

gentoo

Financial Statements

2025-26

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Strategic report

Executive summary

2025/26 represents a transitional year for Gentoo, marking the launch of our new 10-year Corporate Strategy alongside continued financial and operational pressures across the social housing sector. The Group remains financially resilient, with stable operating performance supported by:

- Government announcement as regards the 10-year continuation of CPI +1% rent policy
- Lower inflationary pressures
- Improved surplus for the year of £11.3m (2025: £10.3m)
- Continued demand for core services
- Good customer satisfaction measures
- Regulatory ratings unchanged in Regulator of Social Housing stability check (G1, C1, V2)
- North East Housing Partnership delivering significant opportunities and efficiencies

- Accreditation as one of the UK's top 50 Best Workplaces™ 2026 by *Great Place to Work*®
- Included in the social housing sectors Top 50 biggest builders, by Inside Housing magazine

However, this stability is offset by:

- Significant investment requirements in existing homes
- Ongoing market challenges within development viability
- Increasing expectations on building safety, compliance and customer outcomes

Our strategic focus is therefore on balancing investment, service delivery, and financial resilience, while positioning the organisation to take advantage of increased Government funding and long-term rent certainty.





Principal activities

Gentoo's principal activities remain:

- Provision of social and affordable rented homes to those who have a housing need
- Investment in existing stock quality, safety and decarbonisation
- Delivery of new homes for rent and sale
- Supporting wider community regeneration

Group structure

Gentoo Group Limited is a charitable Community Benefit Society registered with the Financial Conduct Authority and a not-for-profit Private Registered Provider regulated by the Regulator of Social Housing. The Group has exempt charitable status and is treated as charitable by HM Revenue and Customs (reference number EW41411) and is also a Public Benefit Entity. The Group structure is included in note 15.

Strategic report (continued)

Strategic context and operating environment

External environment

The operating environment during 2025/26 has been characterised by:

- Cooling of housing market, due to wider economic challenges
- Structural challenges in development viability, particularly affordable housing delivery

Positive factors

- Reintroduction of CPI +1% rent policy and rent convergence
- Greater certainty from the Government's June 2025 Spending Review, including funding commitments
- Easing inflation compared to prior years

Ongoing pressures

- High cost base for repairs, maintenance and compliance
- Continued economic pressure on customers, increasing service demand

Strategic implication

The Board has chosen to:

- Prioritise existing homes investment over new supply where necessary
- Maintain tight financial discipline
- Focus on customer outcomes and service quality as a regulatory and reputational priority



Corporate Strategy 2026 to 2035

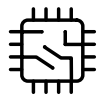
Our five commitments for the next 10 years



A housing provider that listens
and sorts things out



Helping our communities
to thrive



Embracing modern technology
and data



Achieving growth through
partnerships and innovation



A professional, caring, great
place to work

Core Purpose

To provide warm, safe and decent
homes for our customers of today
and tomorrow.

Our vision is to become the best provider of
social homes in the country. In doing so we
will give our customers of today and
tomorrow great homes that are warm, safe
and decent.

Our Values

Our **values** are what we stand for and what
we want to be known for. They are what
makes us, us:



We care about people



We shape the future



We deliver



We take accountability



We bring leadership

Strategic report (continued)

Strategic context and operating environment (continued)

Our customer promise:

- Our customers will be proud to live in their homes and feel a strong sense of belonging and pride in their communities
- We will put our customers at the heart of business decision-making, ensuring that every aspect of our service maximises opportunities for customer involvement
- We will gain a greater understanding of our customers and our homes. We will improve our service standards, invest in and modernise our existing homes, and build new social homes in Sunderland and the North East

We will be:

The best provider of social homes in the country

Everyone should have a great home that is warm, safe and decent. We believe this is a basic right. Our customers will be proud to live in their homes and feel a strong sense of belonging and pride in their communities.

Between now and 2035 we will:

- Deliver exceptional services to our customers
- Achieve consistently high levels of customer satisfaction
- Improve or replace our tower blocks
- Invest £600m in our existing homes
- Provide warmer and more energy efficient homes





A housing provider that listens and sorts things out

We know our customers and give them a personal and caring service. We treat our customers fairly and with respect, always considering their diverse and changing needs.

