swan
somewhere to feel at home

Swan Housing Association Limited
Annual Report and Financial Statements

2024/25

Registered Society 28496R

Table of Contents

Board Members, Executive Directors, Advisors and Bankers

Board	Hilary Gardner (Chair) Simon Clark Nathan Warren David Soothill William Hogg
Secretary	Nicole Seymour
Registered Office	Chamber Court Castle Street Worcester England WR1 3ZQ
Registered Number	Co-operative & Community Benefit Societies Act 2014 Registration Number: 28496R Registered by the Regulator of Social Housing Number: L4145
Independent Statutory Auditor	KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH
Internal Auditor	PricewaterhouseCoopers LLP One Chamberlain Square Birmingham B3 3AX
Solicitor	Gowling WLG LLP Two Snowhill Birmingham B4 6WR
Banker	Royal Bank of Scotland Plc 29 East Walk Basildon Essex, SS14 1HD

Strategic Context

Swan Housing Association Limited ("Swan Housing Association", "the Association") is a registered provider of social housing operating in Essex and East London. The Association has grown since the initial stock transfer of 2,000 homes in Basildon from the Commission for New Towns in 1994, to owning and managing over 12,000 homes.

We provide general needs housing services, services to leaseholders, NHS keyworker accommodation and supported housing accommodation. We also manage properties on behalf of other housing providers including a Private Finance Initiative scheme with the London Borough of Newham.

Swan Housing Association was acquired by Sanctuary Housing Association on 8 February 2023, and consequently, the Association and its subsidiaries ("Swan Group") are members of the "Sanctuary Group", with Sanctuary Housing Association as 'Ultimate Parent'.

Sanctuary Housing Association includes the Association in its consolidated financial statements. The consolidated financial statements of Sanctuary Housing Association are prepared in accordance with UK-adopted international accounting standards (IFRS).

The Association has applied the exemption from preparing consolidated accounts. This annual report and financial statements relate only to the Association as an individual entity. Where there may be references to the wider Swan group, this is to aid understanding of the Association's performance.

The Accounting Direction for private registered providers of social housing allows for narrative reporting exemptions within Housing Associations if those metrics are reported at a higher Group level. On this basis, Value for Money reporting requirements for the Association are reported within the consolidated Sanctuary Group annual report.

Since the business combination, the Association has adopted Sanctuary Group's Corporate Strategy of:

- Putting our customers first;
- Investing in our assets; and
- Growing our services.

Specific areas of focus in delivering these strategic objectives include:

- Strengthening engagement with our customers,
- Expansion of technology to improve services through new programmes,
- Improved access for customers to their local housing teams,
- Increased focus on decarbonisation of our homes, linking to retrofitting and fuel poverty goals,
- Strategic asset management of our homes,
- Greater focus on the importance of placemaking and high-quality design in the development of new homes.

Our strategy places us in a strong position to continue to work with our customers to improve our services and deliver the Group's mission – to build affordable homes and sustainable communities where people choose to live.

Business and Financial Review

Operating environment and future direction

In the last 12 months, we have successfully completed the full operational integration of the Association into Sanctuary and saw notable operating and financial benefits, including achieving significant overhead efficiencies.

As part of our commitment to digital transformation, we successfully integrated the Keyworker assets, rolling out a new digital booking system and self-service platform.

We have completed our programme of PAS9980 assessments on the Association's high-rise buildings and, where remediation works are required, these buildings have been fully integrated into Sanctuary Group's fire safety programme. We aim to complete the remediation of all properties where works are required by 2029, working collaboratively with our customers and leaseholders to minimise disruption.

On 30 September 2024, the assets of the Swan Housing Association Social Housing Pension Scheme were transferred to the Sanctuary Housing Association Final Salary Pension Scheme (SHAFSPS). The bulk transfer resulted in the extinguishment of the Association's obligations in respect of the scheme.

The final stage of integration saw the transition of the Association's customers to Sanctuary's operating model for housing and property services. Following this, the re-tendering of maintenance contracts will further reduce costs and improve customer satisfaction.

During the year, the Regulator of Social Housing gave Sanctuary Group ratings for Governance and Viability of G1 and V2 respectively. Sanctuary Group was also inspected for the first time under the regulator's consumer standard. The rating of C2 demonstrates we are generally meeting the consumer standards expected.

The Association is included within the borrowing group for Sanctuary Group's inaugural £2.5 billion Note Programme, which will enable access to the capital markets efficiently and in a timely manner and support continued investment in both existing and new homes.

Swan Housing Association Financial Performance

Key Financial Metrics	2025	2024
Operating surplus	£16.1m	£4.2m
Deficit before taxation	(£12.1m)	(£34.1m)
Total Comprehensive (loss)	(£11.7m)	(£35.1m)
Operating surplus from social housing lettings (note 3)	£16.9m	£11.9m
Turnover	£87.7m	£87.3m
Reserves	(£31.9m)	(£20.2m)
Net Debt Per Unit *	£53.2k	£49.6k
Interest Cover	80.0%	23.6%
Current Tenant Arrears	2.75%	2.63%

Total turnover increased by £0.4 million to £87.7 million (2024: £87.3 million). Turnover from social housing lettings was £69.3 million, an uplift of £4.5 million from the prior year, though this increase was largely offset by a decrease in turnover from other activities, including property sales and PFI income.

The Association achieved an improved operating surplus of £16.1 million (2024: £4.2 million), reflecting efficiencies gained through integration into Sanctuary Group. Also, due to the comprehensive review that was undertaken by Sanctuary post-acquisition, no further impairment has been recognised in the current year (2024: £1.9 million).

The Association again recognised a deficit for the year, although a reduced figure of £12.1 million compared to the £34.1 million deficit in the prior year. The key drivers behind the deficit are interest charges of £31.0 million (2024: £34.2 million), reflecting the Association's high debt burden, together with amounts provided for or released in relation to intercompany receivables from the Association's development subsidiaries, totalling £11.4 million (2024: £14.7 million).

* Calculated as net debt in the Association (excluding financial instruments fair value and PFI loans) of £615 million divided by 11,566 owned social housing (2024: net debt £560 million divided by 11,301 units.)

Offsetting items include £4.2 million of interest receivable (2024: £3.6 million), favourable movements of £8.1 million on financial instruments carried at fair value (£7.0 million) and a one-off gain of £3.1 million in relation to derecognition of the defined benefit pension scheme.

Going forwards, the Association will continue to explore ways to realise the full benefits of the completed integration into Sanctuary in order to deliver further efficiencies whilst enhancing customer experience.

Going concern

The Swan Group, which includes the Association, was acquired by Sanctuary Housing Association during the year ended 31 March 2023. The going concern assessment performed by the members of the Association reflects the structure of the wider group and takes into account the availability of additional funding available via Sanctuary Group partners.

The financial statements disclose all matters of which we are aware that are relevant to the Association's ability to continue as a going concern, including all significant conditions and events, mitigating factors and management's and the board's plans.

The Association's operations, together with the factors likely to affect its future performance and financial position, are set out in the Business and Financial review on pages 4-5.

Information about the Association's approach to treasury risk management can be found on pages 7 and 8.

The Association manages its exposure to risk, and this activity is reviewed and scrutinised by the Sanctuary Group Audit and Risk Committee. Details of the Association's principal risks are discussed on page 9.

The directors have prepared a going concern assessment for the Association, based on consideration of cash flow forecasts, for the period to 31 March 2027 (the going concern assessment period), which take into account a number of severe, but plausible downside scenarios, and also funding available from its parent, Sanctuary Housing Association.

Sanctuary Affordable Housing Limited, a 100% subsidiary of Sanctuary Housing Association, provided loans totalling £163 million to Swan Housing Association up to 31 March 2025. Post year end, Swan Housing Association repaid £12 million (net) of loan finance to Sanctuary Affordable Housing Limited. The directors have received a copy of a letter of support provided by Sanctuary Housing Association to the Board of Swan Housing Association to confirm that it intends to continue, should the need arise, to provide financial and/or other support, including, if required, not seeking repayment of amounts currently made available, for a period of at least 12 months from the date of approval of these financial statements.

As with any entity placing reliance on other group entities for financial support, the Board acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on all of the above considerations the directors confirm that they have a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Association continues to adopt the going concern basis in its financial statements.

Governance

Members of the Board

The Members of the Board who served during the year and to the date on which the financial statements were approved, along with details of these appointments and resignations, are shown below:

Hilary Gardner (Chair)
Arvinda Gohil (resigned 25 February 2025)
Simon Clark
Nathan Warren
David Soothill
William Hogg (appointed 25 February 2025)

Secretary

Nicole Seymour

Code of Governance and Viability Statement

The Group Board considers that the Group and its Registered Provider subsidiaries comply with the provisions of the National Housing Federation's Code of Governance 2020.

The Board can also confirm that it has complied with the Governance and Financial Viability Standard set out by the Regulator of Social Housing. During the year, the Regulator of Social Housing gave Sanctuary Group ratings for Governance and Viability of G1 and V2 respectively (2024: G1 and V2). Sanctuary Group was also inspected for the first time under the regulator's consumer standard and awarded a rating of C2.

The Group's viability statement can be found in the Group Annual Report and Financial Statements, available on the Group website.

Financial Risk Management

Treasury Management
The Association adopts the Sanctuary Group's treasury policy. The Group's overall treasury management strategy seeks to maintain continued financial strength through polices which support strong cash and liquidity management (including cash flow forecasting), prudent interest rate and credit risk management, the management and monitoring of its debt obligations (including covenant compliance), and the securitisation of the assets utilised in support of those debt obligations. This includes sourcing and structuring liquidity to meet the Group's future cash flow requirements by reference to the long-term financial projections.

Capital structure, facilities, and liquidity
As at 31 March 2025, the Association had facilities and drawn debt from the following sources.

Source	Facility 2025 £m	Drawn 2025 £m	Facility 2024 £m	Drawn 2024 £m
Bank Loans	223	223	225	225
Bond Finance ([1])	250	235	250	235
Bank & Bond Total	**473**	**458**	**475**	**460**
Sanctuary Affordable Housing Limited	200	163	130	110
PFI loan	11	11	14	14
Total Debt	**684**	**632**	**619**	**584**
Cash		(12)		(16)
Net Debt		**620**		**568**
Finance Leases		3		3
Fair value adjustment of Financial Instruments		8		16
Bond issue premium and costs		4		4
Balance sheet net debt		**635**		**591**

(1) Swan Housing Capital PLC (SHC) is the issuing entity for the Bond, which is then on-lent to the Association. £15 million of the original bond remains unissued (see note 18).

