development to deliver improved outcomes for existing and future customers.

Tenancy Satisfaction

Our Tenancy Satisfaction Measures (TSMs) provide assurance that despite the challenging environment, Leeds Fed is consistently delivering sector leading performance though we are not complacent and recognise there remains room for improvement in respect of our complaint handling.

Leeds Fed TSM's provide valuable insight into the range of outcomes. High TSM results help justify the investment being made in our properties and the services we provide our customers and are a key VFM measure in terms of Efficiency, Effectiveness and Equity.

Leeds Fed has a comprehensive Balanced Scorecard of performance measures including the TSM's which enable management and board to focus attention where it is needed and the achievement of targets providing evidence of economy, efficiency, effectiveness and equity or more generally overall service quality and outcomes.

Strategic Oversight by Board

The Leeds Fed board provides strategic oversight and constructive executive challenge to help shape and prioritise our corporate plan objectives, specific goals and performance outcomes as well as managing risk and ensuring regulatory compliance.

Through regular strategic away days, the board can review its priorities considering changing economic, political, social, technological and environment conditions working with management to review delivery structures, priorities, risks and opportunities.

Asset Management and Development

Our ongoing commitment to the development of new homes using financial capacity balanced against investment in our existing homes represents a key VfM consideration for Board. Similarly, we recognise that we will also continue to review and dispose of poor performing vacant properties where the costs to achieve target energy efficiency are better spent on other properties in accordance with the Asset Management Plan demonstrating a critical VfM consideration that seeks to optimise our return on assets. Leeds Fed will continue to aim for continued net growth in its total homes with new homes built exceeding disposals of existing homes.

Leeds Fed reflects one of the key findings of the March 2025 RSH Regression report that the average age of stock has a significant impact on the levels of investment. Also, Leeds fed benefits from its lack of high-rise accommodation and relatively low proportion of Supported housing and Housing for older people.

The board oversees and makes key decisions regarding disposal of individual uneconomic properties as well as strategic assets having carefully considered alternative options. The Asset Management plan sets out the Board's approach in terms of geography, types and size of scheme, tenure and required return.

Treasury

Leeds Fed Treasury annual plan prepared by its external Treasury advisors DTP not only is a critical tool for managing financial risk but also ensures the optimal mix of fixed and variable debt to balance certainty and mitigating exposure to rising interest rates while minimising the cost of finance.

Operational Delivery

Leeds Fed with the support of board continually reviews and adjusts its service delivery to meet our customer needs. The success of our approach is measured and reported through TSM's and our customer engagement activities. Changes and improvements over the last 12 months include review of patch sizes, customer engagement initiatives, improvement to service activities such as the new call answering system, use of data to target higher risk customers, proactive income management which has led to record rent collection rates, and complex case management to more quickly and effectively resolve issues.

Examples of Technical Innovation and making better use of data in Operational delivery delivers VfM through more efficient and effective systems which ultimately deliver improved services and outcomes for our customers evidenced through TSM and tenant engagement include;

- Customer call management system
- Power BI reporting
- Upgrades to Origin our Housing management system
- Asset management with Asprey
- Digital Roadmap developed reflecting Data, IT and Digital plans

Proactive management of contract renewal has led to improved solutions, engaged staff in the process, more active contract management and compliance. Decisions made balance cost, quality and increasingly Social Value contributions as part of strategic partnerships with suppliers.

The association continues to improve its performance in managing losses associated with empty homes, ensuring that rent is collected. Significant progress has been made in 2025-26 maximising rent collection %'s and reducing arrears through improved systems, processes and engagement with customers to enable them to sustain their tenancies.

3. How we compare

The seven standard metrics relating to VfM specified by the Regulator of Social Housing are integrated into our balanced scorecard. Over the following pages we have compared our 2023/24 and 2024/25 outturns against the RSH Global Accounts benchmarks, and against a more localised peer group of 8 other similar sized providers.

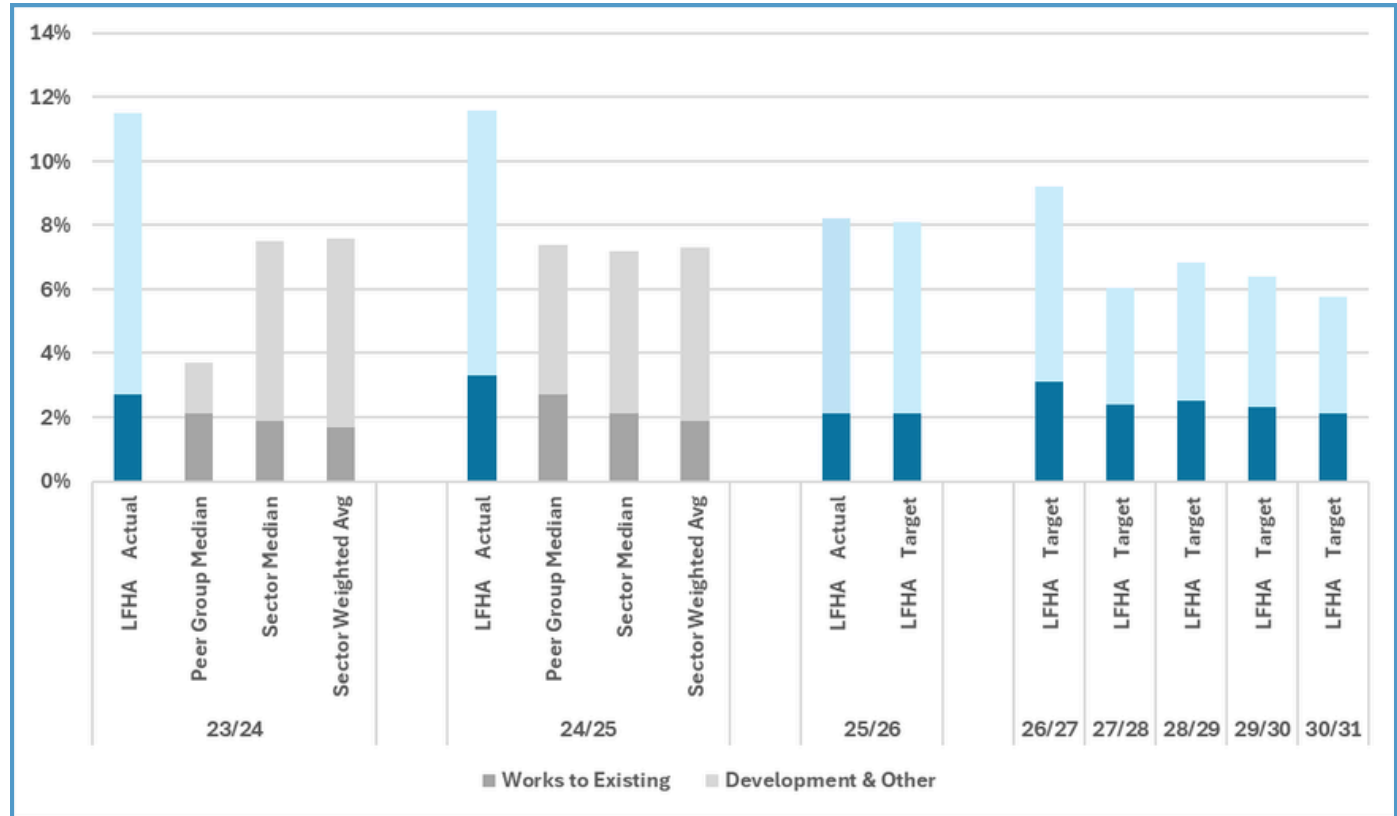
The 2025/26 outturn will be compared with the 2025/26 Global Accounts when released.

1. Investment

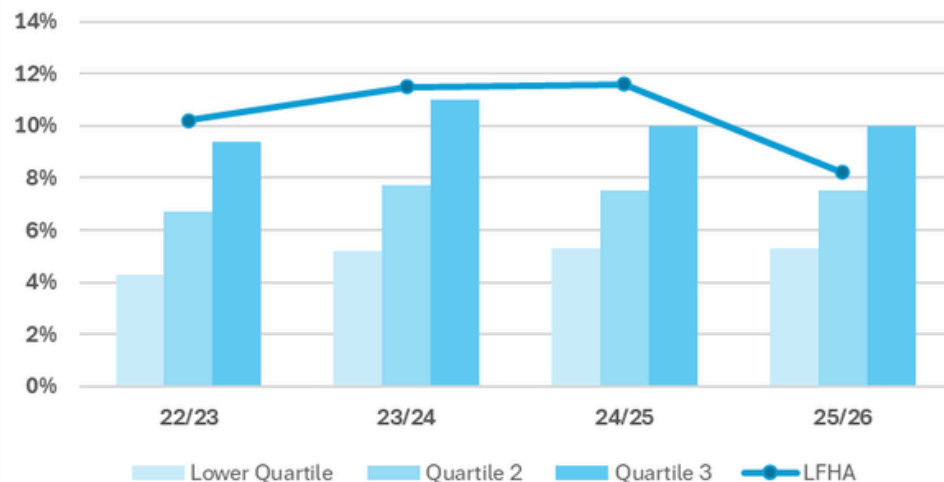
In recent years Investment has been well above the Sector and Peer Group medians.

Investment spend has reduced in 2025/26 mainly due to a pause on retrofit works whilst grant arrangements were being made with our local government partner.

We expect to see an increase in Investment in 2026/27 as retrofitting works resume, and further progress is made on development of our Owlcotes Road scheme.



Quartile rankings



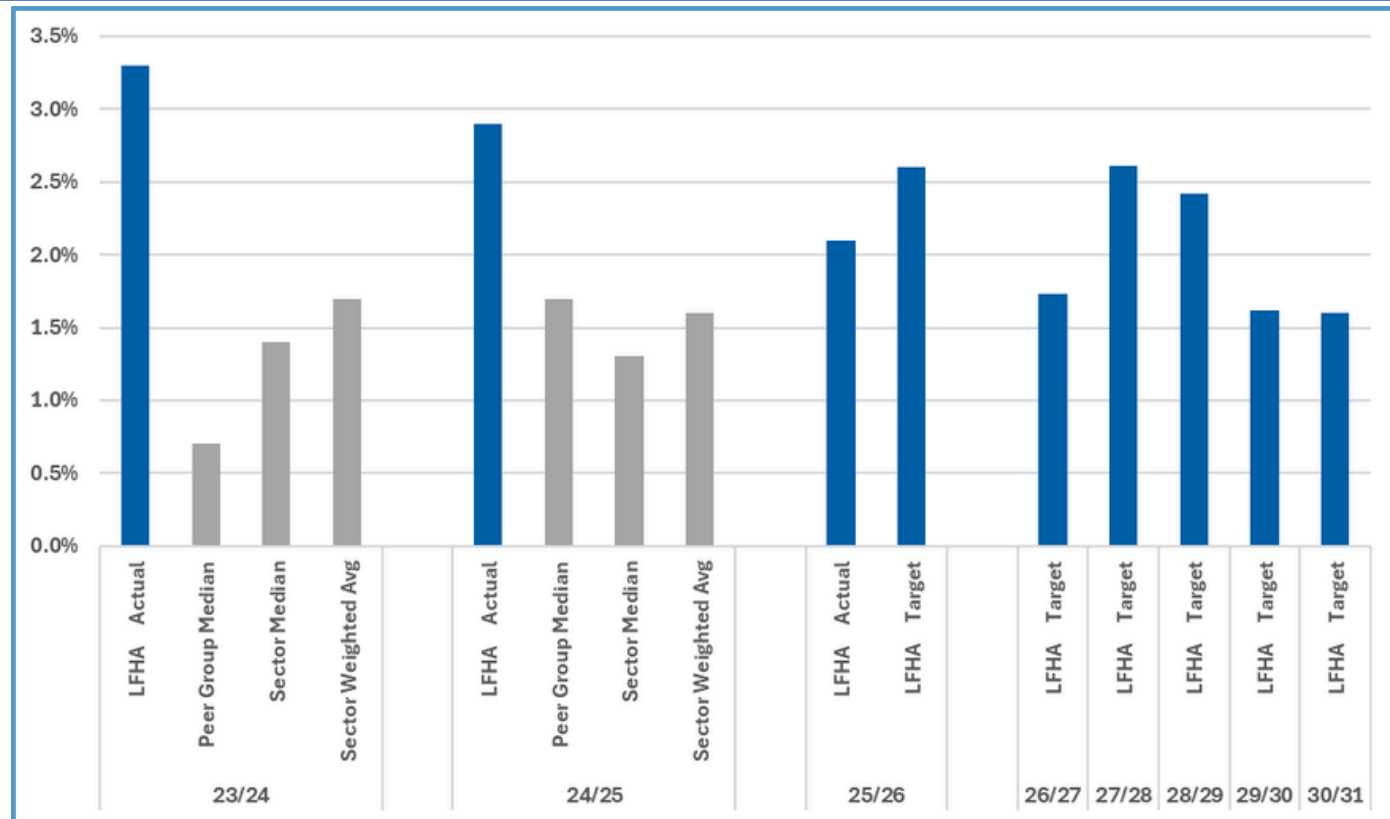
Due to the prioritisation of investment in existing and new properties, we have placed within the upper quartile for the past three years.

Despite the drop in Investment in 2025/26, we are still tracking above the median based on the 2024/25 quartile bandings.

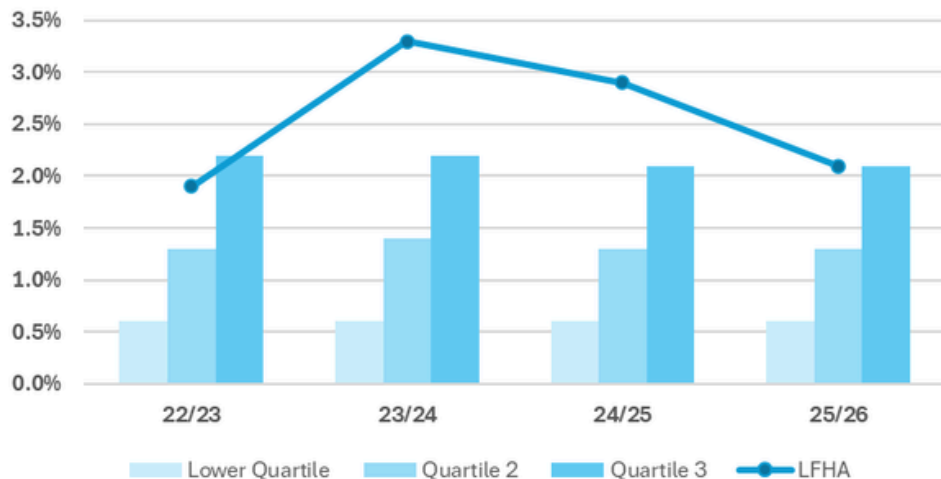
2. New Supply (Social)*

Leeds Federated completed 100 new units in 2025/26, which equates to Net Growth of 2.1%.

This is a reduction on the past two years, however we anticipate this will still be well ahead of the Sector Median and Weighted Average.