Between now and 2035 we will:

- Give our customers more choice in how they contact us
- Solve our customers' problems first time where possible
- Always keep our customers updated when we're solving their problems
- Keep listening to our customers properly so they feel heard and valued
- Work with our customers to continuously improve our services

Helping our communities to thrive

We will work closely with local people and groups to be a true community partner that helps our communities and customers to thrive.

Between now and 2035 we will:

- Build purposeful partnerships to create vibrant, thriving, cohesive communities
- Help our customers improve skills and employability
- Expand the Gentoo Trades Academy
- Help to end child poverty in our communities
- Provide more services that adapt to our customers' changing needs

Strategic report (continued)

Strategic context and operating environment (continued)

Achieving growth through partnerships and innovation

We're ambitious for growth and playing our part in helping to address the growing demand for new social homes.

Between now and 2035 we will:

- Attract new investment that funds the building of new social homes
- Develop long-term partnerships to achieve sustainable growth
- Build more new homes in the North East than we've ever built before
- Deliver growth in the region with the North East Housing Partnership
- Influence housing policy and reform at local, regional and national levels

Embracing modern technology and data

Embracing modern technology and data will improve our customers' lives and empower our teams to provide exceptional services. It will help us become the best provider of social homes in the country.

Between now and 2035 we will:

- Use new technologies and artificial intelligence to transform our services
- Use technology in customers' homes to provide a better service
- Make it easy for our customers to sort simple things out online
- Use data and insights to focus on the things that really matter to our customers
- Invest in new technology to make things easier for our customers and colleagues

A professional, caring, great place to work

Gentoo is a great place to work. We are an employer of choice in Sunderland and take pride in being a place where all our colleagues feel inspired, valued, and can thrive.

Between now and 2035 we will:

- Create a culture where all colleagues care deeply about exceptional services for customers
- Have the best leaders and managers who embrace technology and innovation to keep improving
- Embrace innovative technology and artificial intelligence to help deliver our basics brilliantly and enable our colleagues to focus on our customers
- Develop a skilled and diverse workforce for the future with the capabilities and resilience to deliver our strategy
- Enable collaboration so colleagues can continue to work better together

Financial performance

Detailed results for the year are highlighted in the Consolidated Statement of Comprehensive Income on page 48 and the notes to the financial statements on pages 56 to 101. The table below summarises these results:

	2025/26 £m	2024/25 £m	2023/24 £m	2022/23 £m
Turnover	187.4	187.5	177.6	182.7
Cost of sales and operating expenditure	(151.4)	(151.3)	(137.8)	(156.6)
Other operating income	-	0.1	-	0.1
Surplus on disposal of tangible assets	3.3	1.7	1.2	3.9
Operating surplus	39.3	38.0	41.0	30.1
Net interest charges	(28.5)	(27.7)	(28.5)	(22.0)
Fair value adjustment for investment property	0.4	-	(0.1)	(0.6)
Fair value adjustment	0.1	-	(0.3)	0.1
Taxation	-	-	-	0.1
Surplus for the year	11.3	10.3	12.1	7.7



The Group's operating surplus of £39.3m includes an impairment charge of £1.6m relating to the reduction in carrying value of stock held as properties under construction due to expected lower revenue cashflows from sales. Underlying operating surplus excluding impairment was £40.9m, which has increased during the year due to continued good income collection and strong operating performance.

Turnover has reduced by £0.1m. This is due to a £5.4m reduction in income from non-social housing sales, primarily in relation to reduced properties developed for outright sale activity. Offsetting this decrease is a £4.8m increase in social housing income, resulting from the capped 2.7% 2025/26 rent increase, roll out of

rent flexibility programme which charges 5.0% additional rent on reletting and additional rents collected from our new-built affordable properties.

Cost of sales and operating expenditure have increased by £0.1m. The increase relates to a £1.6m impairment recognised during the year, offset by a £1.5m reduction in non-social housing cost of sales, primarily in relation to reduced properties developed for outright sale activity.