Bank facilities contain Revolving Credit Facilities (RCF) and term loans, with non-bank funding provided by Sanctuary Affordable Housing Limited.

The PFI loan amortises at a rate of £3 million per year with a final repayment date of 30 June 2028.

Security

Bank facilities, the Sanctuary Affordable Housing Limited loan, and the bond are secured on the Association's housing assets. The Sanctuary Housing Association loan is unsecured.

Credit Rating

On 20 February 2025 S&P Global ratings:
- Affirmed their 'A' long-term issuer credit rating on Swan Housing and revised the outlook to stable from negative; and
- Affirmed its 'A' rating on the £235 million senior secured bonds issued by Swan Housing Capital PLC.

This followed S&P Global Ratings revising its outlook, on the same date, to stable from negative and affirming its 'A' long-term issuer credit rating on Sanctuary Housing Association.

Events during the year

During the year Sanctuary Affordable Housing Limited increased its facility size from £130 million to £200 million, the Association drew a further £53 million from this facility resulting in a year end loan position of £163 million (2024: £110 million).

Covenants

The Association regularly monitors financial and non-financial loan covenants, taking into consideration the headroom against them, and these are reported to the Association Board, Sanctuary Group Board, and Sanctuary Group Audit and Risk Committee. Key financial covenants include minimum thresholds based on operating surplus and EBITDA, and asset cover tests.

All covenants on loan facilities have been met during the financial year.

Interest risk

The majority of borrowings in the Association are at fixed rates of interest using embedded swaps and the fixed rate bond. Where borrowings are at a floating rate, the impact of movements in interest rates has been scenario tested.

Interest Rate Mix	Drawn Facility	Available Facility
Fixed	55%	53%
RPI	2%	2%
Callable	8%	7%
Variable	35%	38%
	100%	**100%**

There are two fixed rate interest swaps which have a callable option by the lender. In the event the lender exercises the option, the loan will convert from a fixed rate to floating rate product. The Association does not have any non-Sterling or exchange rate exposures in the balance sheet.

Loan investments

During the current year intra-group loans and working capital totalling £13.1 million have been provided for in relation to Swan Commercial Services (2024: £9.3 million) and £1.2 million (2024: £5.4 million) in relation to Swan New Homes (see note 14b). £2.9 million has been released as a credit to the Statement of Comprehensive Income (2024: £1.4 million provided) relating to trading balances of group subsidiaries (note 16). The Association intends to continue to seek recovery of balances that have been provided for.

Principal risks and uncertainties

The Association has a risk management system identifying principal risks and uncertainties. The Board have met frequently throughout the year to consider the principal and emerging risks facing the Association and to determine how these should be managed or mitigated, as set out in the table below. The Association has adopted the Sanctuary Group risk mapping process since merger with the main risk areas identified as;

- Finance and viability;
- Property and compliance;
- Development and sales;
- Integration;
- Technology;
- People and resources;
- Operations, customer satisfaction and reputation; and
- Climate change.

Key Risk:	Controls and Mitigations:
1. Finance and viability - cashflow issues result in an inability to pay creditors as they become due and covenants are breached.	• Sanctuary Group provided a £50 million loan facility to Swan prior to acquisition and continues to provide a loan facility as required • Robust financial management put in place • Finance and procurement have been transferred onto Group systems to improve control
2. Property and compliance - building safety, compliance or maintenance issues arise.	• Group resources have been made available to support with building safety and health and safety requirements • Support from advisors is being is provided in relation to existing cladding remediation works • A review of all existing contracts is being conducted to enable decisions to be made regarding extensions, renegotiations and/or terminations alongside integration plans
3. Development and sales - failure to remediate the development programme, deliver sales and realise joint venture investments.	• Sanctuary Group is leading on the key development relationships to deliver on the Associations development programme. • Both modular factories have been closed • Schemes transferred from Swan to other Group entities where appropriate
4. Integration - failure to fully integrate into Sanctuary Group.	• Operational integration complete • Sanctuary brand adopted
5. Technology - data integrity or access to systems are compromised due to a cyber breach.	• Key staff identified to ensure knowledge and expertise in critical areas is retained • Specialist resources used to support operational activities • A separate data management and compliance project has been established • Regular phishing tests are undertaken to educate staff • Multifactor authentication is in place • Finance system integration completed
6. People and resources - key Swan employees leave the business, are demotivated or poorly informed regarding integration plans.	• Clear and robust communications plan established • Line management changes have taken effect in back office and operational areas
7. Operations, customer satisfaction and reputation - operations are poorly managed during integration.	• Integration planning is aligned to key policies, procedures and controls • A communications plan has been established to provide a high level of assurance to customers throughout the merger process • The Association transferred to Sanctuary Group insurance policies from 1 April 2023 Sanctuary Group has taken line management responsibility for all areas of activity
8. Climate change - climate change adversely affects or threatens the continuity of the business.	• Where possible funding will be accessed to support the decarbonisation of assets, such as the Social Housing Decarbonisation Fund. • A central Sustainability team in the Sanctuary Group monitors performance and changes to external environmental policies and regulation.

Statement of Internal Control

The Board has reviewed the effectiveness of the system of internal control, including risk management, for the year to 31 March 2025, and up to the date of signing these financial statements.

The Board acknowledges its ultimate responsibility for ensuring that the Association has in place a system of internal control that is appropriate to the various business environments in which it operates. This is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. These controls are designed to give reasonable assurance in respect of;

- the reliability of financial information used within the Association or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

The processes in place for identifying, evaluating and managing the significant risks faced by the Association are now better understood, well documented and appropriate action has been taken to mitigate these risks.

Key elements of the system of risk management and internal control included:

- the Board being directly responsible for strategic risk management;
- use of formal policies and procedures;
- an annual review of compliance with the NHF Code;
- approval by the appropriate committee or Board of key policies, initiatives and major commitments;
- regular updates and reporting by the external auditor to the Audit and Risk Committee;
- experienced and suitably qualified staff being responsible for important business functions;
- regular monitoring of loan covenants and requirements for loan facilities;
- the Group Audit and Risk Committee reviews reports from management and from PricewaterhouseCoopers LLP (internal auditor) to provide reasonable assurance that control procedures are in place and are being followed. The Group Audit and Risk Committee receive an annual report on internal controls from the Chief Financial Officer. The Group Audit and Risk Committee makes regular reports to the Group Board and relevant points are communicated to the Association. The Association follows formal procedures for instituting appropriate action to correct weaknesses identified in the above reporting.

The Association follows formal procedures for ensuring appropriate actions are taken to correct weaknesses identified from the above reports, which are followed up by the Board of Management.

On behalf of the Board, the Group Audit and Risk Committee has reviewed the effectiveness of the systems of internal control in existence in the Association for the year ended 31 March 2025 and is not aware of any material changes at the date of signing the financial statements.

Statement of the Responsibilities of the Board for the Report and Financial Statements

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

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the Association and of its surplus or deficit for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements; and;
- assess the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

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

Disclosure of information to Auditor

In the case of each of the persons who are Members of the Board at the date when this report was approved:

(a) so far as the Member is aware, there is no relevant audit information of which the Association's auditor is unaware; and

(b) they have taken all the steps that they ought to have taken as a Member of the Board to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

Independent statutory auditor

KPMG LLP have been re-appointed in accordance with section 93 of the Co-Operative and Community Benefit Societies Act 2014 to carry out the 2024/2025 audit. KPMG LLP has indicated its willingness to continue in office and a resolution concerning the appointment of the auditor will be proposed at the Annual General Meeting.

By order of the Board.

Signed by:

Hilary Gardner

0FDC5ED6B81443A...

Hilary Gardner
Chair

25 September 2025

Independent auditor's report to the Board of Swan Housing Association

Opinion

We have audited the financial statements of Swan Housing Association ("the Association") for the year ended 31 March 2025 which comprise the Statement of Comprehensive Income, Statement of Financial Position and the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the Association as at 31 March 2025 and of its income and expenditure for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

Independent auditor's report to the Board of Swan Housing Association (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of the Board of Management, internal audit and inspection of policy documentation as to the Association's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Association's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships

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

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the determination of retirement benefit obligations and impairment of property assets. On this audit we do not believe there is a fraud risk related to revenue recognition given the nature of the Association's revenue stream being simple, non-complex transactions and do not contain significant judgements or estimates.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Assessing significant accounting estimates for bias.

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

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

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

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

Firstly, the Association is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, distributable profits legislation, taxation legislation, and pensions legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statements items.

Independent auditor's report to the Board of Swan Housing Association (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

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

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

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

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

Other information

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Independent auditor's report to the Board of Swan Housing Association (continued)

Board's responsibilities

As explained more fully in their statement set out on page 11, the Association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

James Tracey
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 25 September 2025

Statement of Comprehensive Income

	Notes	2025 £'000	2024 £'000
Turnover	3	87,747	87,254
Operating costs	3	(72,530)	(83,355)
Surplus on sale of fixed assets	3, 6	482	2,158
Other income	3	422	10
Impairment	3, 9	-	(1,868)
Operating Surplus	3	**16,121**	**4,199**
Gain on bulk transfer of defined benefit pension scheme	25	3,089	-
Loan and working capital released	14b	2,923	(3,775)
Loan and working capital provided for	14b	(14,300)	(10,947)
Interest receivable and similar income	7	4,193	3,603
Interest payable and similar charges	8	(31,020)	(34,186)
Loss on fair value of investment property	14a	(1,185)	-
Movement in fair value of financial instruments	18	8,052	6,975
Deficit before taxation	9	**(12,127)**	**(34,131)**
Taxation	10	-	-
Deficit after taxation		**(12,127)**	**(34,131)**
Actuarial gain/(loss) in respect of defined benefit pension obligation	25	434	(995)
Total comprehensive loss for the year		**(11,693)**	**(35,126)**

The Association's results relate wholly to continuing activities.

The notes on pages 19 to 50 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 25 September 2025 and signed on its behalf by:

Signed by:
Hilary Gardner
0FDC5ED6B81443A...

Hilary Gardner
Chair

Signed by:
Nathan Warren
5A0577458D644DB...

Nathan Warren
Director

Signed by:
05803E631D83476...