Quartile rankings



Based on the 2024/25 rankings, the 2025/26 outturn would place us on the border of the Upper quartile.

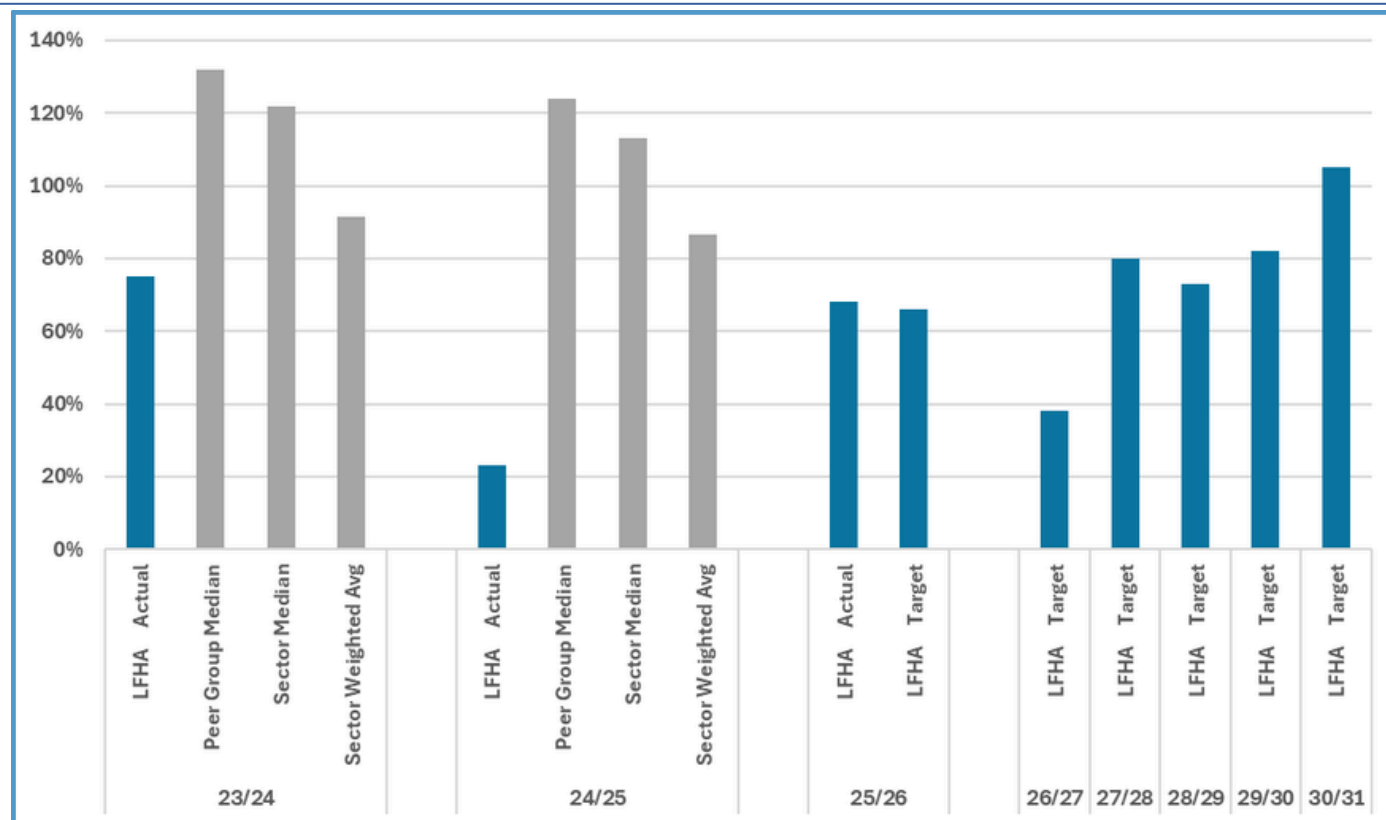
***Leeds Federated does not have any current plans to develop new non-social housing.**

3. EBITDA-MRI Interest Cover

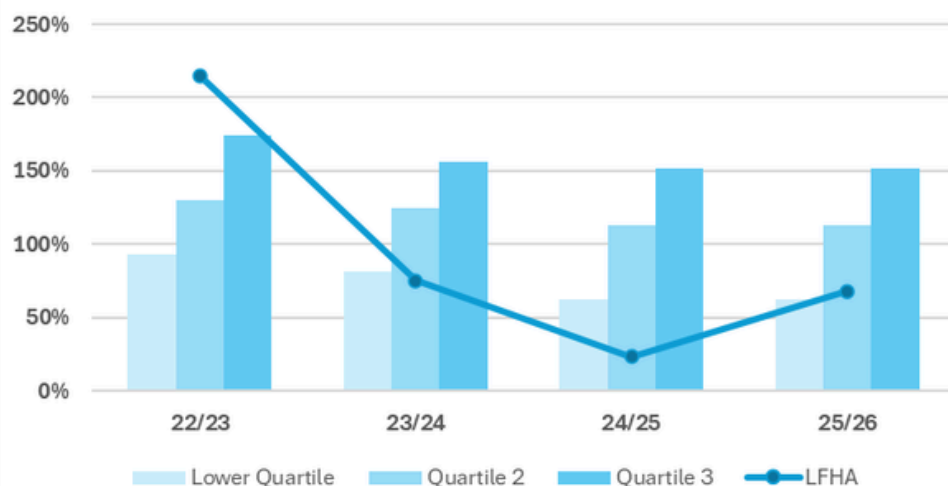
Due to the deliberate decision to prioritise investment in existing and new properties, our EBITDA-MRI has typically fallen behind our peers and the sector as a whole.

The pause on retrofitting spend in 2025/26 has resulted in a higher EBITDA-MRI compared to 2024/25, although this is expected to fall again in 2026/27 as retrofitting spend resumes.

Our Business plan shows steady improvement over the next 5 years, with EBITDA-MRI exceeding 100% by 2030/31.



Quartile rankings



Compared to the 2024/25 rankings, the 2025/26 outturn would place us in Quartile 2.

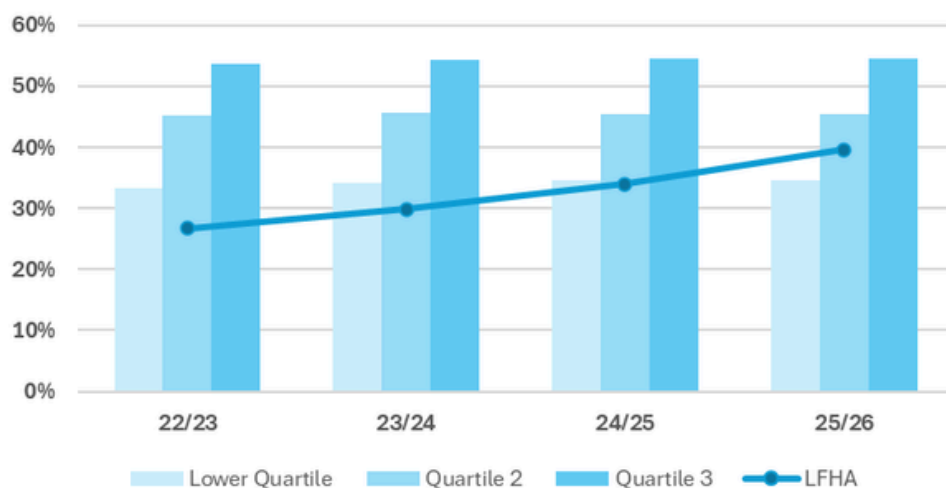
4. Gearing

Gearing has increased over the past three years, although it has remained well below the Sector Median and Sector Weighted Average, and in line with our peers.

Gearing is expected to gradually increase over the next 5 years, until it reaches a peak of 48% in 2030/31, before steadily declining over the remainder of the business plan.



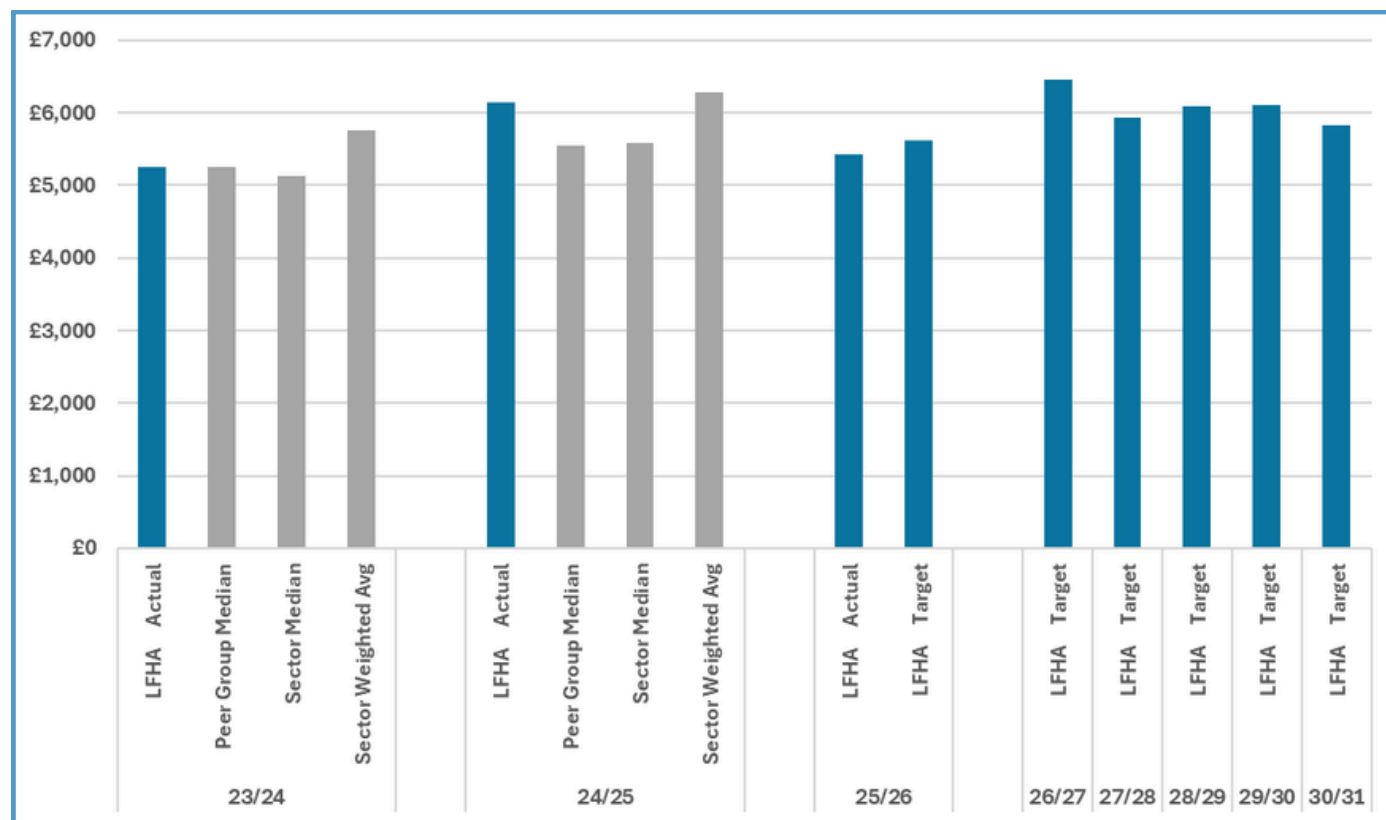
Quartile rankings



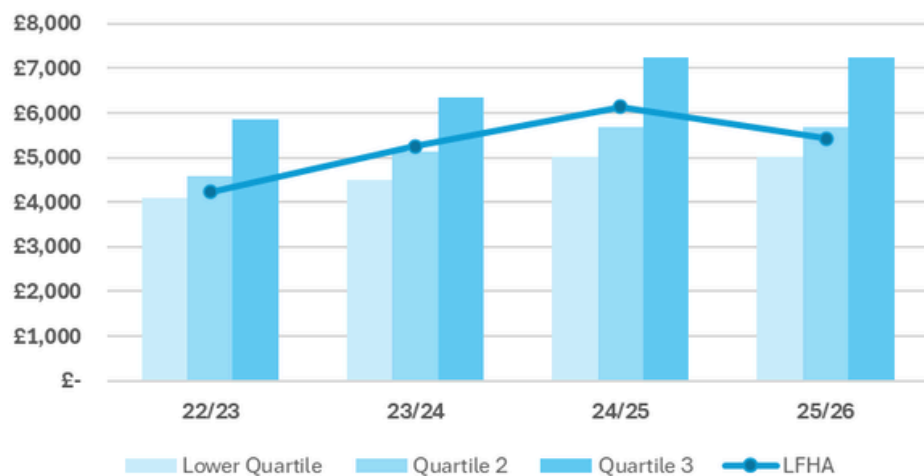
The 2025/26 outturn would place us below the sector median (Quartile 2) based on the 2024/25 quartile bandings.

5. Headline Social Housing Cost per Unit

In recent years we have seen increases to our Social Housing Cost per Unit due to the decision to prioritise investment in existing properties. We have also invested additional resources into delivering customer service and strengthening our approach to complaints resolution. The positive impact of these additional resources can be seen in our TSM results.