Operating surplus has benefited from a £3.3m surplus on disposal of tangible assets, namely, Right to Acquire and other asset surpluses. The surplus for the year is after £28.5m of net interest charges.

Strategic report (continued)

Financial review (continued)

Financial position

The detailed Consolidated Statement of Financial Position is on page 50 and supporting details can be found in the notes to the financial statements on pages 56 to 101. The table below summarises the year-end financial position:

	2025/26 £m	2024/25 £m	2023/24 £m	2022/23 £m
Intangible fixed assets	2.5	3.1	1.9	1.0
Net book value of tangible assets – housing properties	1,188.5	1,148.9	1,098.9	1,064.8
Other tangible fixed assets and investments	24.4	21.3	23.0	24.6
Debtors due after one year	25.7	28.8	29.2	28.7
Net current assets	29.1	31.7	47.2	51.9
Total assets less current liabilities	1,270.2	1,233.8	1,200.2	1,171.0
Creditors due after one year	(617.7)	(592.6)	(569.0)	(551.9)
Pension asset	24.8	-	-	-
Provision for liabilities	(0.8)	-	-	-
Net assets	676.5	641.2	631.2	619.1
Revaluation reserve	137.0	139.2	140.1	141.6
Revenue reserve	539.5	502.0	247.4	226.6
Other reserve	-	-	243.7	250.9
	676.5	641.2	631.2	619.1

The increase in housing property assets of £39.6m reflects our ongoing priority of investing in our existing customers' homes and building new homes for our future customers. £71.5m of this investment took place in the year, with depreciation of £24.9m and asset disposals of £7.0m. Other tangible fixed assets and investments have increased by £3.1m due to £2.4m additions, £1.5m transfer from Housing Properties Under Construction to Investment Properties and £0.5m fair value adjustment, offset by £1.3m depreciation charge.

Debtors due after one year reduced by £3.1m due to a reduction in cash required to be held in secured accounts. Net current assets have decreased by £2.6m. This was largely due to £1.6m of properties under construction being

impaired as the expected revenue cashflows from the projected sales were lower than asset value held.

The £25.1m increase in creditors due after one year primarily relates to net increases in borrowing facilities of £8m and an increase in deferred capital grant of £17.3m.

A pension asset of £24.8m relating to the Defined Benefit Local Government Pension Scheme has been recognised in the Statement of Financial Position (see note 25). A provision for liabilities of £0.8m has been recognised primarily in relation to compensation due to tenants affected by the planned demolition of high-rise buildings by the Group (see note 26).

Capital structure and treasury activity

At 31 March 2026 the Group's total borrowing facilities, excluding transaction fees, were £711.3m (2025: £657.9m). Of this, £555.3m (2025: £545.9m) was drawn (see note 22).

£96.0m (2025: £112.0m) of the total borrowing facilities is undrawn, secured and immediately available to fund the Group's activities. These consist of Revolving Credit Facilities of £91.0m (2025: £107.0m) and an overdraft of £5.0m (2025: £5.0m). These facilities are secured by specific charges on the social housing assets of the Group.

In addition, the Group secured new facilities during March 2026, comprising £40.0m with HSBC and £20.0m with Barclays. These facilities remain undrawn while the security arrangements are being finalised. This will strengthen the Group's liquidity and facilitate delivery of our development and stock investment programme.

The objective of the Group's Treasury Management Policy is to ensure the Group has access to sufficient liquidity to meet all liabilities as they fall due. The Policy seeks to maintain a balance between variable rate and fixed rate debt with fixed rate loans helping to manage the Group's exposure to adverse future interest rate fluctuations. The proportion of fixed rate debt at 31 March 2026 was 76.8% (2025: 73.8%).

The Group's lending arrangements require compliance with a range of financial and non-financial covenants. Performance against key loan covenants are monitored by adherence to the Group's Golden Rules, which are reported to Board on at least a quarterly basis. Recent reports confirm ongoing compliance by the Group with these covenants.

The Group had cash and cash equivalents of £19.8m (2025: £22.3m) and an unutilised overdraft of £5.0m (2025: £5.0m) at 31 March 2026.