Nicole Seymour
Company Secretary

Co-operative and Community Benefit Society Company Number: 28496R

Statement of Changes in Reserves

	Share capital £'000	Income and expenditure reserve £'000	Revaluation reserve £'000	Total £'000
Balance as at 1 April 2023	**-**	**(140,101)**	**155,040**	**14,939**
Deficit for the year	-	(34,131)	-	(34,131)
Other comprehensive loss for the year	-	(995)	-	(995)
Total comprehensive loss for the year	-	**(35,126)**	-	**(35,126)**
Transfer from revaluation reserve to income and expenditure reserve	-	1,616	(1,616)	-
Balance as at 31 March 2024	**-**	**(173,611)**	**153,424**	**(20,187)**
Deficit for the year	-	(12,127)	-	(12,127)
Other comprehensive income for the year	-	434	-	434
Total comprehensive loss for the year	-	**(11,693)**	-	**(11,693)**
Transfer from revaluation reserve to income and expenditure reserve	-	1,523	(1,523)	-
Balance as at 31 March 2025	**-**	**(183,781)**	**151,901**	**(31,880)**

The notes on page 19 to 50 form part of these financial statements.

Statement of Financial Position

	Notes	2025 £'000	2024 £'000
Fixed Assets			
Intangible fixed assets	11	-	244
Tangible fixed assets – housing properties	12	717,651	710,352
Other tangible fixed assets	13	3,160	2,339
Investment Property	14a	7,895	6,050
Other Investments	14b	50	50
		728,756	719,035
Current Assets			
Properties held for sale	15	6,194	8,725
Debtors due within one year	16a	16,096	7,813
Debtors due after one year	16b	8,136	12,262
Cash at bank and in hand		11,545	16,370
		41,971	45,170
Creditors: amounts falling due within one year	17	(272,333)	(90,096)
Net current liabilities		(230,362)	(44,926)
Total assets less current liabilities		498,394	674,109
Creditors: amounts falling due after more than one year	18	(490,739)	(648,314)
Provision for Liabilities			
Defined benefit pension liability	25	-	(3,885)
Other provisions	19	(39,535)	(42,097)
Total net liabilities		**(31,880)**	**(20,187)**
Capital and reserves			
Share capital	20	-	-
Income and expenditure reserve	20	(183,781)	(173,611)
Revaluation reserve	20	151,901	153,424
Total capital and reserves		**(31,880)**	**(20,187)**

The notes on page 19 to 50 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue 25 September 2025 and signed on its behalf by:

Signed by: Hilary Gardner
0FDC5ED6B81443A...

Signed by: Nathan Warren
5A0577458D644DB...

Signed by:
05803E631D83476...

Hilary Gardner
Chair

Nathan Warren
Director

Nicole Seymour
Company Secretary

Co-operative and Community Benefit Society Company Number: 28496R

Notes to the Financial Statements

1. Legal Status

Swan Housing Association (the Association) is registered in England as a Registered Society (number 28496R) and with the Regulator of Social Housing (number L4145).

At 31 March 2025 the Association held 100% of the issued ordinary share capital of the following:

Company	Activity	Country of incorporation
Swan New Homes Limited	Build of new homes	England and Wales
Swan Commercial Services Limited	Design and build contractor	England and Wales
Hera Management Services Limited*	Property management	England and Wales
Vivo Support Limited*	Care and support services	England and Wales
Swan Housing Capital Plc	Treasury	England and Wales
Swan Housing Finance Limited**	Treasury	England and Wales

* Owned indirectly – 100% owned by Swan New Homes Limited, dissolved post year end.
** Dissolved post year end

The registered office address of all of the Association's subsidiaries is Sanctuary House, Chamber Court, Castle Street, Worcester, England, WR1 3ZQ. Hera Management Services Limited, Swan Housing Finance Limited and Vivo Support Limited were all dissolved post year end.

Joint Ventures

The Association's subsidiary, Swan New Homes Limited, controls 49.9% of Purfleet Centre Regeneration Limited, which in turn has a 100% owned subsidiary, PCRL 1A Limited.

Company	Activity	Country of incorporation
Purfleet Centre Regeneration Limited (in liquidation)	Property development	England and Wales
PCRL 1A Limited (in liquidation)	Property development	England and Wales

The registered office address of the joint ventures is Suite 3 Regency House, 91 Western Road, Brighton, BN1 2NW.

All balances associated with the joint ventures were fully provided for in prior periods.

Associate Entity

Swan New Homes Limited holds 25% of shares with voting rights of Linq Investors Limited and can appoint two directors from a total of seven.

Company	Activity	Country of incorporation
Linq Investors Limited	Buying and selling of own real estate	England and Wales

The registered office address of the associate is 3 Bunhill Row, London, England, EC1Y 8YZ

2. Principal Accounting Policies

Statement of compliance and basis of preparation
The Association's financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice ('UK GAAP') including Financial Reporting Standard 102 ('FRS102').They are also prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Schedule 1 to the Housing and Regeneration Act 2008, the Accounting Direction for private registered providers of social housing 2022 and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 (the SORP).

The financial statements are presented in pounds sterling which is the Association's functional currency. Unless otherwise stated, amounts are denominated in thousands (£'000) rounded to the nearest £1,000.

The Association is a public benefit entity.

Consequently, the Association has applied the exemption from preparing consolidated accounts and these financial statements relate only to the Association as an individual entity.
Notes to the Financial Statements

2. Principal Accounting Policies (continued)

The Association's ultimate parent undertaking, Sanctuary Housing Association includes the Association in its consolidated financial statements. The consolidated financial statements of Sanctuary Housing Association are prepared in accordance with UK-adopted international accounting standards (IFRS), are available to the public and may be obtained from Sanctuary House, Chamber Court, Castle Street, Worcester, WR1 3ZQ.

In these financial statements, the Association is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

(a) The requirement to present a statement of cash flows and related notes.

Alternative performance measures

In the reporting of financial information, the Association uses various Alternative Performance Measures (APMs). These measures are not defined under FRS 102 and therefore may not be directly comparable with the APMs of other businesses reporting under FRS 102.

APMs are not intended to be a substitute for, or superior to, FRS 102 measurement, but are included to provide additional useful information on the underlying trends, performance and position of the Association.

APMs are used for the following reasons:

- Where metrics have been defined by the Regulator of Social Housing (RSH) and are a compulsory requirement within the financial statements of a housing association.
- Where metrics are not defined by the RSH but are commonly used within the sector and so their use aids comparability with peers.
- Where adjustment for events outside normal operations aids users of the financial statements in understanding the Association's underlying performance.

Going Concern

The Swan Group, which includes Swan Housing Association (the Association), was acquired by Sanctuary Housing Association during the year ended 31 March 2023. The going concern assessment performed by the members of the Association reflects the structure of the wider group and takes into account the availability of additional funding available via Sanctuary Group partners.

The financial statements disclose all matters of which we are aware that are relevant to the Association's ability to continue as a going concern, including all significant conditions and events, mitigating factors and management's and the board's plans.

The Association's operations, together with the factors likely to affect its future performance and financial position, are set out in the Business and Financial review on pages 4-5.

Information about the Association's approach to treasury risk management can be found on pages 7 and 8.

The Association manages its exposure to risk, and this activity is reviewed and scrutinised by the Sanctuary Group Audit and Risk Committee. Details of the Association's principal risks are discussed on page 9.

The Association has continued to face challenges during the year, with a deficit for the year of £12,127,000 (2024: deficit of £34,131,000).

The directors have prepared a going concern assessment for the Association, based on consideration of cash flow forecasts, for the period to 31 March 2027 (the going concern assessment period), which take into account a number of severe, but plausible downside scenarios, and also funding available from its parent, Sanctuary Housing Association.

The wider Sanctuary Group support provides comfort over the viability of the Association and this is evidenced by an enhanced outlook that is reflected in Standard & Poor's (S&P) upgrade to the Association's credit rating from 'BB-' to 'BBB+' immediately following the acquisition on 8 February, and a further improvement to 'A' during the subsequent year.

2. Principal Accounting Policies (continued)

Sanctuary Affordable Housing Limited, a 100% subsidiary of Sanctuary Housing Association, provided loans totalling £163 million to Swan Housing Association up to 31 March 2025. Post year end, Swan Housing Association repaid £12 million (net) of loan finance to Sanctuary Affordable Housing Limited. The directors have received a copy of a letter of support provided by Sanctuary Housing Association to the Board of Swan Housing Association to confirm that it intends to continue, should the need arise, to provide financial and/or other support, including, if required, not seeking repayment of amounts currently made available, for a period of at least 12 months from the date of approval of these financial statements.

As with any entity placing reliance on other group entities for financial support, the Board acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on all of the above considerations the directors confirm that they have a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Association continues to adopt the going concern basis in its financial statements.

Significant accounting judgements, estimates and assumptions

Management are required to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year end and the amounts reported for revenues and expenses during the year.

Significant accounting judgements

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

Replacement of cladding and fire safety works

The aggregate cost of rectifying potential issues within 18 m+ buildings across a number of sites was originally estimated at up to £116 million. However, the Association continues to pursue recovery from contractors, insurances and Government funding where that is available. As a result, management's expectation is that the total cost of remediation works will be materially less than this this amount. The potential requirement to recognise provisions or recovery assets in respect of these works is considered below.

FRS 102 Section 21 *Provisions and Contingencies* determines that an entity should recognise a provision when: there is an obligation at the reporting date as a result of a past event; it is probable (more likely than not) that the entity will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably. The Standard emphasises that this means there must be no realistic alternative to settling the obligation. This can happen when there is a legal obligation that can be enforced by law or when the entity has a constructive obligation.

When some or all of the amount required to settle a provision may be reimbursed by another party, an entity will often remain liable for the whole amount in question so that the entity would have to settle the full amount if the third party failed to pay for any reason. In this situation, a provision is recognised for the full amount of the liability, and a separate asset for the expected reimbursement is recognised when it is virtually certain that reimbursement will be received if the entity settles the liability.

In determining whether a provision is required at the balance sheet date, management has reviewed the requirements of Section 21 of FRS 102 in conjunction with legal advice and consideration of new legislation, such as the Building Safety Act 2022, which came into force on 28 April 2022. Where reimbursement is possible then correspondence between the parties has been reviewed to determine the status of negotiations at year end and whether reimbursement could be established to be virtually certain at 31 March 2025.