Quartile rankings

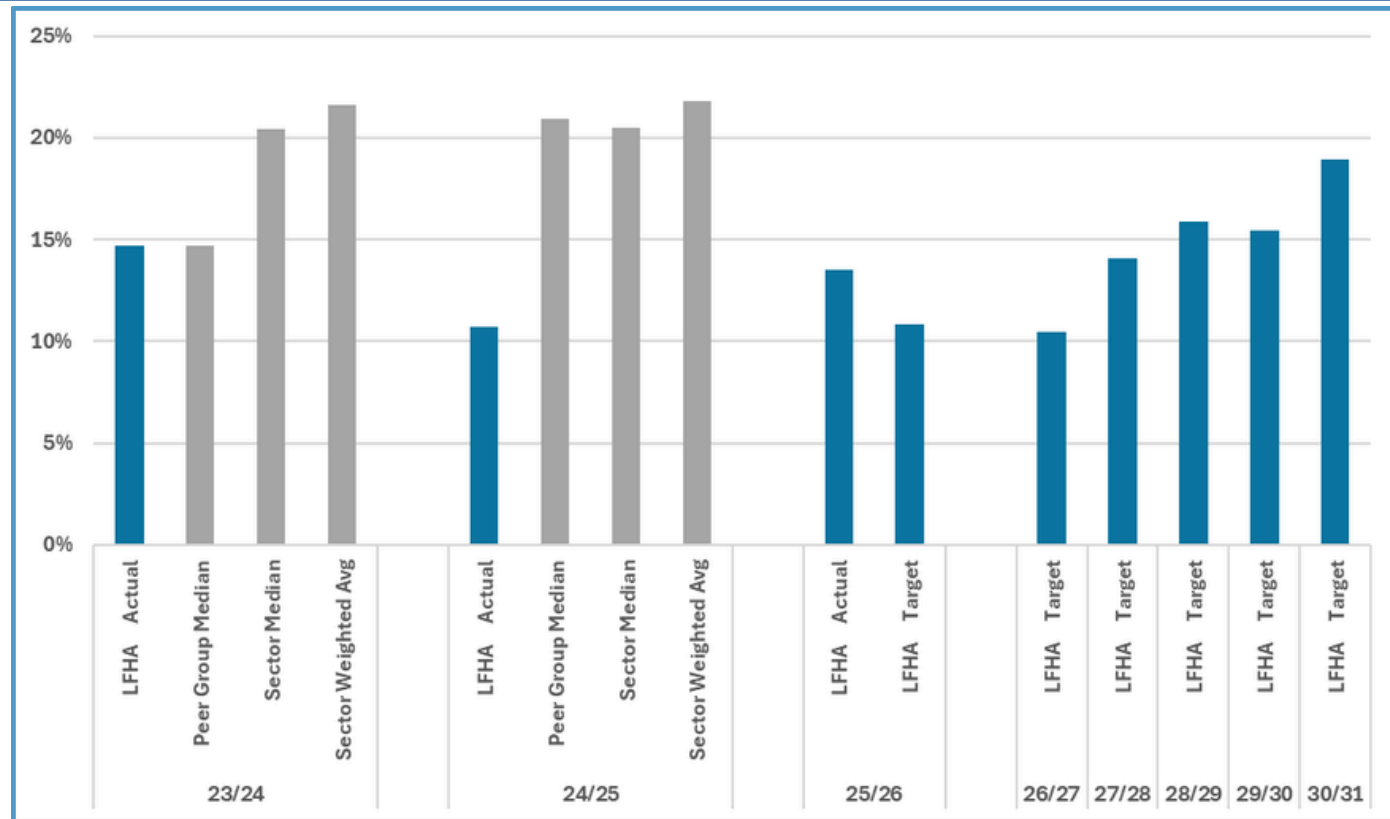


The pause on retrofitting work has led to a reduction in SHCPU in 2025/26 which would place us in Quartile 2 based on the 2024/25 rankings.

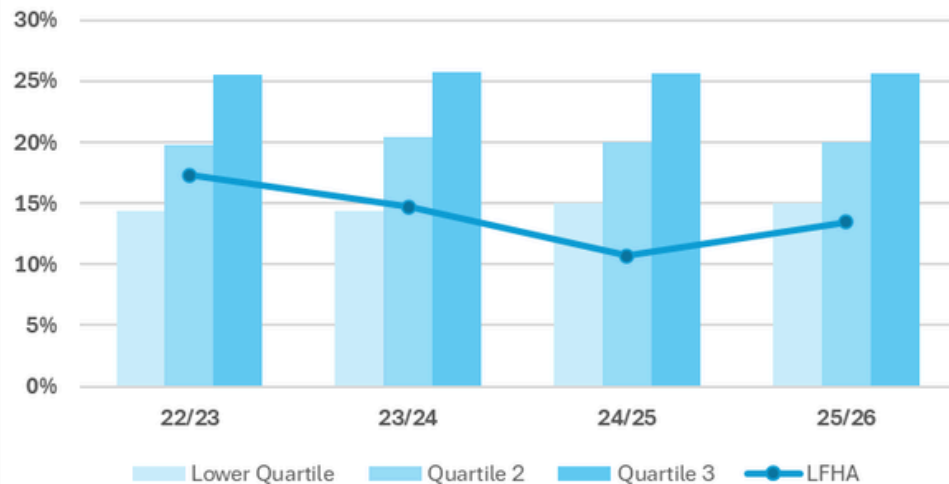
6.a. Operating Margin (Social Housing lettings only)

Social Housing Operating Margin has tracked behind the Sector in recent years. This is as a result of additional investment in service delivery, and increased one-off costs relating to the disposal of strategic assets.

It is expected that the margin will continue to improve steadily over the next 5 years.



Quartile rankings



Despite the increase in margin in 2025/26, based on the 2024/25 rankings we would remain in the Lower Quartile.

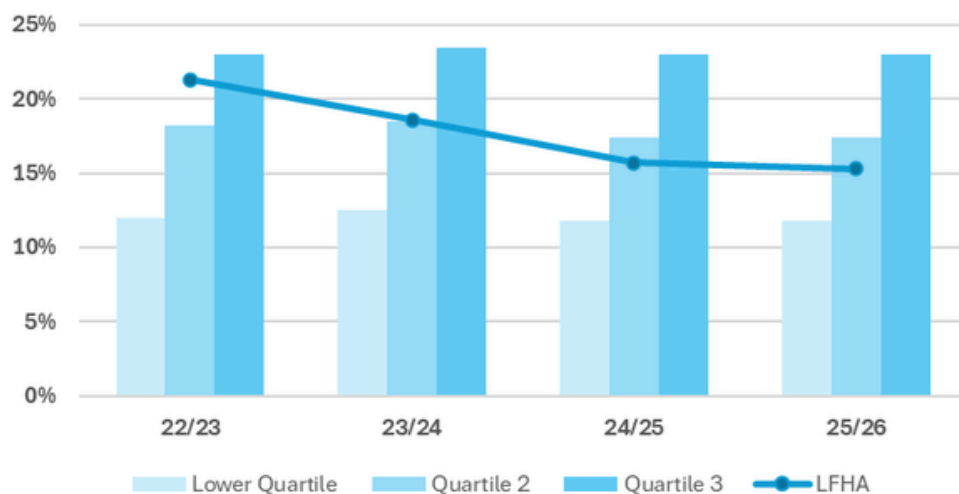
6.b. Operating Margin (Overall)

Overall Operating Margin has declined over the past two years, in line with the Sector median.

It is expected that the margin will continue to improve steadily over the next 5 years and beyond, supported by surpluses on 1st tranche sales and the impact of the CPI +1% rent settlement.



Quartile ranking

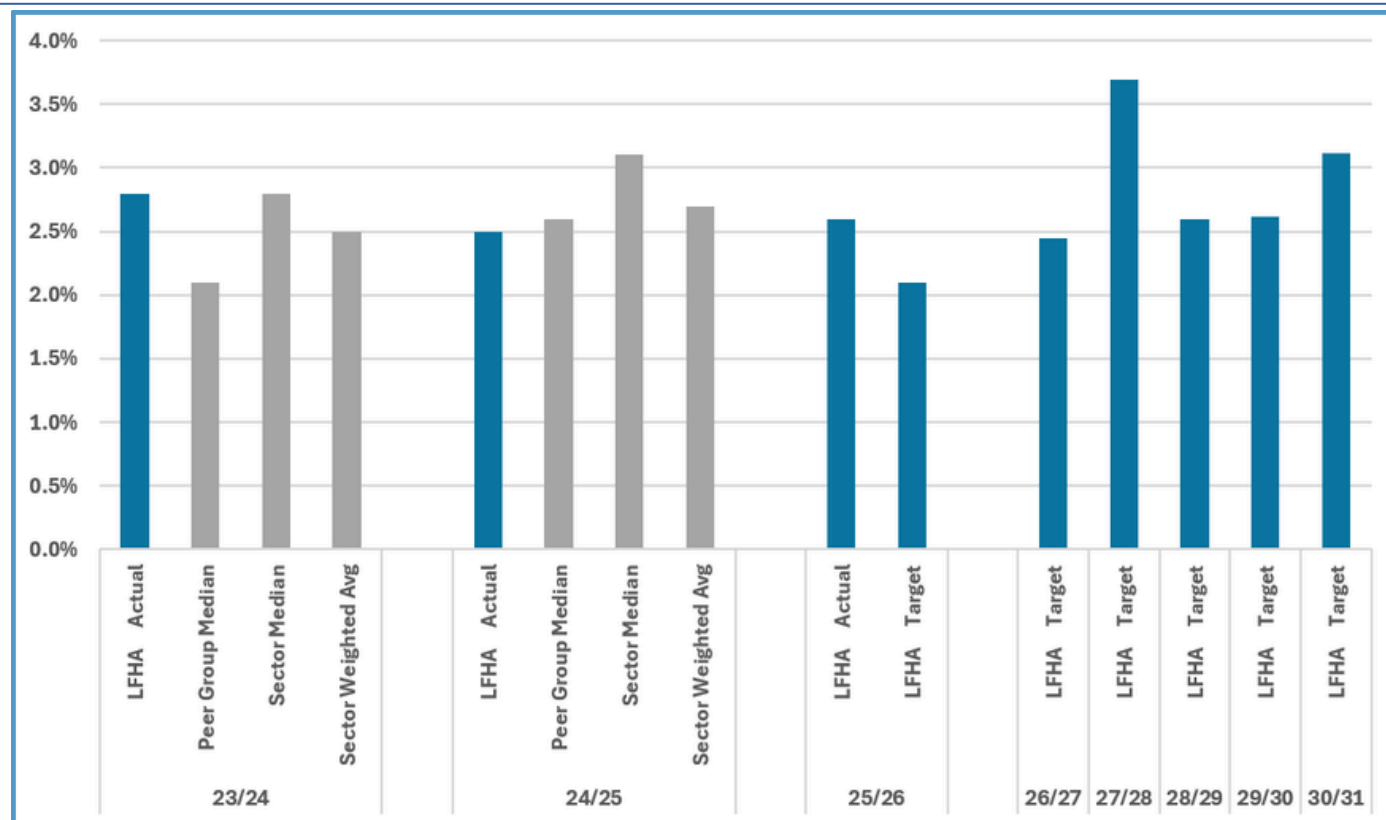


Based on the 2024/25 rankings we expect the 2025/26 outturn will place us behind the sector median in the 2nd Quartile.

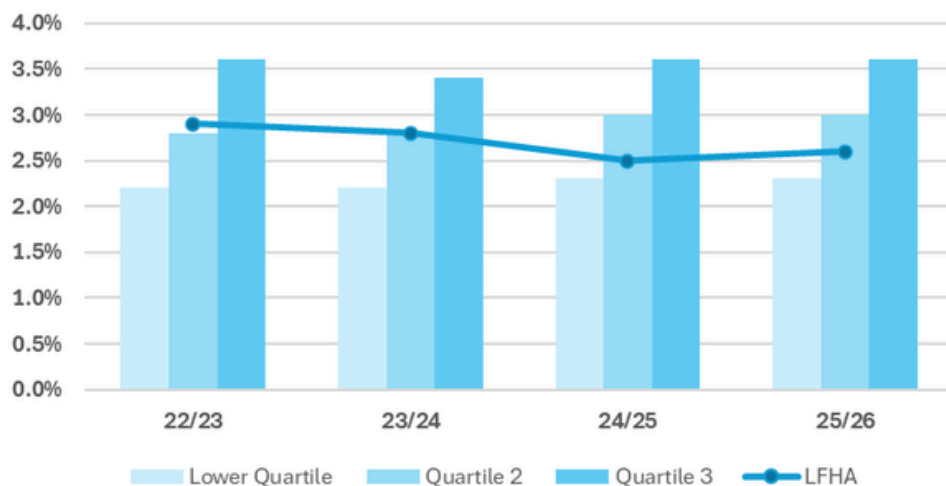
7. Return on Capital Employed

Return on Capital Employed has fallen behind the Sector but remains in line with our Peers.

The 2025/26 outturn exceeded our budget expectations due to higher than anticipated gains on fixed asset disposals.



Quartile rankings



Based on the 2024/25 rankings, we expect we will remain behind the sector median in the 2nd Quartile for 2025/26.

Review of VfM policy, integration of Social Value and reporting

Social Value refers to the positive impact organisations create for communities, people and the environment, in addition to their core business function. There are four key outcomes when talking about social value; the economic benefit, environmental benefit, social benefit and broader societal impact that organisations are delivering within an area.

Social Value and VfM are at the core of what Leeds Federated does and is about ensuring that Leeds Federated spending is having a positive impact on society.

Recognising this, the Board agreed at its January 2026 Strategic review day to integrate VfM and Social Value through the update of the VfM Policy, creation of specific Social Value performance measures and the establishment of a team to oversee and support Social Value activities.

By embedding Social Value and VfM principles into our procurement, asset management, and service delivery, we ensure that every decision supports the creation of social value. This means:

- Selecting suppliers and partners who offer not only competitive prices but also deliver added social value, such as local employment, apprenticeships, and support for community projects.
- Making investment decisions (like retrofitting homes for energy efficiency) that deliver long-term financial savings and environmental benefits.
- Allocating resources to community initiatives that deliver measurable social impact.

To help monitor our social value outcomes, a quarterly monitoring form will be sent to colleagues and community partners who are delivering social value and community-based initiatives.

Value for Money will continue to be measured through the RSH VfM and related metrics,

Alongside reporting against the VfM Standard metrics, examples of VfM are captured on A VfM log. These are specific instances of VfM that colleagues choose to report which illustrate how VfM is embedded within our day-to-day activities.

Board and Committee papers continue to identify VfM implications alongside considerations of Risk Management,

VfM is considered and documented within Project Initiation Documents when projects are identified, as demonstrating the benefits of and supporting the rationale for each project alongside considerations of risk management, dependencies and key deliverables and then again in the Project closure forms.

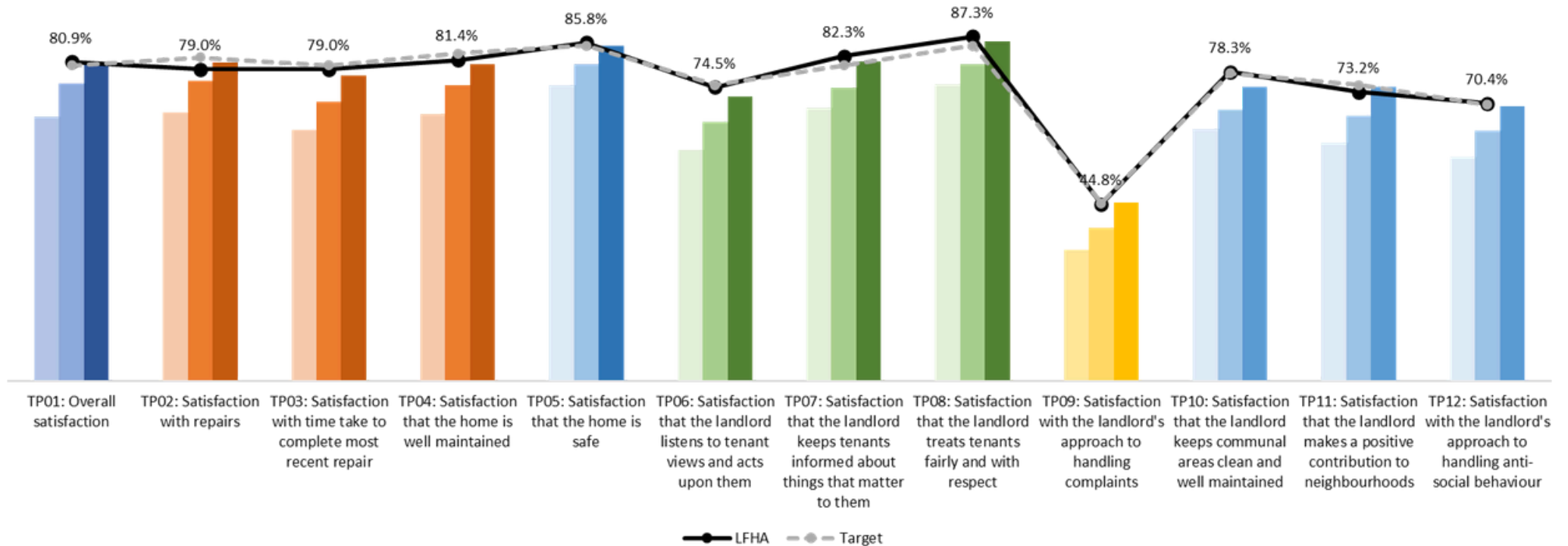
4. Customer Perceptions

Measuring Performance

Customer perception data is collected on a rolling basis, with a minimum of 600 customers participating in the survey annually. This approach has been in operation for many years allowing a useful longitudinal analysis of performance and has been adapted to fit with the Regulator of Social Housing's requirements for the calculation of the relevant Tenant Satisfaction Measures (TSMs).