The Group had available liquidity at 31 March 2026 of £175.8m (2025: £134.3m), consisting of revolving credit facilities of £91.0m (2025: £107.0m) and cash balances and overdraft of £24.8m (2025: £27.2m). £60m is restricted while the security arrangements are being finalised.



Financial risk management

The Treasury Management Policy reflects good practice and is approved annually by Group Board. The Policy addresses key financial risks, including credit, liquidity and interest rate risks.

Credit risk

We limit the amount invested with individual counterparties to ensure that the credit risk on investments is spread over several institutions. All institutions must meet high credit criteria and are approved by the Executive Director of Finance. The Policy includes a list of approved investment instruments.

Liquidity risk

We have sufficient committed loan facilities in place to deliver our business plan until January 2030. These facilities are held with a range of high calibre lenders with the duration of loans structured to manage and minimise re-financing risk.

Interest rate risk

We borrow at both fixed and variable interest rates. Prudent assumptions are applied when considering our mix of fixed and variable debt. Fixed rate debt is secured through loan linked ISDA's, which are not subject to cash calls required by stand-alone swaps. Our debt requirements are reviewed at least annually, following approval of the Business Plan.

Strategic report (continued)

Financial review (continued)

Cash

The Group's policy is to hold a minimum cash balance of £10m ensuring that loan facilities are in place to fund future requirements. Short term cash balances are placed on short term deposits at competitive rates. During the year

the Group generated cash of £83.4m (2025: £72.2m) from operating activities. Net cash of £63.5m (2025: £60.8m) was invested in the year with net cash for financing activities of £22.4m (2025: £5.9m) in the year.



Our approach to value for money

Our approach to value for money (VfM) is about being effective in how we plan, manage and operate our business. It means spending our money wisely so we can provide warm, safe and decent homes for our customers of today and tomorrow.

VfM is integral to the delivery of our Corporate Strategy. By spending our money wisely and being well governed, we can create more value that will enable us to know our customers, provide great homes, help communities to thrive and be a great place to work. This means we:

- Minimise our costs without compromising on the quality of our homes and services.
- Seek to do more for less, ensuring we get the best return on our resources.
- Use our resources to achieve our strategic priorities and deliver our core purpose and vision.
- Use our resources fairly to help improve the lives of those who live in our communities.
- Use our resources with integrity and accountability, ensuring we are open and transparent.

We have established five priorities that help us manage our resources, spend our money wisely and achieve value for money in everything we do:

- We maximise social value to create more opportunities for those who live in our communities, helping them to thrive.
- We use data and information to help make the best use of our resources and ensure we spend our money wisely.
- We maximise opportunities through procurement to provide the best possible products, systems and services for our customers and colleagues, at the best possible price.
- We invest in our colleagues and how they work, so we can deliver effective and efficient services to our customers.
- We seek opportunities to partner with others, when doing so will improve the lives of our customers and their communities.

Our Board is responsible for ensuring we deliver value for money and get the best possible return from every pound we spend. Our Board considers how the financial impact of its decisions helps us deliver our core purpose, vision and priorities for our customers. Our Board monitors value for money through a range of strategic and financial measures, including those required by the Regulator of Social Housing.



Strategic report (continued)

Performance and value for money (continued)

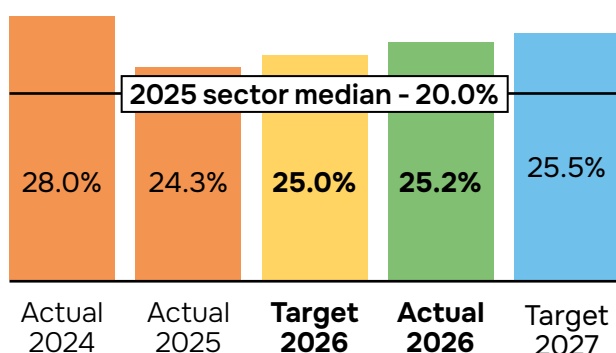
VfM metrics

The tables below report the Group's performance against a suite of VfM measures defined by the Regulator of Social Housing. These measures are benchmarked against housing associations in England (both LSVT and traditional) with more than 1,000 units, which offers meaningful comparison with the

Group's performance (Source: Regulator of Social Housing's "Value for Money metrics and reporting 2025 – Annex to the Global Accounts of private registered providers"). Our VfM metric performance is regularly reviewed by our Risk and Audit and Investment Committees.