Properties where the Association was engaged under a refurbishment and management contract

A potential issue has been identified at four 18 m+ tower blocks. The Association subcontracted the original refurbishment contract to a third party; however, management has determined, after reviewing legal advice, that the Association's obligations under the contract, which encapsulate the original refurbishment, ongoing management and maintenance, mean that it ultimately remains liable for rectification of the identified deficiencies and so a provision has been recognised. There is the potential, pending the outcome of negotiations, that these obligations will be fulfilled by the third party contractor. However, as at 31 March 2025, there is not yet sufficient certainty to enable the release of these provisions.

2. Principal Accounting Policies (continued)

Properties where the Association was engaged under a development, lease and nominations agreement

Cladding issues have been identified at three 18 m+ blocks. Similar to the previous case, the Association subcontracted the original development to a third party. As with the previous case, after reviewing legal advice, management has determined that the Association is ultimately liable for rectifying the deficiencies and so a provision has been recognised. There is the potential, pending the outcome of negotiations, that these obligations will be fulfilled by the third party contractor. However, as at 31 March 2025, there is not yet sufficient certainty to enable the release of these provisions.

Properties where the Association is freeholder and where there was an external developer

There are six 18 m+ blocks where the Association is the freeholder, but the original development work was carried out by an external party. Drawing on application guidance within FRS 102, management have formed a view that legal obligations do not exist independently of future actions, since the properties can theoretically be sold or transferred to another party and once that has occurred, as the Association is not the developer, there would be no ongoing responsibility in respect of the building safety. This could change if specific enforcement actions were in place, but to date that is not the case. Management have also considered whether the Association's public statement that it will not pass on the cost of remediating external wall systems to leaseholders could create a constructive obligation. Management's view is that it does not, since it does no more than clarify the Association's intention to follow the requirements of the Building Safety Act and does not give a firm timebound commitment to carry out those works. Consequently, no provision has been recognised. Every effort will be made to engage the original developers to rectify the identified issues or to obtain alternative sources of funding where that is not possible.

Properties where the Association is freeholder and where the developer was a subsidiary

Three 18 m+ sites with potential issues have been identified where the developer was a subsidiary company. It is management's view that where a subsidiary was the developer that any potential liability in respect of rectification resides with them and so no provision has been recognised by the Association. Where relevant, the cash flows associated with the potential rectification works within the subsidiary have been considered in forming a view about recoverability of intercompany balances.

Development incident

Following an incident at a development site in 2020, where the Association's 100% owned subsidiary, Swan Commercial Services Limited, was serving as principal contractor, there is an ongoing investigation by police and the Health & Safety Executive (HSE) as well as civil claims from certain affected parties.

Swan Commercial Services Limited is regarded as having primary responsibility for the development site and so has recognised provisions in respect of civil claims associated with the incident. Having obtained legal advice, management has determined that in respect of the criminal/HSE investigations there was insufficient progress at 31 March 2025 to deem the likelihood of a penalty probable and at this early stage of investigation the broad range of possible outcomes means that quantification of any potential penalty is not possible.

Within the financial statements of the Association no provisions have been recognised but contingent liabilities have been disclosed, due to the parent / subsidiary relationship and the Association's ownership of the development site.

Financial instrument classification

The Association's loans are required to be classified as either basic or non-basic financial instruments in accordance with the conditions set out under FRS102 section 11.9. Management has concluded that two of the Association's loans should be reported as non-basic. Both include an embedded mandatory swap payment on termination of the loan which results in the return to the lender being a combination of a positive fixed rate and a negative variable rate (as part of the notional swap value) which is not meeting the definition as set by FRS102 11.9a (iv).

The Association's remaining loans each contain a prepayment option which may result in a compensation payment from the lender. Management has assessed this prepayment option against the condition set out in FRS102 11.9b which states that for a loan to be classified as basic there should be no contractual provision that results in the holder losing the principal amount or any interest attributable to current or prior periods. Management has concluded that the loans are basic on the basis that the repayment relates to future interest payments and not the repayment of the principal amount or interest that is due.

2. Principal Accounting Policies (continued)

Significant accounting estimates and assumptions

Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the following sections.

Carrying value of schemes under development

The carrying value of schemes under development has been assessed using a combination of internal appraisals external valuations and independent third-party specialist assessments of costs to complete.

Properties held for sale are carried at the lower of cost and estimated selling price less costs to complete and sell.

Development schemes have been assessed for impairment based on the estimated value of shared ownership first tranche sales, plus the present value of the estimated net revenue streams from rented homes, including the retained equity in shared ownership homes, and commercial properties, less the estimated costs to complete the development.

The present value of estimated net revenue streams from rental properties is based on a discounted cash flow model using discount rates and estimates of cost appropriate to the type of tenancy. The costs to complete the development are based on the anticipated outturn cost of construction, professional services and other subcontracts, with allowances made for inflation, claims and variations, plus an allocation of the internal cost of management time and capitalised interest.

On the basis of these assessments a total impairment of £nil (2024: £1.9 million) was recognised across all development schemes.

Recoverability of intercompany balances

At 31 March 2025 there were loans (included within investments) from the Association to subsidiaries Swan Commercial Services Limited and Swan New Homes Limited as follows:

	2025	**2024**
Swan Commercial Services	£46.8 million	£33.7 million
Swan New Homes Limited	£6.6 million	£5.4 million

The Association also had trading balances with these subsidiaries of:

	2025	**2024**
Swan Commercial Services	£12.1 million (debtor)	£15.0 million (debtor)
Swan New Homes Limited	(£8.3 million) (creditor)	£0.3 million (debtor)

Management conducted an assessment of recoverability of these balances, based on financial projections for the subsidiaries, which reflect future development expenditure, sales income, defects payments and outflows in relation to the previously mentioned development incident.

The developments included in the projections are all forecast to be completed and sold by March 2028, with no further development activity assumed in the subsidiaries after that time and therefore it is deemed appropriate to use the projected balances at that date to assess current recoverability.

Based on this assessment it was concluded that amounts due from both Swan New Homes and from Swan Commercial Services should be fully provided for. Provisions have therefore been recognised against investments and intercompany trade debtors with the provision movement presented as part of a separate line item within the Statement of Total Comprehensive Income called ‘loan and working capital provided for’. The Association intends to continue to seek recovery of balances that have been provided for.

Notes to the Financial Statements

2. Principal Accounting Policies (continued)

Replacement of cladding and fire safety works

As previously detailed under significant accounting judgements, there are a number of different scenarios, which have each been considered in turn to determine if a provision should be recognised. Included within provisions is a sum of £39.4 million where the Association has contractual obligations to external parties to rectify cladding and fire safety issues. The provisions are quantified with an assumed scope of works based on initial third-party estimates, with additional cost indexation to bridge from the date of those estimates, which are several years old, to 31 March 2025. The provisions have been discounted, based on the assumption that minimal work will be performed within the next 12 months and then a period of two years will be required to complete the works from that point.

There is the potential, pending the outcome of negotiations, that these obligations will be fulfilled by third-party contractors. However, as at 31 March 2025, there is not yet sufficient certainty to enable the release of these provisions. Should the obligations not be fulfilled by the third-party contractors, a detailed programme of works will need to be established, and the initial estimates updated. It is not possible to precisely specify the range of potential outcomes, but it is possible that these may vary materially from the current provision, which represents the directors' best estimate of the potential outflow.

Defined pension liability valuation

The defined benefit obligation is based on several critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in note 25). The defined benefit pension liability was transferred to the equivalent Sanctuary Group defined benefit scheme and therefore the net defined benefit pension liability at 31 March 2025 was £nil (2024: £3.9 million).

Fair value measurement

Management utilises the services of a specialist third party treasury advisor to calculate the fair value of its financial instruments. The valuation techniques include discounted cash flow pricing models with observable inputs. The most significant inputs into those models are interest rate yield curves, developed from publicly quoted rates and market available information.

All valuations have been compared to similar market transactions or alternative third-party pricing services to ensure current market conditions are properly represented.

Movements in fair value between periods are due to changes in observable inputs, which can shift due to changes in demand and supply in public market rates and market information, and due to time factor in the above instruments' pricing in a discounted cash flow pricing model.

Turnover

Turnover comprises rental income receivable in the year, service charge income, income from shared ownership first tranche sales, unitary charge income from a private finance initiative (PFI) and other services included at the contracted or invoiced value (excluding VAT chargeable) of services supplied in the year and grants receivable in the year.

Unitary charge income is recognised in accordance with the financial close model which apportions the income between the Statement of Comprehensive Income for housing management services and the Statement of Financial position for income accrued during the construction phase of the contract.

Donations received under the gift aid scheme in the Association from its subsidiaries are recognised as turnover as it relates to the principal activities of the Association.

Notes to the Financial Statements

2. Principal Accounting Policies (continued)

Interest
Interest is capitalised on borrowings related to the development of qualifying assets, to the extent that it accrues in respect of the period of development if it represents interest on borrowings specifically financing the development programme after deduction of related grants received in advance.

Other interest payable is charged to income and expenditure in the year. Interest is recognised as income when receivable.

Taxation
Current tax is recognised for the amount of corporation tax payable in respect of the taxable surplus for the current or past reporting periods using the rates and laws that have been enacted or substantively enacted at the reporting date. As a result of the Association's status as a charity, the Association is largely exempt from corporation tax.

VAT
The Association and the majority of its subsidiaries are included in a Group VAT registration in the name of Sanctuary VAT Group since 1 April 2023 (formerly in a Group VAT registration in the name of Swan Housing Association Limited). The majority of the Association's income, being rents, is exempt for VAT purposes, but other Group members generate taxable income. This combination gives rise to a partial exemption calculation. Expenditure for non-taxable activities is therefore shown inclusive of VAT and the input VAT recovered is credited against operating costs. Expenditure on taxable activities is shown exclusive of VAT. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Termination benefits
Termination benefits are in relation to payment in lieu of notice and settlement for loss of office and are recognised as an expense in the statement of comprehensive income. A liability and expense is recognised for termination benefits when the entity is demonstrably committed to a termination.

Intangible assets
Computer software is carried at cost less accumulated amortisation and impairment losses. Costs relating to the development of computer software for internal use are capitalised. Costs include the total cost of external products or services and any labour costs directly attributable to the development.

Amortisation is charged on a straight-line basis over the expected useful life of the software and is commenced when the asset is ready for operational use. The expected useful life is considered to be four years.