In addition to gathering information from customers on our performance against the satisfaction based TSMs, we have retained several historical STAR questions where these add to our understanding of customer priorities and perceptions.

LFHA position vs. Regulator benchmarking PRP LCRA 24/25



The graph above provides a comparison of our 2025/26 performance against our targets with the equivalent 2024/25 lower, median and first quartile comparative performance in the light, medium and dark shaded bars respectively of all the RSH results published in November 2025.

5. Value for Money Standard

Leeds Federated has assessed its performance against the requirements laid out in the Regulator of Social Housing's Value for Money Standard. Leeds Federated has judged itself to be compliant with these requirements.

1.1 Registered Providers must:	
a. clearly articulate their strategic objectives	Our strategic objectives are articulated in the Corporate Plan, through the three core strategies of 'Thrive', 'Engage', and 'Evolve'.
b. have an approach agreed by their board to achieving value for money in meeting these objectives and demonstrate their delivery of value for money to stakeholders	We have an approach agreed by the Board to achieving Value for Money in meeting these strategic objectives. This is primarily embedded in those strategies; however a separate Board-approved VfM Policy exists.
c. through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs	Our 'Thrive' Strategy and Development Policy articulate our approach to delivering homes that meet a range of needs.
d. ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives	Our VfM Policy sets out how we ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency, and effectiveness in the delivery of our strategic objectives.

2.1 Registered Providers must demonstrate:	
a. a robust approach to achieving value for money – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance	A robust approach to achieving Value for Money is set out in our Value for Money Policy. We demonstrate this in ongoing business activity through option appraisals, business cases taken to Corporate Investment Group and to Board, and through the goals and projected business benefits of an ongoing programme of corporate projects.
b. regular and appropriate consideration by the board of potential value for money gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures	The board regularly considers potential value for money gains in the form of option appraisals and business cases for changes in operational activity. Other examples at board and operational levels include asset disposal decisions, procurement approaches, resource allocation, development of new systems and changes to existing systems.
c. consideration of value for money across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case	
d. that they have appropriate targets in place for measuring performance in achieving value for money in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets.	VfM performance is measured and recorded monthly through our balanced scorecard KPIs and through our annual VfM statement

2.2 Registered Providers must annually publish evidence in the statutory accounts to enable stakeholders to understand the provider:	
a. performance against its own value for money targets and any metrics set out by the regulator, and how that performance compares to peers	• Evidence is published annually as part of the statutory accounts to detail performance against Value for Money targets and the metrics set out by the Regulator, along with any plans for improvement.
b. measurable plans to address any areas of underperformance, including clearly stating any areas where improvements would not be appropriate and the rationale for this.	

6. Concluding Statement

This document provides a review of Leeds Federated's activities over the course of the 2025/26 financial year from a value for money perspective. Leeds Federated believe that this report provides assurance of compliance with the requirements of the Regulator for Social Housing Value for Money Standard.

iv) Financial performance for the year

The Board is pleased to report another strong financial performance for the year with a healthy Group total comprehensive income of £2,011k (2025 - £2,821k), after accounting for an actuarial gain of £170k on the Social Housing Pension Scheme (2025 - gain of £303k). An operational surplus before other gains is reported for the Group of £4,874k (2025 - £5,422k) with higher turnover and higher operating costs, and lower First tranche shared ownership sales compared to last year. The cash generated from the surplus has enabled the Group to continue to invest in both existing stock and new developments. The group completed 100 (2025: 137) new affordable homes during 2025/26. These new homes are a combination of Leeds Federated's own development and S106 schemes with regional and national housebuilders, reflecting the group's strong partnership approach to delivering new affordable homes.

Financial Position

The Group's five-year statements of income and expenditure and comprehensive income and balance sheets / statement of financial position are summarised in the table on page 25.

The Group's statement of comprehensive income and statement of financial position for the year ended 31 March 2026 are included on pages 34 and 35.

Accounting policies

The Group's principal accounting policies are set out on pages 38 to 43 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include component accounting and housing property depreciation.

Housing properties and other fixed assets

The Board is pleased to note a 1.3% (2025: 2.1%) net increase in social homes owned this year, with the total number of social homes (including bed spaces) in management now standing at 4,557 (2025: 4,491). In addition, there are 85 non-social bed-spaces (2025: 85) and 214 homes managed by others (2025: 218). The social housing properties were carried in the balance sheet at cost (after depreciation) of £280.3m (2025 - £268.4m).

A small number of properties are classified as Investment Properties. They are carried in the balance sheet at market valuation of £7.5m (2025 - £7.4m).

The Group's hub offices and depot are included within other fixed assets at depreciated cost.

During the year, the Group invested £304k (2025: £210k) in its capitalised computer equipment mainly on new hardware and upgrades to the Finance & CRM systems.

Pension costs

The Group participates in the Social Housing Pension Scheme (SHPS). SHPS is a multi-employer defined benefit scheme. The Group has contributed to the scheme in accordance with levels set by the actuaries. The latest triennial actuarial valuation of the SHPS was undertaken as at 30 September 2023, and the disclosure is based on this valuation. The disclosure note can be found on pages 56-58.

Capital structure and treasury policy

The Group has £151m of secured funding facilities and as at 31 March 2026 there was £42.2m available in the form of undrawn facilities and cash to fund future development and capital spending. The annually approved Treasury Annual Plan and Treasury Policy sets out how the group manages treasury risks including interest rates, refinancing, and counterparty risks as well as determining future borrowing plans to ensure adequate funding in place to meet business plan requirements. All lenders' covenants were met during the year and the Board expects to remain compliant in the foreseeable future.

During May 2025, £20m was raised via a fixed term loan with the Affordable Homes Guarantee Scheme (AHGS) which together with completion of a further £10m BLEND loan completed in June provides Leeds Federated with liquidity to deliver its current development and planned investment programmes with no new funding required until 2029.

Cash flows

Cash inflows and outflows during the year are shown in the Group statement of cash flows on page 37. The cash inflow from operating activities reduced this year to £7,930k (2025 - £11,301k). There was a net increase in cash for the year ended 31 March 2026 of £9,190k (2025 - £72k decrease).

Leeds Federated Housing Association Limited

Report of the board of management and strategic report for the year ended 31 March 2026 (continued)

Future developments

The Board approved its March 2026 budget to spend an estimated £22.0m during the next financial year to acquire/build further affordable homes for sale and rent (2025 - £28.4m). £12.7m of funding is for committed schemes and £9.3m for uncommitted schemes.

The Association's 5 year Corporate Plan for 2025 to 2030 sets out the growth aspiration to expand Leeds Federated's delivery of good quality homes – the Association will use its borrowing capacity to increase the amount of development undertaken, delivering on average 94 new homes per year between April 2026 and March 2030.

The 2026/27 budget includes completion of 84 new affordable homes, 53 of which are for shared ownership.

The Association has underway a substantial programme delivering retrofit works to bring its homes up to EPC C. This is supported by a continuing programme of assessments across all its homes. This will enable Leeds Federated to progress in its roadmap of improvements which will take it to meeting EPC C as a minimum on all homes by 2030 and towards the ambition to be fully net zero by 2050. In terms of lifecycle expectations for our components Leeds Federated will adopt industry standards, as they evolve, for measures such as internal/external wall insulation, heat pumps and solar PV and battery systems. Current depreciation rates are set out in the Accounting Policies on page 41.

Statement of compliance

In preparing this Report of the Board and Strategic Report, the Board has followed the principles set out in the Statement of Recommended Practice (SORP): Accounting for registered social housing providers, the reporting requirements of FRS102, and the Regulator of Social Housing's Accounting Direction for social housing in England.

	2026	2025	2024	2023	2022
	£'000	£'000	£'000	£'000	£'000
Group statement of comprehensive income					
Total turnover	34,097	34,547	30,382	27,762	25,482
Income from lettings	29,730	28,090	25,353	22,982	21,854
Operating surplus	4,874	5,422	5,665	5,905	5,086
Surplus for the year transferred to reserves (after pension)	2,011	2,821	1,474	2,936	6,411
Group statement of financial position					
Housing properties	280,287	268,399	247,288	227,104	213,625
Investment properties	7,475	7,379	7,406	8,336	8,221
Housing properties, net of depreciation	287,762	275,778	254,694	235,440	221,846
Other fixed assets	624	738	899	739	734
Fixed assets, net of depreciation	288,386	276,516	255,593	236,179	222,580
Fixed asset investments	3,630	2,484	2,450	2,399	2,661
Net current assets / (liabilities)	11,157	(712)	1,980	(5,319)	1,783
Total assets less current liabilities	303,173	278,288	260,023	233,259	227,024
Loans (due over one year)	120,836	94,243	75,932	58,045	54,567
Other long-term liabilities (incl. SHG under FRS102 and pension liability)	109,709	113,428	116,295	108,892	109,071
Reserves	72,628	70,617	67,796	66,322	63,386
Total assets less current liabilities	303,173	278,288	260,023	233,259	227,024
Accommodation figures					
Social housing owned	4,771	4,709	4,612	4,493	4,418
Non-social housing	85	85	85	85	85
Total housing stock owned at year end (number of dwellings)	4,856	4,794	4,697	4,578	4,503
Statistics					
Surplus for the year as % of turnover (after pension)	5.90%	8.17%	4.85%	10.58%	25.16%
Surplus for the year as % of income from lettings (after pension)	6.76%	10.04%	5.81%	12.78%	29.34%
Rent losses (voids & bad debts as % of rent & service charges receivable)	1.15%	1.45%	0.94%	2.19%	1.96%
Interest cover	137.01%	166.70%	209.30%	285.61%	270.33%
Gearing (total loans as % of capital grants plus reserves)	67.92%	53.83%	44.36%	37.73%	34.97%
Total reserves per home owned (£)	14,956	14,730	14,434	14,487	14,123

v) Governance

Statement of Internal Controls

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

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable assurance against material misstatement or loss.

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

Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for Audit and Risk, Customer Experience, and Governance and Remuneration Committees;
- clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- robust strategic and business planning processes, with detailed financial budgets and forecasts;
- formal recruitment, retention, training and development policies for all staff;
- established authorisation and appraisal procedures for significant new initiatives and commitments;

- a thorough approach to treasury management which is subject to external review each year;
- regular reporting to the appropriate Committee on key business objectives, targets and outcomes;
- Board approved Whistleblowing policy;
- Board approved Bribery, Fraud and Money Laundering policy, covering prevention, detection, and reporting, together with recoverability of assets; and
- regular monitoring of loan covenants and requirements for new loan facilities.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Audit and Risk Committee to regularly review the effectiveness of the system of internal control. The Board receives reports from the Audit and Risk Committee together with minutes of Audit and Risk Committee meetings. At the end of each financial year, the Chair of the Audit and Risk Committee reports to the Board on how the terms of reference for the Committee have been met during the year. In August 2025, the Board received the Company Secretary's annual review of the effectiveness of the system of internal control for the Association for 2024/25 in line with External Audit recommendations to only receive this after the External Auditor has reported its findings for the 2024/25 audit. The 2025/26 annual report of the Internal Auditor was received at the July 2026 Audit and Risk Committee meeting.

Beever and Struthers were reappointed as Internal Auditors in 2022 following a competitive tender process. In October 2025 Beever and Struthers merged with Menzies. The Internal Auditors have reported to Audit & Risk Committee four times during the year and the Association undertakes a performance review following each audit, on whether reporting timescales were achieved and annually on the mix of audit staff against the tendered mix.

Forvis Mazars were appointed as External Auditors in 2025 following a competitive tender process.

Compliance with Governance and Financial Viability Standard

The Board receives on an annual basis an assessment of compliance with the Regulator of Social Housing's (RSH's) regulatory standards. The assessment undertaken for 2025/26 shows that we are compliant with the standards and Code of Governance as of 31 March 2026.

The Association received confirmation from the Regulator of Social Housing on 17 December 2025 that its ratings have been maintained at G1 V2 following the conclusion of the Stability Check.

National Housing Federation (NHF) Code of Governance

The Board adopted the NHF Code of Governance 2020 from 1 April 2021. As part of the decision the Board considered a self-assessment against the code which subsequently resulted in an action plan to ensure all aspects were met which was finalised by March 2023. As at 31 March 2026, Leeds Federated were able to report compliance with the Code based on the internal assurance process undertaken in May 2026.

Effectiveness

Annual Board effectiveness and annual appraisals are carried out for each Board member. The results are analysed and reported through the Governance & Remuneration Committee and Board to support and inform future succession, recruitment and learning and development requirements. The process is internally supported by the Company Secretary.

Equality, Diversity and Inclusion

In line with the NHF Code of Governance 2020 the Board approved the Equality, Diversity and Inclusion Policy. The policy outlines that we will set targets against each of the protected characteristics where there is sufficient data to enable the comparison. The principles that we will monitor include: staff and Board being broadly representative of the customer base we serve and our customer base being broadly representative of the communities in which our homes are situated. Additional areas for measurement have included ensuring there is no marked difference in customer or colleague satisfaction and we continue to monitor and address the under representation of disability.

Summary data of the demographic profile of customers, staff and board members are provided to the Board annually for review. The 2025/26 profile shows that the composition of the Board and staff is generally reflective of the diversity of our customer base and the communities in which we work, with some over and under representation, especially in relation to disability. Recruitment opportunities and methods continue to be reviewed to increase applications from underrepresented groups, specifically disabled candidates at this time. When recruiting new Board members the Board consider the diversity balance and skills mix on the Board.