Metric

Operating margin (social housing lettings)

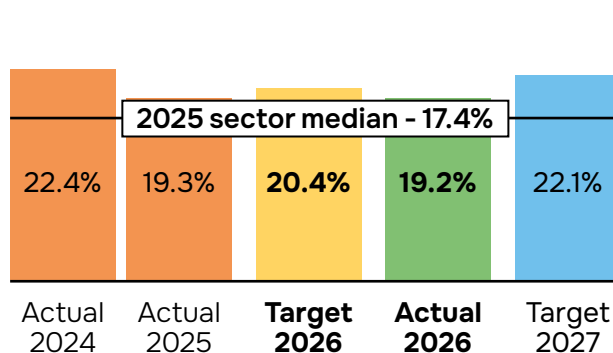


Operating margin shows the profitability and efficiency of an organisation before deduction of items such as interest costs.

Through continued budgetary discipline and strong core landlord performance, combined with reductions in depreciation and pension costs, the Group's operating margin for social housing lettings has marginally increased from target during 2025/26. Overall operating margin has reduced during 2025/26 due to a loss in non-social housing sales because of a challenging external market and, the recognition of a £1.6m impairment charge for stock after reassessment of scheme

Metric

Operating margin (overall)



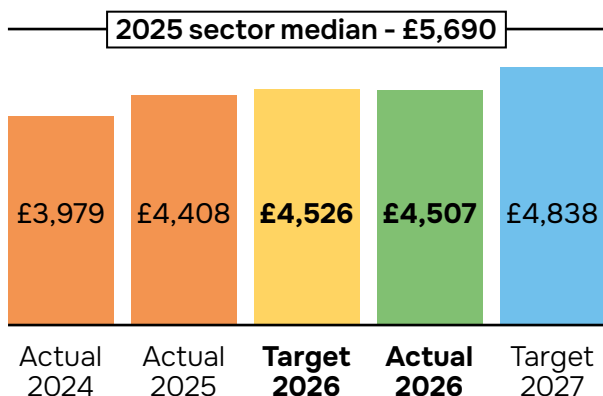
performance. Excluding this impairment charge, the margin for the year would have been 20.0%.

Margins remain ahead of sector median and overall operating margins are expected to increase in 2027, primarily reflecting rent growth, efficiency measures and a reduced dilutive impact from lower-margin activities.

The social housing lettings margin outlook shows a stabilisation, reflecting higher rents but off-set by continued cost pressures faced by the Group in ensuring commitments and responsibilities to customers are met.

Metric

Headline social housing cost per unit



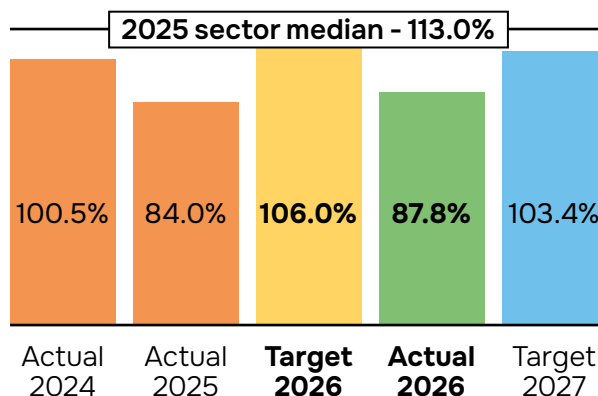
The headline social housing cost per unit includes management costs, routine maintenance costs, planned maintenance costs, capitalised repairs (i.e. stock investment) costs, charges for support services and other social housing costs. These costs are then divided by the number of units owned or managed.

2026 actual performance reflects continued good budgetary control, partially offset by increased management costs and greater than budgeted spend to address backlog of repairs and empty homes. Conscious of the significant regional variations in this metric, the Group obtains additional assurance on it by comparing its performance with the 2025 median for its North East peer group of £4,998.