Investment Property
Investment property is property which is held either to earn rental income or for capital appreciation or for both. The Association classifies its commercial and market rented properties as investment property. The properties are carried at fair value with changes in value recognised in the income statement.

Investments in subsidiaries
Investments in subsidiaries represent amounts subscribed as share capital to, or on-lent by, the Association to its subsidiaries under the Group's internal financing arrangements and are stated at cost less impairment in the Association's financial statements.

Investments in jointly controlled entities (joint ventures)
An entity is treated as jointly controlled where the Association is party to an agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control. In the consolidated accounts, interests in jointly controlled entities are accounted for using the equity method.

Loans due from a jointly controlled entity are included in investments where the amounts are intended for use on a continuing basis in the jointly controlled entities activities. The loans are subsequently accounted for as a basic financial instrument. Investments in jointly controlled entities are stated at cost less impairment in the Association's financial statements.

Notes to the Financial Statements

2. Principal Accounting Policies (continued)

Housing properties cost and depreciation
Housing properties are stated at cost less accumulated depreciation and impairment losses Where parts of an item of Housing properties have different useful lives, they are accounted for as separate items of tangible fixed assets.

Tangible Fixed Assets – Housing Properties consists of housing properties for social rent and shared ownership properties. The provision of social housing is akin to supplying a service and therefore property held for the primary purpose of providing social benefits should be excluded from the scope of investment property and accounted for as tangible fixed assets. Housing properties are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of such properties includes the following:

a) Cost of acquiring land and buildings;
b) Construction costs including internal equipment and fitting;
c) Directly attributable development administration costs;
d) Cost of capital employed during the development period;
e) Expenditure incurred in respect of improvements and extensions to existing properties; and
Construction costs incurred but not yet certified at the reporting date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic or social benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Expenditure on housing properties, capable of generating increased future rents, extends their useful life, or significantly reduces future maintenance costs, is capitalised. Other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial year in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Structure	40 to 125 years
Doors and door entry systems	10 to 40 years
Bathrooms	15 to 40 years
External works	20 to 25 years
Heating systems	15 to 40 years
Kitchens	30 years
Lifts	10 years
Green technologies	25 years
Roof coverings	50 years
Windows	40 years
Electrical wiring	30 years

The acquisition and disposal of properties is accounted for on the date when completion takes place.

Other tangible fixed assets
Assets are stated at cost (this includes the original purchase price of the asset and the costs attributable to bringing the asset into its working condition for its intended use) less accumulated depreciation, which is charged on a straight-line basis to write off assets over their expected economic useful lives as follows:

Freehold land and buildings (offices) and improvements	10 to 40 years
Leasehold land and buildings (offices)	Over the period of the lease
Furniture and equipment	4 to 10 years
Motor vehicles	4 to 7 years
Computer equipment (excluding software)	4 to 10 years

Development costs
Costs associated with development projects are capitalised where they are directly attributable to bringing the properties into working condition for their intended use. Such costs generally include professional fees, directly attributable staff salary costs incurred in administering the development programme and loan interest attributable to the scheme. Costs incurred on schemes which are identified as abortive are written off in the year in which the scheme is classified as abortive.

2. Principal Accounting Policies (continued)

Lease obligations
Where assets are financed by leasing arrangements which transfer substantially all the risks and rewards of ownership, they are classified as finance leases and are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payment during the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor. Rentals paid under operating leases, including those paid under temporary social housing leases, are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Properties for sale
Properties held for sale are stated at the lower of cost and net realisable value and relate to the proportions of shared ownership properties allocated as first tranche sales, whether under construction or completed. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Government grants
Government grants include grants receivable from Homes England, local authorities and other government organisations. Government capital grants received prior to the transition to FRS102 have been accounted for under the performance method and recognised as income. Capital grants for housing properties received post transition are accounted for under the accruals method within creditors and recognised in income over the useful life of the property structure.

Social Housing and other capital development grants may be repayable under certain circumstances, primarily following the sale of a property. Provision for repayment in the Recycled Capital Grant Fund is made in the Statement of Financial Position when properties which have previously received grant funding are sold.

Grants relating to revenue are recognised as income over the same period as the expenditure to which they relate once reasonable assurance has been gained that any conditions associated with the grant have been met.

Pensions
The Association participates in a multi-employer defined benefit scheme, the Social Housing Pension Scheme (SHPS), which the Association has closed to new entrants.

The defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 25). The calculation of the obligation also incorporates the impact of the various High Court rulings and GMP rulings where appropriate.

The net defined benefit liability at the year ended 31 March 2025 is £nil (2024: £3.9 million).

The current service costs and costs from settlements and curtailments are charged against operating surplus in the Consolidated Statement of Comprehensive Income. Interest is calculated on the net defined benefit liability. Remeasurements are reported in Other Comprehensive Income. Note 25 contains further details.

Swan Housing Association Limited currently operate defined contribution pension schemes for active members. The charge to expenditure represents the employer contribution payable to the schemes for the accounting period.

Financial instruments
Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS102 are accounted for under an amortised cost model. The effective interest rate method, which applies the interest rate that exactly discounts the estimated future cash flows to the carrying amount of the financial instrument at initial recognition, has been used to calculate amortised cost. Any related fees and transaction costs are also amortised using this method.

Loan modifications are assessed on a case by case basis and where modifications are deemed to be substantial the instrument is derecognised. Where modifications are considered to be non-substantial, they are accounted for in accordance with Section 11 of FRS102.

Non basic financial instruments are recognised at fair value using a valuation technique. At each year end the instruments are revalued to fair value with the movements posted to the Statement of Comprehensive Income.

The Association has not adopted hedge accounting for financial instruments.

Loan issue costs
Costs in relation to the issuance of basic debt instruments are amortised over the life of the instrument. Costs in relation to non-basic debt instruments are expensed as incurred. The discount/premium arising on bond issues are spread evenly over the remaining life of the bond, with a resulting movement in finance costs each year.

Notes to the Financial Statements

2. Principal Accounting Policies (Continued)

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

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

Reserves
The Association establishes reserves for specific purposes where their use is subject to external restrictions and designated reserves where reserves are earmarked for a particular purpose.

Revaluation reserves
On transition to FRS102 the revaluation reserve was credited with the difference between the fair value of housing properties and the historical cost carrying value. As a result, housing properties carried at revaluation pre transition are carried at deemed cost.

The depreciation charges and disposal costs relating to housing properties carried at deemed cost therefore contain an element of cost that is attributable to revaluation. Annual transfers between the income and expenditure and revaluation reserves are made to reconcile the reserve accounts.

On acquisition by Sanctuary Group on 8 February 2023, the revaluation reserve was credited with the difference between the fair value of commercial units held within other tangible fixed assets and the historical cost carrying value. Subsequent to revaluation commercial property was transferred to Investment Property.

Notes to the Financial Statements

3. Turnover, operating costs and operating surplus by class of business

	2025 Turnover £'000	2025 Surplus on sale of fixed assets £'000	2025 Other income £'000	2025 Operating costs £'000	2025 Surplus/ (deficit) £'000	2024 Surplus/ (deficit) £'000
Income and expenditure:						
From social housing lettings (note 4)	69,255	-	-	(52,358)	16,897	11,896
Other social housing activities:						
Supporting people contract income	91	-	-	(91)	-	-
Home ownership and managed properties	1,638	-	-	(3,075)	(1,437)	206
First tranche shared ownership sales	3,729	-	-	(3,729)	-	-
Forest Gate private finance initiative (PFI)	6,616	-	-	(5,062)	1,554	1,300
Surplus on sale of fixed assets (note 6)	-	482	-	-	482	2,158
Gift Aid receivable	-	-	422	-	422	10
Development	6	-	-	(185)	(179)	17
Cladding and health & safety[1]	-	-	-	(1,511)	(1,511)	(9,475)
Cladding and fire safety (PFI) [2]	-	-	-	(515)	(515)	495
Impairment (notes 2, 9)	-	-	-	-	-	(1,868)
Other[3]	5,217	-	-	(5,217)	-	-
Total other social housing activities	17,297	482	422	(19,385)	(1,184)	(7,157)
Non-social housing activities:						
Non-social housing property sales	355	-	-	(218)	137	-
Commercial rents	840	-	-	(569)	271	(540)
Total non-social housing activities	1,195	-	-	(787)	408	(540)
Total social housing activities	**87,747**	**482**	**422**	**(72,530)**	**16,121**	**4,199**

[1] Cladding and health & safety costs of £1,511,000 (2024: £9,475,000) relate to expenditure incurred for Waking Watch, cladding provisions and other health and safety costs.

[2] Cladding and fire safety costs (PFI) of £515,000 (2024: £495,000 income) relate to expenditure incurred for Waking Watch, cladding provisions and other health and safety costs on properties held under the Forest Gate private finance initiative.

[3] Other social housing income relates to management charges and sundry income which are associated with social housing activities, but are not tenancy related rent or service charges. Through the allocation of central costs, a break-even position is assumed. This approach is consistent with other housing associations within the wider Sanctuary Group.

Notes to the Financial Statements

4. Particulars of income and expenditure from social housing lettings

	General Needs Housing £'000	Sheltered and Supported £'000	NHS Trust Keyworker £'000	Shared Ownership £'000	Total 2025 £'000	Total 2024 £'000
Income from lettings						
Rents	49,174	1,994	7,222	1,664	60,054	56,783
Amortised government grant	212	-	-	22	234	234
Service charges	5,296	1,894	2	175	7,367	7,759
Other income	780	747	73	-	1,600	16
Turnover from social housing lettings	**55,462**	**4,635**	**7,297**	**1,861**	**69,255**	**64,792**
Management	(13,279)	(979)	(1,647)	(11)	(15,916)	(10,126)
Services	(9,705)	(2,041)	(2,219)	(413)	(14,378)	(19,739)
Routine maintenance	(6,325)	(780)	(556)	(454)	(8,115)	(14,139)
Planned maintenance	(6,320)	(295)	(504)	(60)	(7,179)	(2,860)
Bad debts	(1,347)	(126)	103	-	(1,370)	(87)
Depreciation of housing properties	(4,358)	(406)	(452)	(184)	(5,400)	(5,945)
Operating costs on social housing lettings	**(41,334)**	**(4,627)**	**(5,275)**	**(1,122)**	**(52,358)**	**(52,896)**
Operating surplus on social housing lettings	**14,128**	**8**	**2,022**	**739**	**16,897**	**11,896**
Void losses	**(189)**	**(313)**	**(794)**	**-**	**(1,296)**	**(1,142)**

5. Members' emoluments and employee information

The Members of the Board who served during the year are set out on page 2. Members of the board receive salaries in their capacity as employees of the parent undertaking, Sanctuary Housing Association, and their costs were not recharged as they were incidental to their services provided to other Sanctuary Group companies.
Expenses borne by the ultimate parent undertaking are negligible.