Ethnic Minority	22.2%
Ethnic Majority	77.8%
Female	33.3%
Male	66.6%
Disabled	0%
Non-Disabled	100%
Average Age	55.77
Bisexual	0%
Gay	0%
Lesbian	0%
Heterosexual	100%
Prefer not to Answer	0%

Committees and Attendance

The attendance at the Board and Committee meetings during 2025/26 was:

Board / Committee	2026	2025
Board	83%	84%
Customer Experience Committee	100%	88%
Audit & Risk Committee	100%	94%
Governance & Remuneration Committee	100%	88%

Board Members sitting on each Committee as at 31 March 2026

Chair of the Board of Management	Chris Simpson
Customer Experience Committee	Stephen Dungworth (Chair) Naseer Ahmed Charlotte Green Stephen Hepworth
Audit & Risk Committee	David Royston (Chair) Helen Ball Innocent Moyo Kirsty Spark
Governance & Remuneration Committee	Kirsty Spark (Chair) Stephen Dungworth David Royston Chris Simpson

Remuneration

Board Members are remunerated for their position on the Board. Within their Service Contract reference is made to the level of the fee being subject to an annual review by the Board. It was agreed that remuneration would be at median level (which is consistent with the Association's approach to setting staff salaries) and this be linked to an assessment of the following criteria:

- an independent assessment of the market
- any increase being paid to staff
- any increase paid to Senior Management Team
- the general economic climate

There are no governance related matters to highlight this year.

Charitable donations

2026 - £Nil (2025 - £Nil).

Going concern

The Group and association's business activities, its current financial position, are set out above in the Strategic Report and the Report of the Board. In preparing the financial statements on a going concern basis the Board considered the current economic situation with immediate potential for increased costs resulting from higher inflation, higher wage costs, higher interest costs, higher material costs and factored in the following possibilities and outcomes:

- that the current budget, medium and long-term financial forecast, including pension obligations, demonstrate that the Group and the association have sufficient resources to meet all liabilities as they fall due, for the foreseeable future and at least for the 12 months following approval of these financial statements.
- flexing and stress testing of long-term financial forecasts have been prepared to demonstrate that appropriate and practical mitigations are available to the Group and the Society in the case of wider economic uncertainty. The stress tests, which included but were not limited to factors such as increased inflation rates, increased interest rates, rent cap, exceptional expenditure, development delays, and sales price fluctuation, aimed to determine their impact on the plan. Multiple stress scenarios were also applied, and circumstances identified under which the plan might be 'broken', i.e. bank covenants breached, mitigating actions were identified, quantified, and their timing determined.
- that banking covenants and funders' requirements have been met and are forecast to be met going forward.
- the continuing impact of the war in Ukraine, the Middle East unrest, and the unknown political landscape have all been considered within the forecasts and stress tests applied to assess the potential impact of various scenarios. The Group and the association continue to maintain sufficient liquid resources and committed funding to mitigate any immediate and foreseeable impact in the short, medium and long term, to ensure they can manage the potential impact of increased risks identified, including inflation, increased interest rates, and a significant decline in the housing market.

Going concern (continued)

The Group cash position as at 31 March 2026 was £12.2m. Cashflow projections do not rely on Government support schemes. Additional borrowing completed in May 2025 of £20m and June 2025 of £10m provides the group with liquidity to fund its ongoing development and asset improvement plans with additional funding not required until 2029. The primary reliance the Group and the Society have in respect of Government funding is attributable to rents and service charges settled through Universal Credit and Housing Benefits and other customer focussed support. Appropriate stress testing, including rent cap, has been undertaken to ensure that a variation in Government policy on such payments can be accommodated within future cash flow forecasts.

The Board has reviewed and considered the expected performance and commitments of the Group and the Society over the short and medium term and believes there is a reasonable expectation that the Group has adequate resources to continue in operational existence for foreseeable future, thus ensuring a period of at least 12 months after the date on which the report and financial statements are signed. For this reason, the Board continues to adopt the going concern basis in the financial statements.

Statement of Board members' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

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

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and Association's transactions and disclose with reasonable accuracy at any time the financial position of the group and Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Annual General Meeting

The Annual General Meeting will be held on 17 September 2026. The AGM will be held virtually using existing conferencing facilities and a separate shareholder briefing will be held to update members on progress against the Corporate Plan, performance and future direction.

Auditors

All of the current Board Members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Association's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Board Members are not aware of any relevant audit information of which the auditors are unaware.

Governance

Following a retender of the External Audit contract in February 2025, Forvis Mazars were awarded the contract for a period of 3 years and formally took office at the 2025 AGM.

By order of the Board



Chris Simpson

Chair of the Board

Date: 11 August 2026

Independent auditor's report to the members of Leeds Federated Housing Association Limited

Opinion

We have audited the financial statements of Leeds Federated Housing Association Limited (the 'Association') and its subsidiaries (the 'Group') for the year ended 31 March 2026 which comprise the Group and Association Statement of Comprehensive Income, the Group and Association Statement of Financial Position, the Group and Association Statement of Changes in Reserves, the Group Cashflow Statement and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Independent auditor's report to the members of Leeds Federated Housing Association Limited (continued)

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Board Members' responsibilities statement set out on page 30, the Board Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our

opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Group and Association and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, GDPR, health and safety regulation, anti-money laundering regulation and tax legislation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Group and Association is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and Association which were contrary to applicable laws and regulations, including fraud.

Independent auditor's report to the members of Leeds Federated Housing Association Limited (continued)

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as Co-operative and Community Benefit Societies 2014, the Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

In addition, we evaluated the Board Members' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates,

In particular in relation to impairment, defined benefit pension accounting, fixed asset investments, property categorization and development costs, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Board Members and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

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

Signed by:


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Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
One St Peter's Square
Manchester
M2 3DE
Date 18 August 2026

Leeds Federated Housing Association Limited
Statement of comprehensive income for the year ended 31 March 2026

	Note	Group		Association	
		2026 £'000	2025 £'000	2026 £'000	2025 £'000
Turnover - continuing activities	4	34,097	34,547	34,472	34,853
Operating costs	4	(29,223)	(29,125)	(29,213)	(29,116)
Other Income and Gains	7, 13, 16	2,771	1,677	2,771	1,677
Operating surplus - continuing activities	4	7,645	7,099	8,030	7,414
Interest receivable and similar income	9	453	236	443	227
Interest and financing costs	10	(6,257)	(4,817)	(6,257)	(4,817)
Surplus for the financial year		1,841	2,518	2,216	2,824
Actuarial gain on defined benefit pension scheme	27	170	303	170	303
Total Comprehensive income for the year		2,011	2,821	2,386	3,127

All activities relate to continuing operations.

The financial statements were approved by the Board of Management on 11 August 2026 and signed on its behalf by:

Board Member



Board Member



Secretary



The notes on pages 38 to 58 form part of these financial statements.

Leeds Federated Housing Association Limited
Statement of financial position for the year ended 31 March 2026

	Note	Group		Association	
		2026	2025	2026	2025
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets - housing properties, depreciated cost	14	280,287	268,399	282,467	270,204
Tangible fixed assets – Other	15	624	738	624	738
Investment Properties	16	7,475	7,379	7,475	7,379
Investments	13	3,630	2,484	3,630	2,484
		292,016	279,000	294,196	280,805
Current assets					
Debtors	18	2,188	2,499	2,177	2,494
APS stock		183	142	183	142
Properties Held for Sale	19	6,302	3,700	6,302	3,700
Cash at bank and in hand		12,193	3,003	11,849	2,684
		20,866	9,344	20,511	9,020
Creditors: amounts falling due within one year	20	(9,709)	(10,056)	(9,354)	(9,732)
Net current assets / (liabilities)		11,157	(712)	11,157	(712)
Total assets less current liabilities		303,173	278,288	305,353	280,093
Creditors: amounts falling due after more than one year	21	(228,663)	(204,816)	(228,663)	(204,816)
Net assets excluding pension liability		74,510	73,472	76,690	75,277
Pension liability	27	(1,882)	(2,855)	(1,882)	(2,855)
Net assets		72,628	70,617	74,808	72,422
Capital and reserves					
Share capital	28	-	-	-	-
Income and expenditure reserve		72,628	70,617	74,808	72,422
		72,628	70,617	74,808	72,422

All activities relate to continuing operations.

The financial statements were approved by the Board of Management on 11 August 2026 and signed on its behalf by:

Board Member



Board Member



Secretary



The notes on pages 38 to 58 form part of these financial statements.

Leeds Federated Housing Association Limited

Statement of changes in reserves for the year ended 31 March 2026

	Group			Association		
	Income and expenditure Reserve £'000	Share capital £'000	Total £'000	Income and expenditure Reserve £'000	Share capital £'000	Total £'000
Balance at 1 April 2024	67,796	0	67,796	69,295	0	69,295
Surplus for the year	2,518		2,518	2,824		2,824
Actuarial gain on defined pension scheme	303		303	303		303
Balance at 31 March 2025	70,617	0	70,617	72,422	0	72,422
Surplus for the year	1,841		1,841	2,216		2,216
Actuarial gain on defined pension scheme	170		170	170		170
Balance at 31 March 2026	72,628	0	72,628	74,808	0	74,808

Leeds Federated Housing Association Limited
Group cash flow statement for the year ended 31 March 2026

		2026	2025
	Note	£'000	£'000
Cash flows from operating activities			
Surplus for the financial year		1,841	2,518
Adjustments for:			
Depreciation of Fixed Assets - housing properties	8/14	6,521	5,841
Depreciation of Fixed Assets - other	15	436	420
Amortisation of Loan set up costs	10	177	145
Amortised Grant	8	(2,168)	(2,121)
Net fair value losses/(gains) recognised in income statement	13	50	111
Movement in fair value of investments	16	(96)	(248)
Interest payable and finance costs	10	5,941	4,497
Interest receivable	9	(453)	(236)
Difference between net pension expense and cash contribution	11/27	(803)	(984)
Surplus on sale of fixed assets - housing properties Disposal Proceeds	7	(2,730)	(1,474)
Deficit/ (surplus) on sale of fixed assets - other	7	5	(66)
(Increase)/Decrease in stock		(41)	65
Decrease in debtors	18	311	2,043
(Decrease)/Increase in creditors	20	(1,076)	790
Cash from Operations		7,915	11,301
Management of liquid resources			
Payments to acquire listed investments	13	(1,025)	0
Net cash used in management of liquid resources		(1,025)	0
Cash flows from Investing activities			
Proceeds from sale of fixed assets - housing properties	7	4,215	2,630
Proceeds from sale of fixed assets - other	7	0	353
Purchase of fixed assets - housing properties	14	(24,174)	(30,324)
1st Tranche sales costs included in surplus for the financial year	4a	2,408	3,093
Purchase of fixed assets - other	15	(326)	(268)
Selling costs for selling housing assets		(71)	(23)
Selling costs for selling other assets		0	(6)
Receipt of local authority grant	22	2,050	940
Bank interest received	9	283	88
Net cash from investing activities		(15,615)	(23,517)
Cash flows from Financing activities			
Bank interest paid	10	(5,975)	(4,852)
New loans - bank	25	32,500	63,000
Reverse loan premium paid	21	(2,702)	0
New loans - set up costs	25	(266)	(248)
Repayment of loans - bank	25	(5,642)	(45,756)
Net cash used in financing activities		17,915	12,144
Net increase/(decrease) in cash and cash equivalents		9,190	(72)
Cash and cash equivalents at beginning of year		3,003	3,075
Cash and cash equivalents at the end of year		12,193	3,003

1. Legal status

The Association is registered under the Cooperative and Community Benefit Society Act 2014 and is registered with Homes England as a social housing provider. The registered office is The Tannery, 91 Kirkstall Road, Leeds, LS3 1HS.

The companies, Leeds Federated Housing Association Limited and its subsidiary Leeds Federated Property Services Limited, are referred to as "the group". The principal activity of the group is the provision of social housing and housing management.

Leeds Federated Property Services Limited is a company limited by shares, registered with Companies House under the Companies Act 2006. The principal trading activity of the company is the development of new housing for sale to the Association.

2. Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Leeds Federated Housing Association includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, "Accounting by registered social housing providers" 2018, and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. These estimates and judgements are disclosed in note 3.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- no cash flow statement has been presented for the parent company;
- disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and

- no disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole. There is no remuneration in the subsidiary company LFPS.

The following principal accounting policies have been applied:

Going concern

The Group and association's business activities, its current financial position, are set out above in the Strategic Report and the Report of the Board. In preparing the financial statements on a going concern basis the Board considered the current economic situation with immediate potential for increased costs resulting from higher inflation, higher wage costs, higher interest costs, higher material costs and factored in the following possibilities and outcomes:

- that the current budget, medium and long-term financial forecast, including pension obligations, demonstrate that the Group and the association have sufficient resources to meet all liabilities as they fall due, for the foreseeable future and at least for the 12 months following approval of these financial statements.
- flexing and stress testing of long-term financial forecasts have been prepared to demonstrate that appropriate and practical mitigations are available to the Group and the Society in the case of wider economic uncertainty. The stress tests, which included but were not limited to factors such as increased inflation rates, increased interest rates, rent cap, exceptional expenditure, development delays, and sales price fluctuation, aimed to determine their impact on the plan. Multiple stress scenarios were also applied, and circumstances identified under which the plan might be 'broken', meaning bank covenants have been breached, mitigating actions were identified, quantified, and their timing determined.
- that banking covenants and funders' requirements have been met and are forecast to be met going forward.
- the continuing impact of the war in Ukraine, the Middle East unrest, and the unknown political landscape have all been considered within the forecasts and stress tests applied to assess the potential impact of various scenarios. The Group and the association continue to maintain sufficient liquid resources and committed funding to mitigate any immediate and foreseeable impact in the short, medium and long term, to ensure they can manage the potential impact of increased risks identified, including inflation, increased interest rates, and a significant decline in the housing market.

Going concern (continued)

The Group cash position as at 31 March 2026 was £12.2m. Cashflow projections do not rely on Government support schemes. Additional borrowing completed in May 2025 of £20m and in June 2025 of £10m provides the group with liquidity to fund its ongoing development and asset improvement plans with additional funding not required until 2029. The primary reliance the Group and the Society have in respect of Government funding is attributable to rents and service charges settled through Universal Credit and Housing Benefits and other customer focussed support. Appropriate stress testing, including rent cap, has been undertaken to ensure that a variation in Government policy on such payments can be accommodated within future cash flow forecasts.

The Board has reviewed and considered the expected performance and commitments of the Group and the Society over the short and medium term and believes there is a reasonable expectation that the Group has adequate resources to continue in operational existence for foreseeable future, thus ensuring a period of at least 12 months after the date on which the report and financial statements are signed. For this reason, the Board continues to adopt the going concern basis in the financial statements.

Basis of consolidation

The Group financial statements incorporate the results of Leeds Federated Housing Association Limited and its only subsidiary undertaking as at 31 March 2026 as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Turnover

Turnover represents rental income and service charge income receivable, proceeds from first tranche shared ownership sales, fees and revenue grants from local authorities and Homes England (HE), management fees receivable and miscellaneous income. Income is measured at the fair value of the consideration received or receivable.

Rental income is recognised 14 days from the point when properties under development become available for letting. Income from first tranche sales is recognised at the point of legal completion of the sale. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

Service income and charges

The Group operates variable service charges, whereby the costs of the scheme are budgeted and any surplus/deficit in any financial year is recovered/refunded in future service charges. The costs for the provision of any communal service or facility within a housing scheme are recharged at cost plus a 15% admin charge to the tenants on that scheme.

Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated amounts chargeable.

Bad debt

A bad debt provision of £339k is included within the financial statements (2025: £467k). This includes 85% of current tenant arrears older than 13 weeks and 100% of former tenants' arrears. Bad debt on other income sources is assessed depending upon the individual circumstances present.

Cash and cash equivalents

Cash and cash equivalents in the Group's Statement of Financial Position consists of cash at bank, in hand, deposits and short-term investments with an original maturity of three months or less.

Taxation

Leeds Federated Property Services is subject to Corporation Tax. The charge for taxation is based on the surplus for the year and takes into account taxation deferred. Surpluses are accrued and gift aided to Leeds Federated Housing Association under a Deed of Covenant.

Value added tax

The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT on expenditure to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the statement of comprehensive income. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Interest payable

Interest payable is charged to the statement of comprehensive income in the year.

Pension costs

The Group participates in the Social Housing Pension Scheme (SHPS), a defined benefit pension scheme, however the Group no longer permits new members to join this defined benefit scheme. Contributions are based on pension costs across the various participating Associations taken as a whole. The assets of the scheme are invested and managed independently of the finances of the Group.

For the year ended 31 March 2026, the Association's net defined benefit pension liability is £1,882k (2025: £2,855k), reflecting a net gain in scheme assets and liabilities of £157k and member contributions and other movements of £816k in the year.

Supported Housing managed by agencies

Social housing capital grants and other revenue grants are claimed by the Association as owner of the property and are included in its statement of financial position. The treatment of other income and expenditure in respect of supported housing projects depends on whether the Association carries the financial risk. Where an agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the statement of comprehensive income includes only that income and expenditure which relates solely to the Association. Other income and expenditure of projects in this category is excluded from the Association's statement of comprehensive income (see note 4).

Housing properties

Housing properties are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, incidental costs of acquisition, administration costs and expenditure incurred in respect of improvements or component replacements.

Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when ready for letting or sale. The group's policy is to capitalise the costs associated with acquiring land and building, indirect costs directly attributable to the new build and development expenditure including direct development staff costs.

Works to existing properties, which replace a component that has been treated separately for depreciation purposes, are capitalised as improvements.

Properties held for sale

Shared ownership first tranche sales are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development costs. Net realisable value is based on estimated sales prices allowing for all further costs of completion and disposal. All properties for sale are reported as current assets under properties held for sale.

Sale of tangible fixed assets

The surpluses or deficits recognised on disposal of fixed property assets are determined by comparing the proceeds with the carrying amount and are recognised within 'operating surplus' in the statement of comprehensive income.

Investment properties

Investment properties consist of commercial units including shops and garages held for letting, which are not held for a social benefit. They are measured at cost on initial recognition and subsequently carried at fair value.

The assessment of fair value is undertaken annually using an external valuer with Jones Lang LaSalle Limited (JLL) completing the most recent valuation on 31 March 2026. No depreciation is provided and changes in fair value are accounted for in operating surplus.

Tangible fixed assets - Other

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

The group adds to the carrying amount of a fixed asset the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Shared ownership properties

Under Shared Ownership arrangements, the Group disposes of a long lease to the occupier; the lease premium paid is for between 10% and 75% of the value. The occupier has a right to purchase further proportions up to 100%. A shared ownership property comprises two assets: that to be disposed of in the first tranche sale, which is recorded as a current asset and stated at the lower of cost and net realisable value; and that retained by the Group, which is recorded as a fixed asset in the same manner as for general needs housing properties held for rental.

Proceeds of sale for first tranches are accounted for as turnover in the statement of comprehensive income, with the apportioned cost being shown as cost of sales within operating results. Subsequent tranches sold ("staircasing") are reflected in the statement of comprehensive income as a surplus or deficit on sale of fixed asset housing properties.

Stock

Stock represents raw materials.

Stock is stated at the lower of cost and net realisable value. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

An assessment of net realisable value is made at each reporting date. Where a write down is required it is immediately recognised in the statement of consolidated income.

Government Grants

Social Housing Grant (SHG) is receivable from Homes England (HE) to subsidise the cost of housing properties and is included in long term liabilities under creditors as deferred income. The grants are amortised to the statement of comprehensive income on a systematic basis over the useful economic life of the asset for which it was received.

SHG due from HE or received in advance of total development costs being incurred, is shown as a current asset or liability.

SHG is subordinated to the repayment of loans by agreement with HE. SHG is repayable unless formally abated and waived although it can be recycled. SHG is recycled on disposal of a property and is credited to a Recycled Capital Grant Fund, which is included as a creditor due within one year or due after more than one year, as appropriate. If the recycled capital grant fund is not used within a three year period in principle it becomes repayable unless HE agree otherwise.

Grants of a revenue nature are recognised in the statement of comprehensive income over the same period as the expenditure to which they relate once performance related conditions have been met.

Other capital subsidies

The Group has, in the past, received land and capital subsidy from Leeds City Council via Leeds Partnership Homes Limited (LPH) at £nil financial consideration in exchange for nomination rights to the completed dwellings. The policy of the Group is to include the value of the subsidy in long term liabilities under creditors as deferred income. The subsidies are amortised to the statement of comprehensive income over the period to which they relate.

Capitalisation of maintenance costs

Any expenditure on an existing property that meets one of the following circumstances is capitalised into one of the housing property components:

- Replacement of a component of the property that has been previously treated separately for depreciation purposes and has been depreciated over its individual useful economic life.
- The economic benefits of the property have been enhanced in excess of the previously assessed standard of performance.

Any expenditure on an existing property that does not replace a component or result in an enhancement of the economic benefits of that property is charged to the Statement of Comprehensive Income.

Depreciation of housing properties

The group depreciates the major components at the following rates:

Structure	70 years	Windows & Doors	30 years
Roofs	70 years	Electrical Rewires	30 years
Bathrooms & WCs	30 years	Roofline	30 years
Central Heating	30 years	Solar Panels	25 years
Curtilage	30 years	Kitchens	20 years
Insulation	30 years	Boilers	10 years

Freehold land is not depreciated.

Properties held on leases are amortised over the life of the lease of their estimated useful economic lives in the business if shorter.

Depreciation of other fixed assets

Depreciation is provided to write off the cost, less estimated residual values, of all other tangible fixed assets, evenly over their expected useful lives. No depreciation is provided on freehold land.

It is calculated at the following rates:

Office hubs & depots	10 years	Office furniture & equipment	25%
Computer Software	17% to 25%	Computer Hardware	33%
Motor Vehicles	25%	Gardening equipment	50%

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

Operating Leases

Leases entered into by the group either as a lessor or a lessee are operating leases or finance leases. A finance lease is identified when the risks and rewards of ownership have been transferred from the lessor to the lessee i.e. to the Association. All other leases are operating leases. Leases held include mainly office space, office equipment and vans. Management has therefore determined that all leases held are operating leases. They are accounted for on a straight-line basis over the term of the lease and reflect the amounts owed to the lessor.

Operating leases annual rents are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the statement of comprehensive income over the term of the lease.

Fixed asset investments

Investments held as fixed assets are stated at fair value. They are held at the gilt price on 31 March in any year or the investment fund value, whichever is applicable.

Debtors and creditors

Debtors and creditors with no stated interest rate, and receivable or payable within one year, are recorded initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at the undiscounted value of amounts expected to be received. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Financial Instruments

Financial Assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Loan premium

Premiums arising from the THFC and AHF (Affordable Housing Finance plc) loan drawdowns are recognised as a separate component of borrowing and shown within the statement of financial position as creditors. The premium is released over the term of the loan to the statement of comprehensive income within loan interest.

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

In preparing these financial statements, significant material judgements and estimates have been made. These judgements and estimates are reviewed each year and are based on historical experience and knowledge, and expectations of future events.

The judgements and estimates which have a significant risk of causing a material misstatement to the assets and liabilities held include the following:

Impairment

This includes a review of external and internal indicators of impairment of the group's tangible assets.

Key external factors include social housing market value reductions or a significant change adversely impacting the social housing sector. Whilst margins have reduced as a result of increased operating and borrowing costs, this has not resulted in an impairment; we remain financially resilient, compliant with loans and can continue with service delivery to customers.

Key internal indicators include evidence of deterioration of assets, as well as consideration of the economic viability and expected future financial performance of the asset and, where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. These indicators are evident from the ongoing review of asset performance including long term empty homes, properties under asset management review and properties which are held for sale or proposed for disposal.

The process for estimating the recoverable amount of housing assets involves:

- Determine the level at which the recoverable amount is to be assessed (the asset or cash-generating unit (CGU) level (i.e. individual scheme).
- Estimate the recoverable amount of the CGU (market value less costs to sell) i.e. the higher of market value less costs to sell, and value in use.
- Calculate the carrying amount of the CGU (cost less depreciation and grant amortisation).
- Compare the carrying amount to the recoverable amount to determine if an impairment loss has occurred i.e. where the carrying amount exceeds the recoverable amount.
- If an impairment is identified the asset's carrying value is reduced to its recoverable amount and the losses are charged to operating surplus.

An impairment charge of £224k was identified and recognised for the year ended 31 March 2026 relating to one property which was approved for disposal by the Board in November 2025.

Defined benefit pension accounting

Leeds Federated participates in the Social Housing Pension Scheme (SHPS) defined benefit scheme which is accounted for in accordance with FRS102. Management's recognition of this defined benefit obligation is as advised by the SHPS administrators.

The critical underlying assumptions used by SHPS to calculate the scheme's assets and liabilities include estimates of the standard rates of inflation, mortality, discount rate and anticipated future salary increases, as supplied by SHPS. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expensed. In the year ended 31 March 2026, management engaged the services of First Actuarial to independently review these assumptions and provide assurance to management. As a result, no changes were made to any of the assumptions.

Financial Instruments

Fixed asset investments

Investments held as fixed assets include gilt holdings, sinking funds and a liquidity reserve fund. They are a requirement of some loans. Any movement in value is an expected consequence of maintaining these loans which support normal ongoing activities and any change in fair value is recognised as income or expenditure and shown within operating surplus.

Property categorisation

The categorisation of properties as investment properties or housing properties is determined by establishing which properties are held for the provision of social housing, or otherwise provided for social benefit. These properties are held as housing properties and all other properties are held as investment properties.

Housing properties:

Housing properties are depreciated over their useful lives taking into account residual values, where appropriate. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

The disposal of fixed property assets are deemed to be normal ongoing activities and are included in operating activities and shown within operating surplus. This includes staircases, right to buy, right to acquire and property disposals as a result of stock rationalisation.

Useful economic lives (UEL):

The group separately identifies the major components which comprise its housing properties, and depreciation is provided to write off the costs evenly over their expected UEL. Management have estimated the UEL of components by liaising with the asset team to gain their professional opinion based on knowledge and experience.

The Association has underway a substantial programme delivering retrofit works to bring its homes up to EPC C. This is supported by a continuing programme of assessments across all its homes. This will enable Leeds Federated to progress in its roadmap of improvements which will take it to meeting EPC C as a minimum on all homes by 2030 and towards the ambition to be fully net zero by 2050. Industry standards have been adopted for components linked to the retrofitting programme such as internal/external wall insulation, heat pumps and solar PV and battery systems.

When a component is replaced the carrying amount is written off to the statement of comprehensive income. The amount written off this year, and last, is insignificant in comparison to the costs of assets held which provides reassurance that assets are being held with the appropriate UEL.

Investment Properties

The Leeds Federated investment properties comprise commercial units and properties where market rent is charged. Each year the investment properties are professionally valued by a RICS approved valuer. Any changes in value are reflected in fixed assets with the movement reported in operating surplus, a process deemed to be in the normal course of business of holding investment properties whose revenue and costs are included within operating surplus, albeit non-social housing.

The professional valuation uses the fair value which is the amount at which an asset could be exchanged in an arm's length transaction. There is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

In the year ended 31st March 2026, the investment properties were valued by JLL and there was an increase to the investment property valuation of £96k (2025: £248k increase).

Development costs

Capitalising development costs and holding costs for uncompleted schemes as work in progress in the statement of financial position involves an element of judgement to ensure that only costs are capitalised when it is more likely than not that a scheme is to continue. If it is identified that a scheme under development is not going to continue the accumulated abortive costs are written off to the statement of comprehensive income.

The anticipated costs to complete on a development scheme is based on anticipated construction, legal and other costs. Establishing the correct development costs determines the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the members' best estimate of sales value based on economic conditions within the area of development. The Association does not currently develop for outright sale however these are relevant for the appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership between current and fixed assets.

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2026

4. Particulars of turnover, cost of sales, operating costs and operating surplus

	Group			Association		
	Turnover £'000	Operating costs £'000	Operating surplus £'000	Turnover £'000	Operating costs £'000	Operating surplus £'000
Social Housing Lettings	28,806	(24,921)	3,885	28,806	(24,921)	3,885
Other social housing activities						
Agency charges	1,368	(1,108)	260	1,368	(1,108)	260
First tranche shared ownership sales	2,860	(2,408)	452	2,860	(2,408)	452
Feed In Tariff Income and gift aid	20	0	20	353	0	353
Development administration	0	(357)	(357)	42	(347)	(305)
	4,248	(3,873)	375	4,623	(3,863)	760
Non-social housing activities						
Lettings	924	(318)	606	924	(318)	606
Recharges	119	(111)	8	119	(111)	8
	1,043	(429)	614	1,043	(429)	614
	34,097	(29,223)	4,874	34,472	(29,213)	5,259
Surplus on disposal of fixed assets			2,725			2,725
Movement in property and gilt valuations			46			46
Total Other Gains			2,771			2,771
Operating Surplus - continuing activities			7,645			8,030

Prior year comparative	Group			Association		
	Turnover £'000	Operating costs £'000	Operating surplus £'000	Turnover £'000	Operating costs £'000	Operating surplus £'000
Social Housing Lettings	27,184	(24,284)	2,900	27,184	(24,284)	2,900
Other social housing activities						
Agency charges	1,393	(1,012)	381	1,393	(1,012)	381
First tranche shared ownership sales	4,860	(3,093)	1,767	4,860	(3,093)	1,767
Feed In Tariff Income and gift aid	20	0	20	339	0	339
Development administration	63	(327)	(264)	50	(318)	(268)
	6,336	(4,432)	1,904	6,642	(4,423)	2,219
Non-social housing activities						
Lettings	906	(326)	580	906	(326)	580
Recharges	121	(83)	38	121	(83)	38
	1,027	(409)	618	1,027	(409)	618
	34,547	(29,125)	5,422	34,853	(29,116)	5,737
Surplus on disposal of fixed assets			1,540			1,540
Movement in property and gilt valuations			137			137
Total Other Gains			1,677			1,677
Operating Surplus - continuing activities			7,099			7,414