2027's increased target reflects inflationary uplifts in costs and continued planned levels of stock investment, building safety and energy efficiency programmes.

Metric

EBITDA MRI interest cover (EBITDA MRI IC)



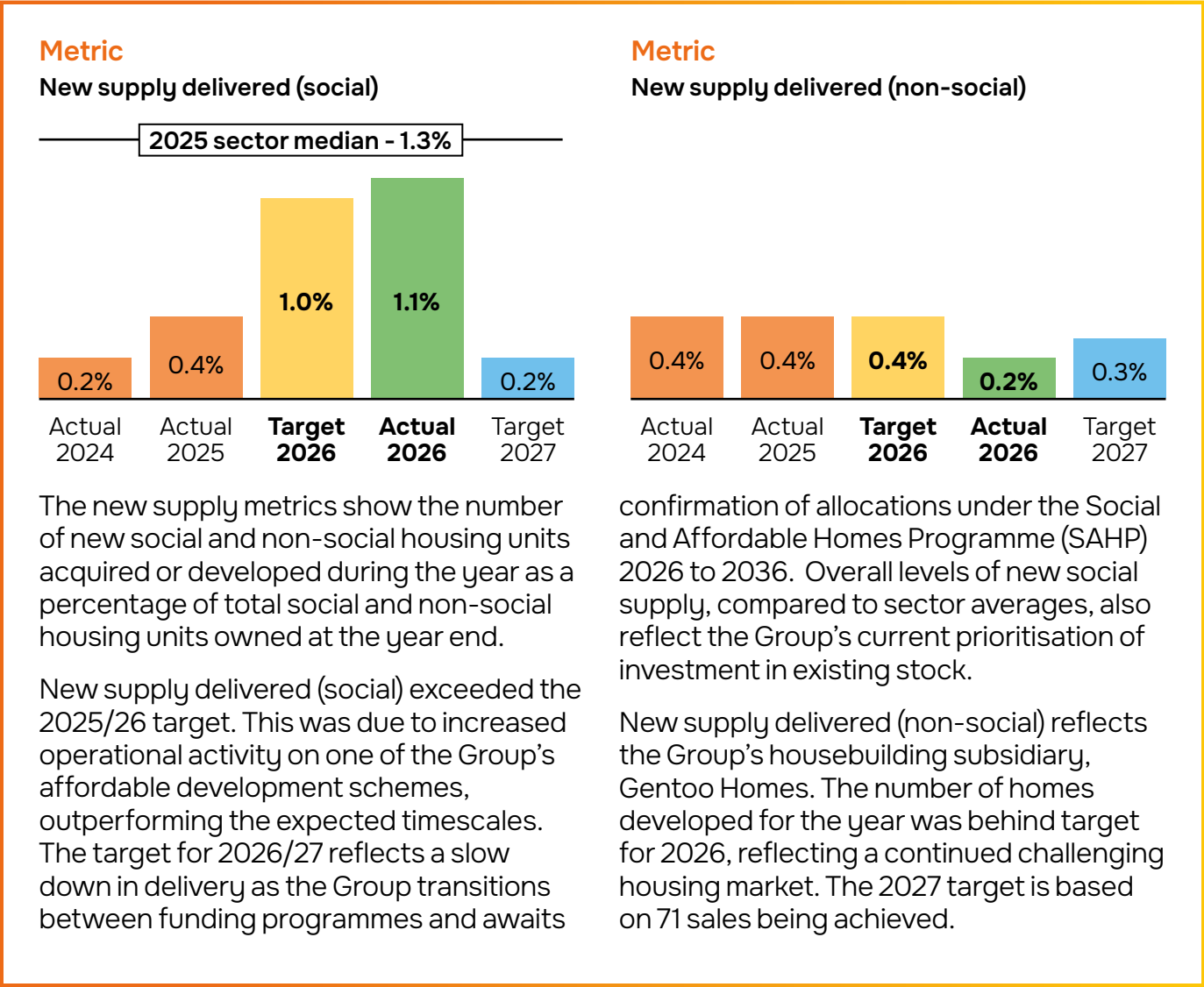
EBITDA MRI is an abbreviation for earnings before interest, tax, depreciation, amortisation, with major repairs included. It is a key indicator of liquidity and investment capacity, measuring the extent to which the Group's cash surplus exceeds its interest costs.