The average numbers of persons employed by the Association expressed in full time equivalents (including senior executives but excluding Board Members), analysed by category, were as follows:

	2025 FTEs	**2024 FTEs**
Administration staff	82	181
Site based staff	38	33
	120	214

The aggregate payroll cost of these persons was as follows:	**2025 £'000**	**2024 £'000**
Wages and salaries	5,367	10,121
Social security costs	535	1,138
Pension costs	273	456
	6,175	11,715

6. Surplus on sale of fixed assets

	Social Housing Properties £'000	**Non-Social Housing Properties £'000**	**2025 £'000**
Disposal proceeds	1,556	-	1,556
Carrying value of fixed assets sold	(1,074)	-	(1,074)
	482	-	482

	Social Housing Properties £'000	**Non-Social Housing Properties £'000**	**2024 £'000**
Disposal proceeds	2,430	2,550	4,980
Carrying value of fixed assets sold	(1,460)	(1,362)	(2,822)
	970	1,188	2,158

The carrying value of housing assets sold includes recycled capital grant as detailed in note 18. Also included in the prior year is the surplus on sale of the office building, Pilgrim House, of £1.1 million.

Notes to the Financial Statements

7. Interest receivable

	2025 £'000	2024 £'000
Interest receivable from joint venture	-	121
Bank interest receivable	-	11
PFI Bank interest receivable	48	28
Interest on PFI contract debtor	724	1,107
Interest from other group undertakings	3,421	2,336
	4,193	3,603

8. Interest payable and similar charges

	2025 £'000	2024 £'000
Bank loans	13,306	14,571
Bank loans on PFI	755	955
Loan from parent	10,539	5,786
Bond	8,450	8,450
Net interest expense from defined benefit pension obligation (see note 25)	88	153
Other bank charges	-	102
Finance lease charges	188	352
Finance charge on unwind of provision*	872	1,716
Interest on GLA Grant**	(3,178)	2,820
	31,020	34,905
Less: Interest capitalised (Average Rate nil% (2024: 5.25%))	-	(719)
	31,020	**34,186**

* Other bank charges have been re-presented to split out the unwinding of the discount on provisions.
** Interest on the GLA Grant was accrued as per the grant agreement and recognised as interest payable in the financial periods up to 31 March 2024. In the current year, agreement was reached to repay the GLA Grant and as part of this agreement some of the interest accrued was waived. This has resulted in a credit to the Statement of Comprehensive Income in the year ended 31 March 2025.

9. Deficit before taxation

	2025 £'000	2024 £'000
The deficit before taxation for the year is stated after charging/(crediting):		
Depreciation on housing properties (note 12)	7,295	6,220
Depreciation on other tangible fixed assets (note 13)	451	407
Amortisation on other intangible fixed assets (note 11)	244	1,042
Operating lease charges	277	356
Impairment of development projects	-	1,868
Loan and working capital released	(2,923)	3,775
Loan and working capital provided	14,300	10,947

(a) Auditor's remuneration for audit services to the Company amounting to £41,000 (2024: £273,000) was born by the ultimate parent undertaking, Sanctuary Housing Association and was not recharged. There were no non-audit fees paid to the Company's auditors.

Notes to the Financial Statements

10. Taxation

	2025 £'000	2024 £'000
Current tax:		
UK corporation tax on deficit for the year	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Total tax charge	-	-
Tax reconciliation to total tax charge		
Deficit before taxation	(12,127)	(34,131)
Deficit multiplied by standard rate of Corporation Tax in the UK of 25% (2024: 25%)	(3,032)	(8,533)
Exempt activities	3,032	8,533
Total tax charge on deficit for the year	-	-

Deferred taxation
The Association is and intends to remain a charity and as such it is not subject to Corporation Tax (or deferred tax) on its profits provided its resources are utilised for charitable purposes. Hence no deferred tax asset is available to be recognised in respect of matters such as the Association's pension funding liability.

11. Intangible fixed assets

	Software £'000
Cost	
At 1 April 2024	4,877
Additions	-
Disposals	(4,877)
At 31 March 2025	-
Amortisation and Impairment	
At 1 April 2024	(4,633)
Amortisation charge for the year	(244)
Disposals	4,877
At 31 March 2025	-
Net Book Value	
At 31 March 2025	-
At 31 March 2024	244

Notes to the Financial Statements

12. Tangible fixed assets – housing properties

Housing properties:	**General/ special needs**	**Completed shared ownership housing properties**	**Completed NHS keyworker**	**Properties held under finance leases**	**Under construction**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost:						
At 1 April 2024	663,299	33,288	64,876	2,997	70,140	834,600
Additions	1,867	155	-	-	14,918	16,940
Transfers to completed	32,750	6,903	-	-	(39,653)	-
Transfers between PPE & Inventory	-	1,287	-	-	-	1,287
Transfers between PPE & Investment Property	(3,030)	-	-	-	-	(3,030)
Transfers between PPE categories	(484)	-	-	-	484	-
Disposals	(272)	(419)	-	-	-	(691)
At 31 March 2025	694,130	41,214	64,876	2,997	45,889	849,106
Depreciation and Impairment:						
At 1 April 2024	(48,866)	(1,164)	(26,722)	(2,656)	(44,840)	(124,248)
Depreciation charge for the year	(6,941)	(227)	(110)	(17)	-	(7,295)
Disposals	76	12	-	-	-	88
At 31 March 2025	(55,731)	(1,379)	(26,832)	(2,673)	(44,840)	(131,455)
Net book value:						
At 31 March 2025	638,399	39,835	38,044	324	1,049	717,651
At 31 March 2024	614,433	32,124	38,154	341	25,300	710,352

12. Tangible fixed assets – housing properties (continued)

Housing properties

The £1.2 million net transfer from inventory work in progress (2024: £2.5 million transfer to inventory work in progress) includes movements to reflect changes in the tenure mix on development schemes under construction.

All completed housing stock was restated at deemed cost on transition for FRS102 based on a formal valuation undertaken by Savills, Chartered Surveyors. The deemed cost was based on the Existing Use Value for Social Housing (EUV-SH) for accounts purposes as at 31 March 2014.

The Association annually reviews the carrying values of schemes under development to determine if they are impaired. Impairment assessments use a combination of internal appraisals, external valuations and independent third-party specialist assessments of costs to complete. Further details about the general methodology are included within note 2 on page 23.

In the prior two years, the Association recognised write downs across a number of schemes, resulting in a brought forward impairment against housing properties under construction of £45.0 million.

Social Housing Assistance

Total accumulated social housing grant received or receivable at 31 March:	**2025 £'000**	**2024 £'000**
Recognised in the Statement of Comprehensive Income (cumulative)	4,963	4,407
Held as deferred income (note 18)	56,678	46,623
Repayable grant and interest (note 18)	-	48,752
	61,641	99,782

.

13. Other tangible fixed assets

	Freehold offices £'000	Computer equipment £'000	Office equipment & fittings £'000	Vehicles £'000	Total £'000
Cost					
At 1 April 2024	1,727	1,894	2,604	-	6,225
Additions	-	-	1,242	30	1,272
Disposals	-	-	(4)	-	(4)
At 31 March 2025	1,727	1,894	3,842	30	7,493
Depreciation					
At 1 April 2024	(267)	(1,771)	(1,848)	-	(3,886)
Charge for the year	(41)	(112)	(293)	(5)	(451)
Dep'n on Disposal	-	-	4	-	4
At 31 March 2025	(308)	(1,883)	(2,137)	(5)	4,333
Net Book Value					
At 31 March 2025	1,419	11	1,705	25	3,160
At 31 March 2024	1,460	123	756	-	2,339

14a. Investment Property

	Commercial units £'000
Valuation	
At 1 April 2024	6,050
Transfer from property plant and equipment	3,030
Change in Fair Value	(1,185)
At 31 March 2025	7,895

The fair values of commercial and market rented properties are level 3 valuations determined by management using either direct market comparison to selling prices of similar properties, or an income capitalisation approach using rental income and market yields. The valuations are not considered to be materially sensitive to changes in the unobservable inputs.

14b. Other Investments

As at 31 March 2025, the Association has loans to subsidiary undertakings of £53.4 million made up of balances to Swan Commercial Services £46.8 million (2024: £33.7 million) and Swan New Homes £6.6 million (2024: £5.4 million). The Association has assessed recoverability of these loans and determined that they should be fully provided for.

Loans to Subsidiary Undertakings have a margin of 2.00% over the average borrowing cost for Swan HA and have a repayment date of 31 March 2024. Loans are secured on the Subsidiaries assets.

	Shares in Subsidiary Undertakings £'000	Loan to Swan Commercial Services £'000	Loan to Swan New Homes £'000	Total £'000
Investment b/fwd	50	33,676	5,430	39,156
Provision for impairment	-	(33,676)	(5,430)	(39,106)
At 1 April 2024	50	-	-	50
Net advances during the year	-	13,100	1,200	14,300
Provision movements	-	(13,100)	(1,200)	(14,300)
At 31 March 2025	50	-	-	50

In addition to the £14.3 million provision recognised for bad and doubtful debts in the current year for total investment balances of £53.4 million (2024: £39.1 million), £2.9 million has been released as a credit to the Statement of Comprehensive Income (2024: £1.4 million provided) relating to trading balances of group subsidiaries (note 16). The Association intends to continue to seek recovery of balances that have been provided for.

14b. Other Investments (continued)

Swan Housing Association (the Association) is registered in England as a Registered Society (number 28496R) and with the Regulator of Social Housing (number L4145).