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2026

4. Turnover, cost of sales, operating costs and operating surplus on lettings (continued)

Income And Expenditure From Social Housing Lettings

	Group					Association				
	General	Supported	Low cost home	Total	Total	General	Supported	Low cost home	Total	Total
	needs	housing	Ownership	2026	2025	needs	housing	Ownership	2026	2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income										
Rents net of identifiable service charges*	22,171	1,376	1,837	25,384	23,752	22,171	1,376	1,837	25,384	23,752
Service charge income*	696	380	115	1,191	1,393	696	380	115	1,191	1,393
Amortised Government Grants	1,902	84	43	2,029	1,934	1,902	84	43	2,029	1,934
Government Grants taken to income	192	10	-	202	105	192	10	-	202	105
Turnover from social housing lettings	24,961	1,850	1,995	28,806	27,184	24,961	1,850	1,995	28,806	27,184
Expenditure										
Management	(6,982)	(482)	(464)	(7,928)	(7,477)	(6,982)	(482)	(464)	(7,928)	(7,477)
Service charge costs	(963)	(522)	(96)	(1,581)	(1,311)	(963)	(522)	(96)	(1,581)	(1,311)
Routine maintenance	(5,068)	(432)	(182)	(5,682)	(6,114)	(5,068)	(432)	(182)	(5,682)	(6,114)
Planned maintenance	(890)	(5)	0	(895)	(973)	(890)	(5)	0	(895)	(973)
Major repairs expenditure	(2,433)	(134)	(17)	(2,584)	(2,715)	(2,433)	(134)	(17)	(2,584)	(2,715)
Bad debts	(21)	0	0	(21)	(142)	(21)	0	0	(21)	(142)
Property lease charges	(5)	(15)	0	(20)	(3)	(5)	(15)	0	(20)	(3)
Impairment of housing properties	(224)	-	-	(224)	-	(224)	-	-	(224)	-
Depreciation of housing properties										
-annual charge	(5,291)	(248)	(358)	(5,897)	(5,465)	(5,291)	(248)	(358)	(5,897)	(5,465)
-acceleration on disposal of components	(89)	-	-	(89)	(84)	(89)	-	-	(89)	(84)
Operating costs on social housing lettings	(21,966)	(1,838)	(1,117)	(24,921)	(24,284)	(21,966)	(1,838)	(1,117)	(24,921)	(24,284)
Operating surplus on social housing lettings	2,995	12	878	3,885	2,900	2,995	12	878	3,885	2,900
Void losses	216	44	1	261	240	216	44	1	261	240

*All net of void losses

Particulars of turnover from non-social housing lettings:

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Student accommodation	634	628	634	628
Market rent	290	278	290	278
External gardening contract	120	121	120	121
	1,044	1,027	1,044	1,027

5. Supported housing managed by agencies

Group and Association

Where the agency carries the financial risk, the Group's income and expenditure account includes only the income and expenditure for which it retains responsibility. The Group owns 214 supported housing units (2025: 218) that are managed on its behalf, under management agreements, by other bodies who contract with Supporting People Administering Authorities and carry the financial risk relating to the supported housing units.

	Number of bedspaces	
	2026	2025
	No.	No.
Foundation	41	41
Turning lives around	40	44
Leeds Women's Aid	35	35
Community Links	21	25
Touchstone (Group Homes+Floating support)	13	13
Catholic Care	10	10
St Anne's	10	6
Harrogate Homeless	9	9
Gipsil	8	8
Others*	27	27
	<u>214</u>	<u>218</u>

*Others include 8 (2025: 8) Care home bed spaces

6. Accommodation in management reconciliation

Group and Association

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

	2025	New units	Open market sales	Right to acquire sales	Shared ownership sales	Other gains / (losses)	Other movement	2026
	No.	No.	No.	No.	No.	No.	No.	No.
Social Housing								
Social rent:								
General needs	3,183	7	(20)	(2)	-	-	3	3,171
Supported housing	7	-	-	-	-	-	-	7
Housing for older people	254	-	-	-	-	-	-	254
Intermediate rent:								
General needs	30	-	-	-	-	-	(13)	17
Affordable rent:								
General needs	522	49	-	-	-	-	10	581
Low cost home ownership:								
Shared ownership	476	44	-	-	(12)	-	(1)	507
Shared ownership leaseholders paying service charge only	19	-	-	-	-	-	1	20
Social housing owned and managed	4,491	100	(20)	(2)	(12)	-	-	4,557
Accommodation managed by others								
General needs - social rent	15	-	-	-	-	-	-	15
Supported housing - social rent	191	-	(4)	-	-	-	-	187
Supported housing - affordable rent	4	-	-	-	-	-	-	4
Care home bed spaces	8	-	-	-	-	-	-	8
Social housing owned and managed by others	218	-	(4)	-	-	-	-	214
Non-Social Housing								
Student accommodation	62	-	-	-	-	-	-	62
Market rent	23	-	-	-	-	-	-	23
Non-social housing owned	85	-	-	-	-	-	-	85
Summary:								
Social housing owned - managed and managed by others	4,709	100	(24)	(2)	(12)	-	-	4,771
Non-social housing owned - managed and managed by others	85	-	-	-	-	-	-	85
Total stock	4,794	100	(24)	(2)	(12)	-	-	4,856

*15 units (2025:15 units) are not reported in this note because they are not classified as owned and managed as defined by the Regulator of Social Housing in their FVA and Statistical Data Return (SDR). Under UK GAAP these units are correctly classified as Social Housing and are included as housing properties in the statement of financial position.

7. Surplus on disposal of fixed assets

	Shared ownership Staircasin g 2026	Other housing properties 2026	Other sales 2026	Total 2026	Total 2025
	£'000	£'000	£'000	£'000	£'000
Housing Properties					
Disposal proceeds	1,664	2,551	0	4,215	2,983
Cost of disposals	(552)	(295)	(5)	(852)	(966)
Selling costs	(6)	(65)	0	(71)	(29)
Capital Grant recycled (note 24)	(102)	(465)	0	(567)	(448)
Surplus on disposal of tangible fixed assets	1,004	1,726	(5)	2,725	1,540

During the year 2 properties used the right to acquire legislation to progress and outright sale (2025: 1 property). 13 shared owners increased their shares of equity to 100% (2025: 18 shared owners) and 2 increased their share of equity (2025: 1). The Association sold 21 properties on the open market (2025: 6 properties). No investment properties were sold in the year (2025: 1 property). The Association also disposed of IT equipment (2025: IT equipment)

8. Operating surplus

This is arrived at after charging / (crediting):

	2026 £'000	2025 £'000
Depreciation:		
- housing properties	6,408	5,756
- accelerated depreciation on replaced components	113	84
- impairment	224	0
- other tangible fixed assets	436	420
Amortisation of grants	(2,168)	(2,121)
Operating lease charges:		
- land and buildings	210	210
- other	145	181
Auditor's remuneration:		
- fees payable for the audit of the group's annual accounts	36	44
- all other services	10	9
	1,004	1,726

9. Interest receivable and similar income

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Interest receivable and similar income	453	236	443	227

10. Interest and financing costs

Group and Association

	2026 £'000	2025 £'000
Bank loans and overdrafts	5,869	4,433
Amortised Loan Costs	177	145
Recycled capital grant fund and sinking fund	72	64
Pension interest expense	139	175
	6,257	4,817

11. Employees

Group and Association

	Total 2026 £'000	Total 2025 £'000
Staff costs (including directors) consist of:		
Wages and salaries *	8,038	7,965
Social security costs	1,006	789
Other pension costs	588	444
	<u>9,632</u>	<u>9,198</u>

*shown gross - wages and salaries of £2,386k (2025: £2,299k) have been capitalised as part of the development activity and as part of capitalised component replacements.

The average number of full time equivalent employees including directors and agency staff covering permanent vacancies expressed as full-time equivalents (calculated based on a standard working week of 37.5 hours) during the year was as follows:

	Total 2026 No.	Total 2025 No.
Housing management	164	167
Administration	35	34
	<u>199</u>	<u>201</u>

12. Directors' remuneration

Group and Association

The directors, who are considered to be the group's key management personnel, are defined as the members of the board of management, the Chief Executive and the executive management team disclosed on page 3.

	2026 £'000	2025 £'000
Executive directors' emoluments including pensions and benefits in kind	604	621
Amounts paid to non-executive directors including expenses	<u>65</u>	<u>69</u>

The emoluments of the directors including benefits in kind but excluding pension contributions are:

	2026 £'000	2025 £'000
Chief Executive (highest paid director)	169	165
Operations Director	0	33
Finance and IT Director	127	107
Director of Assets and Development	121	105
Director of Customer Service	<u>101</u>	<u>105</u>

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments was £177,281 (2025: £182,159). Pensions contributions of £7,915 (2025: £16,713) were made to the Social Housing Pension Scheme – Defined Benefit Scheme on his behalf.

As members of the Social Housing Pension Scheme, the pension entitlement of the directors is identical to those of other members. The Group does not make any further contribution to an individual pension arrangement for the Chief Executive.

12. Directors remuneration (continued)

Emoluments paid during the year to Board members amounted to £64,919 (2025: £67,577). Expenses paid during the year to Board members amounted to £504 (2025: £474)

Emoluments include:

Chair £14,699 (2025: £14,369), Chairs of the Audit & Risk, Operations & Governance, Development and Remuneration Committees each received £7,506 (2025 - £7,338)

Board Members received £5,435 (2025: £5,313).

	To	From	2026 £'000	2025 £'000
Christopher Simpson (Chair from 18/9/26)			12	7
Kim Brear (Chair)	18/09/2026		7	15
Stephen Dungworth			8	7
David Royston			8	6
Kirsty Spark		05/09/2024	7	3
Innocent Moyo			6	5
Charlotte Green			6	5
Naseer Ahmed			5	5
Stephen Hepworth		05/09/2024	5	3
Helen Ball		18/09/2025	3	0
Dedra Otchere-Darko	10/12/2024		0	4
Claire Stone	05/09/2024		0	3
Jaedon Green	05/09/2024		0	3

The remuneration paid to staff (including executive management) earning over £60,000 upwards:

	2026 Number	2025 Number
£60,000-£69,999	7	5
£70,000-£79,999	2	2
£80,000-£89,999	7	5
£100,000-£109,999	-	2
£110,000-£119,999	1	-
£120,000-£129,999	2	1
£160,000-£169,999	1	1

13. Fixed asset investments

Group and Association

	At 31 March 2026 £'000	Change in fair value	Interest receivable	Purchase of investments	At 31 March 2025 2,026
Other fixed asset investments:					
THFC ISRF restricted access account	894	(35)	77		852
AHF ISRF restricted access account	500	(15)	30		485
THFC Trustees sinking fund account	378		14		364
THFC bLEND liquidity reserve fund	1,344		35	526	783
AHGS liquidity reserve fund	514		15	499	0
	3,630	(50)	171	1,025	2,484

The THFC loan agreement requires a minimum of £717,550 to be held in an Interest Service Reserve Fund (ISRF), and as a result the investment has restricted access. Gilts were acquired to hold in the Interest Service Reserve Fund and these are carried in the financial statements at market value together with cash held on deposit. The market value of this fund at 31 March 2026 was £894,085 (2025: £852,167). Gilt interest of £77,021 was received.

The AHF loan agreement requires a minimum of £433,950 to be held in an Interest Service Reserve Fund (ISRF), and as a result the investment has restricted access. Gilts were acquired to hold in the Interest Reserve Fund and these are carried in the financial statements at market value together with cash held on deposit. The market value of this fund at 31 March 2026 was £499,867 (2025: £484,720). Gilt interest of £30,544 was received.

A sinking fund was set up during 2015-16. The current balance is £378,006, (2025: £363,827) as a result of right to acquire property sales held as security by THFC.

A £20m bond with THFC bLEND was agreed during the 2020/21 year. The loan agreement requires that 1 year of interest payments are held in a bLEND liquidity reserve fund. This fund holds £818,008 as at 31 March 2026 (2025: £783,575).

A further £10m bond with THFC bLEND was agreed during 2025/26. The loan agreement requires that 1 year of interest payments are held in a bLEND liquidity reserve fund. This fund holds £526,000 as at 31 March 2026 (2025: £nil).

A £20m bond with AHGS was agreed during 2025/26. The loan agreement requires that 6 months of interest and fees are held in a liquidity reserve fund. This fund holds £513,621 as at 31 March 2026 (2025: £nil).

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2026

14. Tangible fixed assets - housing properties

Group

	General needs	Non – Social housing	General needs Under construction	Shared ownership Completed	Shared ownership Under construction	Total
	Completed £'000	Completed £'000	£'000	£'000	£'000	£'000
Cost or valuation:						
At 1 April 2025	287,896	2,341	8,029	27,650	7,535	333,451
Additions:						
- construction costs	4,503	-	3,602	6,072	4,642	18,819
- replaced components	5,931	-	-	-	-	5,931
1st tranche sales	-	-	-	(2,390)	-	(2,390)
Reclassification of properties:						
- completed schemes:	4,597	-	(4,597)	4,757	(4,757)	-
Disposals:						
- properties	(971)	-	-	(755)	-	(1,726)
- replaced components	(1,344)	-	-	-	-	(1,344)
- current assets movement (properties awaiting sale)	(1,772)	-	-	(1,574)	(5)	(3,351)
At 31 March 2026	298,840	2,341	7,034	33,760	7,415	349,390
Depreciation:						
At 1 April 2025	62,448	715	-	1,889	-	65,052
Charge for the year	6,001	49	-	358	-	6,408
Eliminated on disposals:						
- properties	(301)	-	-	(77)	-	(378)
- replaced components	(1,231)	-	-	-	-	(1,231)
- current assets movement (properties awaiting sale)	(748)	-	-	-	-	(748)
At 31 March 2026	66,169	764	-	2,170	-	69,103
Net book value:						
At 31 March 2026	232,671	1,577	7,034	31,590	7,415	280,287
At 31 March 2025	225,448	1,626	8,029	25,761	7,535	268,399

14. Tangible fixed assets - housing properties (continued)

Association

	General needs	Non - Social housing	General needs Under construction	Shared ownership Completed	Shared ownership Under construction	Total
	Completed £'000	Completed £'000	£'000	£'000	£'000	£'000
Cost or valuation:						
At 1 April 2025	288,598	2,383	8,703	27,639	7,933	335,256
Additions:						
- construction costs	4,513	-	3,722	6,183	4,776	19,194
- replaced components	5,931	-	-	-	-	5,931
1st tranche sales	-	-	-	(2,390)	-	(2,390)
Reclassification of properties:						
- completed schemes:	4,597		(4,597)	4,757	(4,757)	-
Disposals:						
- properties	(971)	-	-	(755)	-	(1,726)
- replaced components	(1,344)	-	-	-	-	(1,344)
- current assets movement (properties awaiting sale)	(1,772)	-	-	(1,574)	(5)	(3,351)
At 31 March 2026	299,552	2,383	7,828	33,860	7,947	351,570
Depreciation:						
At 1 April 2025	62,448	715	-	1,889	-	65,052
Charge for the year	6,001	49	-	358	-	6,408
Eliminated on disposals:						
- properties	(301)			(77)	-	(378)
- replaced components	(1,231)	-	-	-	-	(1,231)
- current assets movement (properties awaiting sale)	(748)	-	-	-	-	(748)
At 31 March 2026	66,169	764	-	2,170	-	69,103
Net book value:						
At 31 March 2026	233,383	1,619	7,828	31,690	7,947	282,467
At 31 March 2024	226,150	1,668	8,703	25,750	7,933	270,204

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2026

14. Tangible fixed assets - housing properties (continued)

	2026 £'000	2025 £'000
Improvements to existing properties capitalised	5,931	8,773
Major repairs expenditure to statement of comprehensive income	2,584	2,715
	8,515	11,488

15. Tangible fixed assets - other

Group and Association

	Land and buildings £'000	Tools and equipment £'000	Computer equipment £'000	Motor Vehicle £'000	Total £'000
Cost					
At 1 April 2025	232	351	3,298	22	3,903
Additions	-	22	304	-	326
Disposals	-	-	(53)	-	(53)
At 31 March 2026	232	373	3,549	22	4,176
Depreciation:					
At 1 April 2025	135	291	2,717	22	3,165
Charge for year	23	40	373	-	436
Disposals	-	-	(49)	-	(49)
At 31 March 2026	158	331	3,041	22	3,552
Net book value:					
At 31 March 2026	74	42	508	0	624
At 31 March 2025	97	60	581	0	738

16. Investment properties

The group's investment properties were revalued at 31 March 2026 by Jones Lang La Salle Limited (JLL), in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. As a result, an increase in value has been reflected. The gain on revaluation of investment properties arising in the year is £96k (2025: £248k).