The Group's 2026 EBITDA MRI IC performance has been negatively affected by a loss in non-social housing sales because of a challenging external housing market and a £1.6m stock impairment charge in the Group's subsidiary, Gentoo Homes on its Cottier Grange development. Furthermore, following the decision to demolish three of the Group's tower blocks, the 2026 result is affected by a provision for home-loss, disturbance payments and increased rent loss totalling £0.8m, this follows on from the 2025 result being impacted by a significant impairment in asset value on the blocks of £6.1m. Additional investment was also made in the Property Maintenance function of £1.2m to significantly reduce the number of outstanding repairs and to address issues with empty homes.

The Group's EBITDA MRI IC performance compares unfavourably to the sector median. This is due to the factors above and is also reflective of the Group's servicing costs on high legacy debt levels and ongoing levels of stock investment. Sustained improvement in underlying operating margins are targeted to deliver an acceptable EBITDA MRI IC outcome in the medium term.

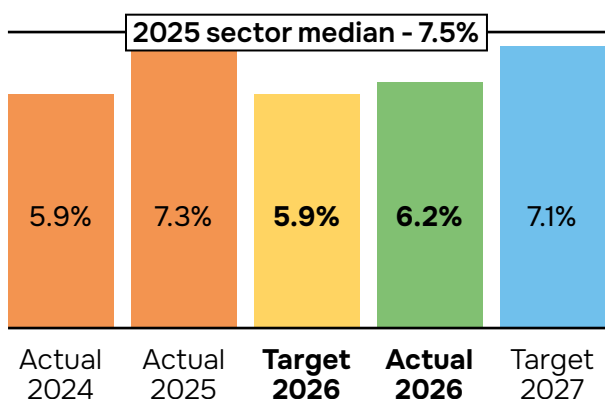
Strategic report (continued)

Performance and value for money (continued)



Metric

Reinvestment

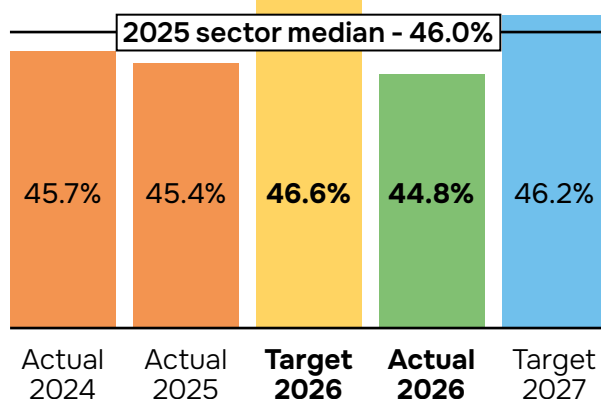


The reinvestment metric shows investment in properties (existing stock and new supply) as a percentage of the value of total properties owned.

The Group's reinvestment levels have been typically lower than the peer group due primarily to its relatively modest affordable homes programme. 2025/26's actual reinvestment levels of 6.2% are higher than target, reflecting increased capital expenditure on existing stock totalling £37.7m and £34.6m on the affordable homes programme. The 2027 target of 7.1% includes capital expenditure on existing stock of £42.9m and investment of £43.6m on the affordable homes programme.