At 31 March 2025 the Association held 100% of the issued ordinary share capital of the following:

Company	Activity	Country of incorporation
Swan New Homes Limited	Build of new homes	England and Wales
Swan Commercial Services Limited	Design and build contractor	England and Wales
Hera Management Services Limited*	Property management	England and Wales
Vivo Support Limited*	Care and support services	England and Wales
Swan Housing Capital Plc	Treasury	England and Wales
Swan Housing Finance Limited**	Treasury	England and Wales

* Owned indirectly – 100% owned by Swan New Homes Limited, dissolved post year end.
** Dissolved post year end

The registered office address of all of the Association's subsidiaries is Sanctuary House, Chamber Court, Castle Street, Worcester, England, WR1 3ZQ. Hera Management Services Limited, Swan Housing Finance Limited and Vivo Support Limited were all dissolved post year end.

Joint Ventures

The Association's subsidiary, Swan New Homes Limited, controls 49.9% of Purfleet Centre Regeneration Limited, which in turn has a 100% owned subsidiary, PCRL 1A Limited.

Company	Activity	Country of incorporation
Purfleet Centre Regeneration Limited (in liquidation)	Property development	England and Wales
PCRL 1A Limited (in liquidation)	Property development	England and Wales

The registered office address of the joint ventures is Suite 3 Regency House, 91 Western Road, Brighton, BN1 2NW.

All balances associated with the joint ventures were fully provided for in prior periods.

Associate Entity

Swan New Homes Limited holds 25% of shares with voting rights of Linq Investors Limited and can appoint two directors from a total of seven.

Company	Activity	Country of incorporation
Linq Investors Limited	Buying and selling of own real estate	England and Wales

The registered office address of the associate is 3 Bunhill Row, London, England, EC1Y 8YZ

15. Properties held for sale

	2025 £'000	2024 £'000
Shared ownership - work in progress	-	4,565
Shared ownership - completed	849	-
Other development schemes	5,345	4,160
Total stock and properties held for sale	6,194	8,725

During the year the Association expensed as cost of sale costs related to properties held for sale amounting to £3.9m (2024: £4.7m).

16. Debtors

	2025	2024
a) Due within one year	**£'000**	**£'000**
Gross arrears of rent and service charges	3,025	1,504
Less: provision for bad and doubtful debts	(2,021)	(1,308)
Net arrears of rent and service charges	1,004	196
PFI contract debtor	3,765	3,596
Amounts due from Group undertakings	2,052	321
Other debtors	3,509	203
Prepayments and accrued income	5,766	3,497
	16,096	7,813
b) Due after one year		
PFI contract debtor	8,136	12,262

Amounts due from Group undertakings are unsecured, do not incur interest and are repayable on demand.

17. Creditors: amounts falling due within one year

	2025 £'000	2024 £'000
Bank loan (note 18)	47,079	1,559
Amounts owed to Group undertakings (loans) (note 18)	163,000	-
PFI loan (note 18)	2,708	3,509
Trade creditors	9,335	4,110
Amounts owed to Group undertakings (trading balances)	27,985	3,650
Other taxation and social security	531	2,036
Other creditors	2,073	2,324
Deferred grant (note 18)	307	234
Repayable grants and interest (note 18)	-	48,752
Recycled capital grant fund (note 18)	561	455
Interest payable	3,367	3,358
Accruals and deferred income	15,387	20,109
	272,333	90,096

Trading balances due to Group undertakings are unsecured, do not incur interest and are repayable on demand.

Since acquisition negotiations in November 2022, Sanctuary has provided £163 million (2024: £110 million) of loan finance. The interest rate is 2% over SONIA. During the year, Sanctuary provided a further £53 million of loan finance to the Association and have a repayment date of 31 March 2026.

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

	2025 £'000	2024 £'000
Bank loans (see analysis below)	184,136	239,268
PFI Bank loan	7,870	10,578
Sanctuary loan	-	110,000
Amounts owed to Group undertakings (loans)	238,529	238,514
	430,535	598,360
Finance leases	3,024	3,024
Recycled capital grant fund	810	541
Deferred grant (see analysis below)	56,370	46,389
	490,739	648,314
Loans due after 1 year		
Housing loans	352,282	509,346
Financial instruments at fair value	70,383	78,436
PFI loan	7,870	10,578
	430,535	598,360

Loans and Bond maturity (excluding PFI loans which are considered separately)

	2025 £'000	2024 £'000
Falling due less than one year	210,079	1,559
Falling due within one to two years	2,079	157,079
Falling due two to five years	41,673	13,752
Falling due after five years	371,029	401,015
	624,860	573,405
Fair value adjustments for non-basic financial instruments	7,884	15,936
	632,744	589,341

The bank loans above are drawn from bi-lateral loan facilities of £223 million. Bank loans are secured by charges on specific properties and floating charges over the Association's assets and are repayable at variable and average fixed rates of interest up to 6.25%. Bank loans of £nil have been drawn in the year and loans of £5.1 million repaid.

On 5 March 2015 the Swan Group arranged a £250 million bond with £150 million issued immediately and £100 million retained. The bond has a coupon rate of 3.625%, matures in 2048 and has a remaining life of 23 years. Security for the bond has been provided in the form of housing assets.

The original £150 million bond was issued at discount of £1.6 million in 2015. The £60 million retained bond issued in July 2016 generated a £3.3 million premium on issue. The £25m retained bond issued in March 2020 generated a £4.0 million premium on issue. The discount and premiums are being amortised over the remaining life of the bond using the effective average interest rate method.

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

	2025	2024
PFI loan:	**£'000**	**£'000**
Falling due less than one year	2,708	3,509
Falling due within one to two years	2,889	2,708
Falling due two to five years	4,981	7,870
	10,578	14,087

The PFI loan is provided by Royal Bank of Scotland plc and repayable in full by 2028. Interest is payable at 6.21% per annum for the remainder of the facility.

	2025	2024
	£'000	**£'000**
Finance leases – falling due after one year	3,024	3,024

Finance leases represent the capital funding advanced under finance lease arrangements for a total of 35 properties. These entail the funder purchasing the freehold of properties on the open market and leasing them to Swan Housing Association Limited for 25 years from 2001. Stratton Property Holdings Limited has a put option to sell the properties and Swan Housing Association Limited has a call option to purchase the properties at any time, both at historic cost, at which point the liability will be settled.

	2025	2024
Analysis of Recycled Capital Grant Fund:	**£'000**	**£'000**
Balance at 1 April	996	1,420
Grants recycled	378	316
Interest accrued	85	60
Repayment of grant	(88)	(361)
Other	-	(439)
Balance at 31 March	1,371	996

The amounts included in the Recycled Capital Grant Fund which are outstanding for three or more years that are potentially due for repayment to the Homes England or the Greater London Authority are £372,000 (2024: £85,000).

	2025	2024
Analysis of Deferred Grant:	**£'000**	**£'000**
Balance at 1 April	46,623	46,971
Grant transfers	10,732	-
Clawback release	(402)	-
Released to income during the year	(307)	(234)
Other	31	(114)
Balance at 31 March	56,677	46,623
Amounts to be released within one year	307	234
Amounts to be released in more than one year	56,370	46,389
	56,677	46,623

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

	2025	2024
Analysis of Repayable Grant:	**£'000**	**£'000**
Balance at 1 April	48,752	45,932
Grants and interest repaid	(34,843)	-
Interest released	(3,177)	-
Grant transfers	(10,732)	-
Interest recognised on GLA Grant	-	2,820
Balance at 31 March	-	48,752
Amounts to be released or repaid within one year	-	48,752
Amounts to be released in more than one year	-	-
	-	48,752

The Association has repaid £34.9 million of repayable GLA grant and associated interest during the year. The remaining balance has been reclassified and is shown as Deferred Grant.

19. Provision for liabilities

	2025 £'000	2024 £'000
Balance at 1 April	42,097	45,062
Provision de-recognised in the year	-	(5,164)
Discount of provision in the year	(3,534)	-
Unwind of discounting within provision	872	1,716
Provision recognised in the year	100	483
Balance at 31 March	39,535	42,097

Provisions for a sum of £39.4 million (2024: £42.1 million) are in relation to cladding and fire safety works where the Association has contractual obligations to external parties to rectify the issues. A further provision of £0.1 million has been recognised in the year relating to disrepair claims of housing properties. Further details are included in note 2. Cladding provisions have been discounted at a risk free rate based on UK Gilts.

20. Share capital and reserves

Allotted, called up and fully paid Share Capital	2025	2024 (restated)
	£	£
Ordinary shares of £1 each	2	2

The shares have limited rights. They carry no entitlement to a dividend, are not repayable and do not carry rights to participate in a winding up. They carry an entitlement to vote at the annual and special meetings of the Association. When shares are cancelled the amount paid up becomes the property of the Association.

The prior year share capital has been restated from £18 to £2 to appropriately reflect the true value of members interests.

Income and expenditure reserve
The income and expenditure reserve includes all current and prior year retained surpluses and losses.

Revaluation reserve
On transition to FRS102 the revaluation reserve was credited with the difference between the fair value of housing properties and the historical cost carrying value. As a result, housing properties carried at revaluation pre transition are carried at deemed cost.

During the year ended 31 March 2023, commercial properties were reclassified from property, plant and equipment to investment property. The reclassification of these properties was as a result of an alignment with Sanctuary Group's accounting policies (see note 2). The full Investment Property portfolio was valued by an independent, qualified valuer at that date at a value of £6,050k. As a result, the revaluation reserve was credited with the difference between the fair value of commercial properties and historical cost carrying value of £4,375k. The commercial property portfolio was subsequently transferred to Investment Property (see note 14a).

21. Commitments

i) Capital Commitments at the end of the financial year for which no provision has been made:

	2025 £'000	2024 £'000
Contracted but not provided	468	376
Authorised but not yet contracted	202	3,215

These will be funded by existing cash and facilities, future sales, and anticipated continuing support of Sanctuary.

ii) future minimum lease payments under non-cancellable operating leases for equipment, motor vehicles and buildings are as follows:

Operating leases which expire:	2025 £'000	2024 £'000
Within one year	216	277
Between two and five years	594	842
Greater than five years	445	611
	1,255	1,730

22. Contingent liabilities

Following an incident in 2020 at a development site owned by the Association, where its subsidiary Swan Commercial Services Limited, was acting as principal contractor, there is an ongoing investigation by police and the HSE as well as civil claims from certain effected parties.

In respect of the criminal/HSE investigations there was insufficient progress at 31 March 2025 to deem the likelihood of a penalty probable and at this early stage of investigation, the broad range of possible outcomes means that quantification of any potential penalty is not possible.