Movement on investment properties is as follows:

	Group 2026 £'000	Group 2025 £'000	Association 2026 £'000	Association 2025 £'000
At 1 April 2025	7,379	7,406	7,379	7,406
Disposal of Middleton Road	-	(275)	-	(275)
Revaluation gain (through Statement of Comprehensive income)	96	248	96	248
At 31 March 2026	7,475	7,379	7,475	7,379

17. Investment in subsidiary

As required by statute, the financial statements consolidate the results of Leeds Federated Property Services Limited (LFPS), which was a subsidiary of the Association at the end of the year. The Association has the right to appoint members to the board of the subsidiary and thereby exercise control over it. Leeds Federated Property Services Limited is a non-regulated company

Leeds Federated Housing Association is the ultimate parent undertaking. LFPS is a wholly owned subsidiary of the association with a carrying value of £2 (2025: £2) and the principal activity of the company is the provision of design and build projects within the social housing sector.

During the year the Association had the following intra- group transactions with LFPS:

	2026 £'000	2025 £'000	Allocation basis
Management services	374	306	percentage of turnover
Staffing Recharge	42	50	administration time
Gift aid received	333	319	accrued at year end (Deed of Covenant)

18. Debtors

	Group 2026 £'000	Group 2025 £'000	Association 2026 £'000	Association 2025 £'000
Rent and service charge arrears	768	1,223	768	1,223
Less: Provision for doubtful debts	339	467	339	467
	429	756	429	756
Other debtors	712	250	711	249
Taxation & Social Security	10	4	0	0
Prepayments and accrued income	1,037	1,489	1,037	1,489
	2,188	2,499	2,177	2,494

19. Properties held for sale

Group and Association

	2026 £'000	2025 £'000
First tranche sale units	4,817	3,330
Staircasing	118	26
Social units	1,367	344
	6,302	3,700

20. Creditors: amounts falling due within one year

	Group 2026 £'000	Group 2025 £'000	Association 2026 £'000	Association 2025 £'000
Trade creditors	329	884	329	884
Loans (note 25)	157	142	157	142
Rent and service charges received in advance	745	488	745	488
Contractors for capital work and retentions	1,664	2,012	1,100	1,215
Loan interest	494	323	494	323
Taxation and social security	221	194	221	194
Loan premium (AHF/THFC/AHGS)	261	358	261	358
Deferred income capital grants/other subsidy (note 22)	2,168	2,121	2,168	2,121
Other creditors	2,174	1,979	2,175	1,980
Amount owed to group undertakings	-	-	219	482
Accruals and deferred income	1,496	1,555	1,485	1,545
	9,709	10,056	9,354	9,732

21. Creditors: amounts falling due after more than one year

Group and Association

	2026 £'000	2025 £'000
Loans (note 25)	120,836	94,083
Recycled capital grant fund (note 24)	341	1,407
Loan premium	4,148	7,029
Deferred income – Capital Grants/other subsidy (note 22)	103,338	102,297
	228,663	204,816

22. Deferred income - capital grants and other subsidies

Group and Association

	2026 £'000	2025 £'000
Total Social Housing Grant (SHG) received as at 31 March (note 23)	115,347	113,157
Total SHG amortisation	(24,422)	(22,716)
	<u>90,925</u>	<u>90,441</u>
Total other subsidies received as at 31 March	18,078	17,157
Total other subsidies amortisation	(3,497)	(3,180)
	<u>14,581</u>	<u>13,977</u>
Total Deferred Capital Grant/ other subsidies	105,506	104,418
Deferred Capital Grant/Other Subsidies due <1 year	2,168	2,121
Deferred Capital Grant/Other Subsidies due >1 year	103,338	102,297

23. Deferred capital grant

Group and Association

	2026 £'000	2025 £'000
At 1 April	113,157	113,610
Grant received during the year	1,091	0
Grant recycled to RCGF	(567)	(448)
Grant recycled from RCGF	1,700	0
Released to income during the year	(34)	(5)
At 31 March	115,347	113,157

24. Recycled capital grant fund (RCGF)

Group and Association

	2026 £'000	2025 £'000
Opening Grant	1,407	906
Inputs to fund:		
- grants recycled	567	448
- interest accrued	67	53
Recycling of grant:		
- new build	(1,700)	0
Balance at 31 March 2024	341	1,407
Amounts 3 years or older where repayment may be required	-	-

During March 2026, following signing of the development contract, £1.7m of RCGF was allocated to the development of 54 new homes at Owlcoates Road.

Inputs to RCGF from recycling grant relate to disposals of 19 outright sales by auction, 5 staircasing sales and 2 RTA sales.

Opportunities to use available RCGF continue to be considered.

25. Loans and borrowings

Maturity of debt

Group and Association

	2026	2025
	£'000	£'000
In one year or less, or on demand	157	142
In more than one year but not more than two years	175	157
In more than two years but not more than five years	451	2,905
In more than five years	120,210	91,021
Total loans net of financing costs	120,993	94,225
Due within one year:		
Banks	157	142
Due after more than one year		
Banks	45,353	48,367
AHGS	19,761	-
THFC	40,830	30,821
AHF	14,892	14,895
	120,836	94,083

Loans are shown net of financing costs of £1,644,8968 (2025: £1,554,961 which will be released over the period of the loans.

The following borrowings are secured by fixed charges on individual properties.

A loan with Orchardbrook (ex Housing Corporation) is repayable in twice yearly instalments with an interest rate of 10.632% and a final payment date in 2032.

There is a total revolving credit facility with Santander of £20m. Nothing was drawn at 31 March 2026 (2025: £3.0m). The interest on the variable balance is based upon SONIA plus 1.25% margin.

There is a final bullet to repay any outstanding balance on the facility in August 2029.

There is a £45m term loan and a £10m revolving credit facility, with NatWest. The term loan of £45m has a 15 year terms and was drawn in full at 31 March 2025 and was fixed at an interest rate of 5.859%. It is repayable over 5 equal annual instalments starting from March 2035.

Nothing was drawn on the variable balance which attracts interest based upon SONIA plus 1.05%.

There is a final bullet to repay any outstanding balance on this facility in March 2029.

25. Loans and borrowings (continued)

During 2025/26 new funding was agreed from the Affordable Housing Guarantee Scheme (AHGS). The loan of £20m was agreed in May 2025 at a coupon rate of 4.809% and an effective rate of 5.482%, repayable in 2052.

The loans from The Housing Finance Corporation (THFC) including THFC bLEND are repayable on an interest-only basis during the term of the loans at fixed rates of interest ranging from 3.459% to 6.35%. The principal sums fall to be repaid in 2039 and 2047. A further £10m with bLEND was agreed and secured in March 2025 and drawn in June 2026 when the gilt rates fell within the Association's planning parameters. This loan has a repayment date of June 2032.

There are two AHF facilities with one being for £5m at a 2.89% coupon rate and an effective rate of 2.073% and one being for £10m at a 2.89% coupon rate, with an effective rate of 1.983%. Both are repayable in August 2043.

26. Financial instruments

	Group 2026 £'000s	Group 2025 £'000s	Association 2026 £'000s	Association 2025 £'000s
Financial assets				
Financial assets that are debt instruments measured at amortised cost	13,334	4,009	13,364	4,058
Financial liabilities				
Financial liabilities measured at amortised cost	235,845	210,340	235,865	210,385

Financial assets measured at amortised cost comprise cash at banks and all debtors (excluding prepayments and tax).

Financial liabilities measured at amortised cost comprise trade creditors, loan interest, taxation, other creditors and accruals (excluding loan premium).

27. Pensions

The Group and association operate two pension schemes.

Defined benefit pension scheme.

The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

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

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

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

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

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

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

27. Pensions (continued)

	31 March 2026 £'000	31 March 2025 £'000
Fair value of plan assets	18,567	17,252
Present value of defined benefit obligation	(20,449)	(20,107)
Defined benefit liability to be recognised	(1,882)	(2,855)

Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation

	31 March 2026 £'000	31 March 2025 £'000
Defined benefit obligation at start of the year	20,107	21,529
Current service cost	85	27
Expenses	29	22
Interest expense	1,158	1,039
Member contributions	79	179
Actuarial losses due to scheme experience	(17)	1,008
Actuarial gains due to changes in demographic assumption	166	-
Actuarial gains due to changes in financial assumption	(373)	(2,762)
Benefits paid and expenses	(785)	(935)
Defined benefit obligation at end of the year	20,449	20,107

Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets

	31 March 2026 £'000	31 March 2025 £'000
Fair value of plan assets at start of the year	17,252	17,387
Interest income	1,019	864
Experience on plan assets (excluding amounts included in interest income) - loss	(67)	(1,447)
Employer contributions	1,069	1,204
Member contributions	79	179
Benefits paid and expenses	(785)	(935)
Fair value of plan assets at end of the year	18,567	17,252

27. Pensions (continued)

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2025 to 31 March 2026 was £952,000 (2025: a deficit of £583,000).

Defined benefit Cost Recognised in Statement of Comprehensive Income (SoCI)

	31 March 2026	31 March 2025
	£'000	£'000
Current service cost	85	27
Expenses	29	22
Net interest expense	139	175
Fair value of plan assets at end of the year	253	224

Defined Benefit Costs Recognised in Other Comprehensive Income

	31 March 2026	31 March 2025
	£'000	£'000
Experience on plan assets (excluding amounts included in net interest cost) - (loss)	(67)	(1,447)
Experience gains and losses arising on the plan liabilities - gain (loss)	17	(1,008)
Effects of changes in the demographic assumptions underlying the present value of the defined pension obligation - (loss)	(166)	-
Effects of changes in the financial assumptions underlying the present value of the defined pension obligation - gain	373	2,762
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain	157	307
Total amount recognised in other comprehensive income - gain	157	307

27. Pensions (continued)

Assets

	31 March 2026	31 March 2025
	£'000	£'000
Global Equity	2,057	1,933
Liquid Alternatives	3,306	3,199
Insurance-Linked Securities	28	53
Property	906	864
Infrastructure	1	3
Private Equity	40	15
Real Assets	1,748	2,065
Private Credit	2,242	2,112
Credit	739	660
Investment Grade Credit	1,092	531
Cash	4	234
Long Lease Property	-	5
Secure Income	563	288
Liability Driven Investment	5,661	5,225
Currency Hedging	(1)	28
Net Current Assets	181	37
Total assets	18,567	17,252

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

Key Assumptions

	31 March 2026	31 March 2025
	% per annum	% per annum
Discount Rate	6.14%	5.85%
Inflation (RPI)	3.29%	3.09%
Inflation (CPI)	3.03%	2.79%
Salary Growth	4.03%	3.79%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

27. Pensions (continued)

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

	Life expectancy at age 65 (Years)
Male retiring in 2026	20.9
Female retiring in 2026	23.2
Male retiring in 2046	22.2
Female retiring in 2046	24.6

28. Share Capital

	2026 £	2025 £
At 1 April	32	30
Shares issued in the year	1	4
Shares cancelled in the year	(4)	(2)
	29	32

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

29. Operating leases

The payments which the Association is committed to make under operating leases are as follows:

	Land and buildings 2026 £'000	Other 2026 £'000	Land and buildings 2025 £'000	Other 2025 £'000
Operating leases which expire:				
Within one year	114	140	114	132
In one to five years	134	65	179	190
Over five years	-	-	-	-
	248	205	293	322

30. Capital Commitments

	Group 2026 £'000	Group 2025 £'000	Association 2026 £'000	Association 2025 £'000
Commitments contracted but not provided for in the financial statements	33,138	33,568	16,791	24,929
Commitments approved by the board but not contracted for	-	19,893	-	6,497
	33,138	53,461	16,791	31,426

The capital commitments contracted but not provided for are for self-build and section 106 units in Leeds, Harrogate and other parts of West and North Yorkshire. The above commitments will be financed through a combination of borrowings and social housing grant.

31. Contingent liabilities

The group and association have one contingent liability at 31 March 2026 (2025: 1).

In 2021, the Trustee of SHPS completed a review of historical changes made to the Scheme's benefits and identified uncertainty as to whether certain amendments were implemented in accordance with the Scheme's governing documentation. The Trustee has sought clarification from the Court on these matters. The case, Verity Trustees Limited v Wood, was heard in early 2025 and, at the balance sheet date, a judgment is awaited. The timing and outcome of the judgment remain uncertain.

Until the Court's direction is received, it is not possible to determine whether any increase in liabilities will arise or, if so, the extent of such increase. Accordingly, no adjustment has been made in these financial statements in respect of this matter.

32. Related parties

The group has taken advantage of the exemption conferred by FRS 102, not to disclose related party transactions with other group entities.

The Board includes one tenant member: Innocent Moyo, and one leasehold member: Charlotte Green, who hold their agreements on normal terms and cannot use their position to their advantage. The charges for the year were:

	Rent charged weekly 2026	Rent charged weekly 2025	Balance at 31 March 2026	Balance at 31 March 2025
Board Member	£	£	£	£
Innocent Moyo	117	115	(88)	(87)
Charlotte Green	87	83	(180)	(180)

All rounded to the nearest pound. '-ve' = credit balance

33. Net debt reconciliation

Group

	1 April 2025 £'000	Cashflows £'000	Other non- cash changes £'000	31 March 2026 £'000
Cash at banks	3,003	9,190	-	12,193
Bank and other loans	(94,225)	(26,591)	(177)	(120,993)
	<u>(91,222)</u>	<u>(17,401)</u>	<u>(177)</u>	<u>(108,800)</u>

34. Legislative provisions

The Association is registered under the Co-operative and Community Benefit Society Act 2014 and is a Registered Provider of Social Housing registered under the Housing and Regeneration Act 2008.