Civil claims in relation to the incident have been reflected within the Association's subsidiary Swan Commercial Services Limited, the primary contractor. No amounts have been recognised within the Association (see also accounting judgements in note 2).

23. Analysis of completed property units

At 31 March 2025 housing stock comprised:

	Owned and managed number of units	
Social housing:	**2025**	**2024**
General needs	7,408	7,358
General needs affordable rent	342	343
Supported housing accommodation	276	300
Housing for older people	79	79
NHS keyworker accommodation	906	904
Shared ownership	855	832
Home ownership	1,597	1,380
Social housing leased outside Group tenancy agreement	103	105
	11,566	11,301
Non-social housing:		
Commercial	38	45
Market rented accommodation	22	22
Non-social leased housing	1,219	-
	1,279	67
Total housing stock	12,845	11,368

The total units owned and managed as at 31 March 2025 equates to 12,845 (2024: 11,368). The change in the year relates to units developed less units sold, plus properties brought into management by The Association from Hera Management Services Limited, a subsidiary company that has been dissolved.

24. Related party disclosures

The Association had the following activity with non-regulated entities in the Group.

Entity	Description	Transaction	2025 £'000	2024 £'000
Swan BQ Limited (Dissolved 17 September 2024)	Regeneration Partner	Gift Aid	-	10
Swan New Homes Limited	Land Property Sales & Management Service	Trading Activity	(8,667)	-
		Service Charges	-	21
		Interest charged	434	1,966
		Total	(8,233)	1,987
Swan Commercial Services Limited	Construction and Management Services	Trading Activity	(3,412)	-
		Service Charges	-	132
		Interest charged	2,990	370
		Total	(422)	502
Swan Housing Capital	Treasury	Bond Interest charged	(8,450)	(8,450)
Hera Management Services Limited (Dissolved on 15 April 2025	Property Management Services	Trading Activity	6	(18)
		Gift Aid	320	-
			326	(18)
Vivo Support Limited (Dissolved on 1 July 2025)	Care Services	Trading Activity	(477)	(2,055)
Sanctuary Maintenance Contractors Limited	Maintenance Services	Trading Activity	(35)	-
Total			(17,291)	(8,024)

24. Related party disclosures

The Association had the following balances with non-regulated entities in the Group.

Entity	Description	Balance	2025 £'000	2024 £'000
Sanctuary Maintenance Contractors Limited	Maintenance Services	Trading balance	(35)	(359)
Swan New Homes Limited	Land Property Sales & Management Service	Loan	6,630	5,430
		Trading balance	(8,343)	305
		Provision for bad / doubtful debt – loan	(6,630)	(5,430)
		Provision for bad / doubtful debt – trading	-	(305)
		Total	(8,343)	-
Swan Commercial Services Limited	Construction & Management Services	Loan	46,776	33,676
		Trading balance	12,088	15,012
		Provision for bad / doubtful debt - loan	(46,776)	(33,676)
		Provision for bad / doubtful debt – trading	(12,088)	(15,012)
		Total	-	-
Swan Housing Capital	Treasury	Trading balance	19	-
Hera Management Services Limited (Dissolved on 15 April 2025)	Property Management Services	Trading balance	6	17
Vivo Support Limited (Dissolved on 1 July 2025)	Care Services	Trading balance	(1,071)	(594)
Total			9,424	(936)

25. Pensions

Social Housing Pension Scheme ('SHPS')

During the year, the Association participated in SHPS, a multi-employer scheme which provides benefits to non-associated participating employers. The scheme is classified as a 'last-man standing arrangement', and as a result, the Association was potentially liable for other participating employers' obligations if those employers were 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.

The most recent formal actuarial valuation was completed as at 30 September 2020 and rolled forward, allowing for the different financial assumptions required under FRS102, to 31 March 2025 by a qualified independent actuary.

On 30 September 2024, the assets of the Swan Housing Association Social Housing Pension Scheme were transferred to the Sanctuary Housing Association Final Salary Pension Scheme (SHAFSPS). The bulk transfer resulted in the extinguishment of the Association's obligations in respect of the scheme. The Association recognised a gain on transfer of £3.1 million, corresponding to the net defined benefit pension liability derecognised on the transfer date.

25. Pensions

The net defined benefit liability at the year ended 31 March 2025 is £nil (2024: £3.9 million).

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT LIABILITY

	2025 £'000	2024 £'000
Fair value of plan assets	-	14,650
Present value of defined benefit obligation	-	(18,535)
Defined benefit liability to be recognised	**-**	**(3,885)**

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

	2025 £'000	2024 £'000
Fair value of plan assets at the start of the year	14,650	15,318
Interest income	354	730
Experience on plan assets (excluding amounts included in interest income) (loss) / gain	(256)	(1,755)
Contributions by the employer	462	880
Benefits paid and expenses	(283)	(523)
Bulk transfer	(14,927)	-
Fair value of plan assets at the end of the year	**-**	**14,650**

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	2025 £'000	2024 £'000
Defined benefit obligation at the start of the year	18,535	18,912
Expenses	12	23
Interest expense	442	883
Actuarial loss due to scheme experience	233	(114)
Actuarial gains due to changes in demographic assumptions	37	(32)
Actuarial gains due to changes in financial assumptions	(960)	(614)
Benefits paid and expenses	(283)	(523)
Bulk Transfer	(18,016)	-
Defined benefit obligation at the end of the year	**-**	**18,535**

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

	2025 £'000	2024 £'000
Expenses	12	23
Net interest	88	153
Defined benefit costs recognised in statement of comprehensive income (SOCI)	**100**	**176**

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	2025 £'000	2024 £'000
Experience on plan assets (excluding amounts included in net interest cost) – (loss)	(256)	(1,755)
Experience gains and losses arising on the plan liabilities – (loss)/gain	(233)	114
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – (loss)/gain	(37)	32
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	960	614
Total amount recognised in other comprehensive income – gain/(loss)	**434**	**(995)**

25. Pensions

ASSETS

	2025 £'000	2024 £'000
Global Equity	-	1,460
Absolute Return	-	572
Distressed Opportunities	-	516
Credit Relative Value	-	480
Alternative Risk Premia	-	465
Fund of Hedge Funds	-	190
Emerging Markets Debt	-	858
Risk Sharing	-	76
Insurance-Linked Securities	-	588
Property	-	1,480
Infrastructure	-	12
Private Debt	-	576
Opportunistic Liquid Credit	-	573
High Yield	-	2
Cash	-	289
Long Lease Property	-	95
Secured Income	-	437
Liability Driven Investment	-	5,962
Currency Hedging	-	(6)
Net Current Assets	-	25
Total assets	**-**	**14,650**

KEY ASSUMPTIONS

	2025 % per annum	2024 % per annum
Discount Rate	5.10	4.85
Inflation (RPI)	3.15	3.25
Inflation (CPI)	2.80	2.85
Salary Growth	2.80	2.85
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2025 imply the following life expectancies:

	Life expectancy at age 65 (years) 2025	Life expectancy at age 65 (years) 2024
Male retiring in 2025	21.0	20.9
Female retiring in 2025	23.6	23.4
Male retiring in 2044	22.3	22.2
Female retiring in 2044	25.0	24.9

26. Financial assets and liabilities

Treasury strategy is explained in the Financial Risk Management section of the Board's Report and includes the approach to interest rate and counterparty risk management (see pages 8-9).

Financial assets
Financial assets are sterling denominated and include:

	2025 £'000	2024 £'000
Short term Debtors (note 16a)	10,330	4,316
Long term Debtors (note 16b)	8,136	12,262
Cash at bank and in hand	11,545	16,370
Total financial assets	30,011	32,948

Financial assets include loans to subsidiaries and joint ventures, all short term debtors (with the exception of prepayments and accrued income), long term debtors and cash balances held at bank and in hand.

Financial liabilities excluding trade creditors – interest rate risk profile
The Association's financial liabilities are sterling denominated. After taking into account various interest rate swaps, the interest rate profile of the Association's financial liabilities at 31 March was:

	2025 £'000	2024 £'000
Fixed rate	399,107	399,088
RPI linked	12,500	12,500
Floating rate	223,831	172,390
Total borrowings*	635,438	583,978

*The above figures exclude finance leases and fair value adjustments on non-basic financial instruments.

The floating rate financial liabilities comprise bank loans that bear interest at rates based on SONIA.

The fixed rate financial liabilities have a weighted average interest rate of 4.45% (2024: 4.47%) and weighted average period for which it is fixed is 18.6 years (2024: 19.8 years).

The debt maturity profile is shown in note 18.

Borrowing facilities
The Association has no undrawn borrowing from external facilities (2024: none) and undrawn facilities of £37.0 million from within the Sanctuary Group (2024: £20.0 million).

26. Financial assets and liabilities

Fair value of financial assets and liabilities

	Book value		Fair value	
	2025	**2024**	**2025**	**2024**
	£'000	**£'000**	**£'000**	**£'000**
Primary financial instruments held or issued to finance the Association's operations				
Financial assets	30,011	32,948	30,011	32,948
Current portion of long term borrowing at amortised cost	212,787	5,068	212,787	5,068
Long term borrowings at fair value through statement of comprehensive income	70,383	78,436	70,383	78,436
Long term borrowings at amortised cost	360,152	519,434	361,071	524,838

The fair value of long-term borrowings includes the fair value position of the embedded interest rate swaps. There is no requirement to post collateral against the out of the money mark to market positions.

27. Post balance sheet events

Post year end, the Association repaid £12 million of loan finance to Sanctuary Affordable Housing Limited, a 100% subsidiary of Sanctuary Housing Association.

The Association has also drawn down, post year end, additional loan finance of £10 million from Sanctuary Affordable Housing Limited. This enabled the following sequence of transactions:

- The Association has paid Swan New Homes Limited £12 million of trading balances owed,
- Swan New Homes has paid Swan Commercial Services Limited £11.4 million of trading balances owed,
- Swan Commercial Services Limited has paid £11.1 million of intercompany loan and accrued interest to the Association,
- The Association has repaid £10 million of loan finance to Sanctuary Affordable Housing Limited.

At 31 March 2025, the Association had loans to subsidiary undertakings of £53.4 million made up of balances to Swan Commercial Services £46.8 million (2024: £33.7 million) and Swan New Homes £6.6 million (2024: £5.4 million). The Association assessed recoverability of these loans and determined that they should be fully provided for.

This subsequent event does not change the value recognised as at 31 March 2025, as it is a non-adjusting post year end event.