Metric

Gearing



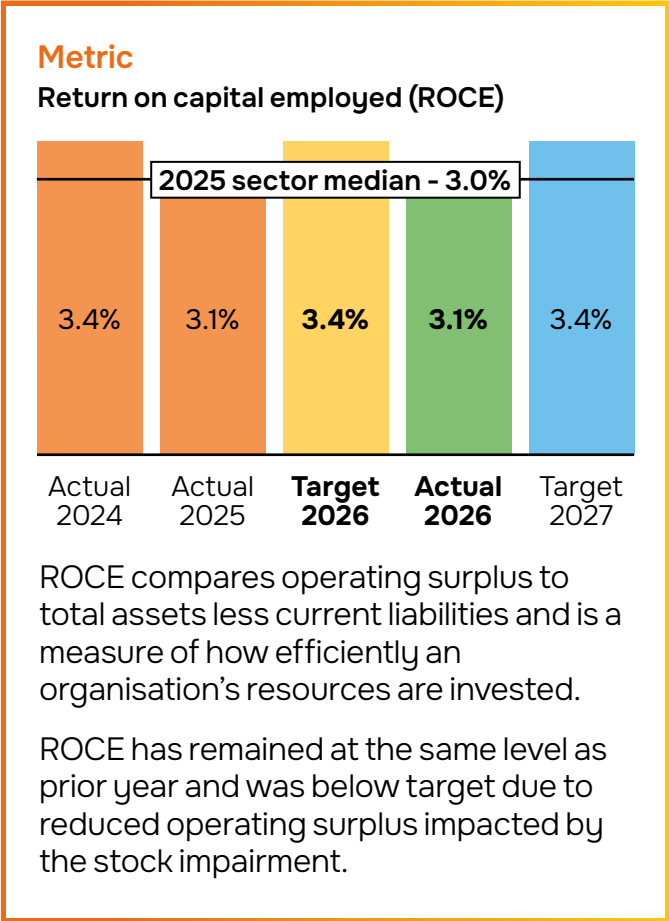
The gearing metric measures how much debt an organisation holds as a percentage of its assets, demonstrating the degree of its reliance on debt finance.

Gearing levels are slightly above sector average and show a favourable performance against target due to the early receipt of a grant and higher capital spend on new and existing properties. Net debt levels were also lower at year end compared to budget due to movements in working capital. The 2027 target reflects an increase in debt through the year, due to capital investment in new and existing homes, and reduced fixed asset disposal proceeds from Right to Buy and Right to Acquire schemes.



Strategic report (continued)

Performance and value for money (continued)



Directors’ remuneration and management costs metrics

The Regulator of Social Housing’s Transparency, Influence and Accountability Standard requires all Registered Providers to provide customers with accessible information about their Directors’ remuneration and

management costs. The following table summarises the amount paid in the year relative to the total social housing units owned and managed by the Group:

	2026	2025
Remuneration payable to highest paid Director relative to landlord size	£6	£6
Aggregate remuneration paid to Directors’ relative to landlord size	£33	£32
Management costs relative to landlord size	£4,507	£4,408

Strategic Priorities

The Corporate Strategy 2026 to 2035 established a set of key performance metrics. The metrics are designed to demonstrate the Group's progress in delivering against the Strategy's key priorities.

Priority 1: **Best provider of social homes**

Our landlord health and safety compliance responsibilities are integral to our core purpose of providing safe and decent homes for our customers of today and tomorrow. We are committed to increasing the number of

homes we acquire and build, with a particular focus on improving the supply of affordable homes.

The Group's actual performance on key landlord health and safety measures is strong, including improvements in the clearance of remedial actions. Good progress continues to be made in improving the energy efficiency of our customers' homes as we plan for the 2030 deadline for our stock meeting an energy performance rating of C or above.

	Target 2025	Target 2026	Actual 2026	Target 2027
% of properties with a current Landlord Gas Safety record	100%	100%	100%	100%
% of domestic properties with a current electrical installation condition report (transition from 8-year to 5-year inspection cycle)	99.99%	100%	100%	100%
% of non-domestic properties with a current fire risk assessment (transition from 5-year to 3-year inspection cycle)	100%	100%	100%	100%
Number of overdue remedial actions arising from a Landlord Gas Safety Check	0	0	0	0
Number of overdue remedial actions arising from a domestic electrical installation condition report	13	0	25	0
Number of overdue actions arising from a fire risk assessment	6	0	16	0
% of homes that meet the requirements of the Decent Homes Standard	99.97%	100%	99.93%	100%
% of homes with an energy performance rating of C or above	78.70%	80%	85.10%	85%
Number of new homes acquired or built for affordable rent and shared ownership	129	266	335	66
Number of new homes sold by Gentoo Homes	107	131	81	62

Strategic report (continued)

Performance and value for money (continued)

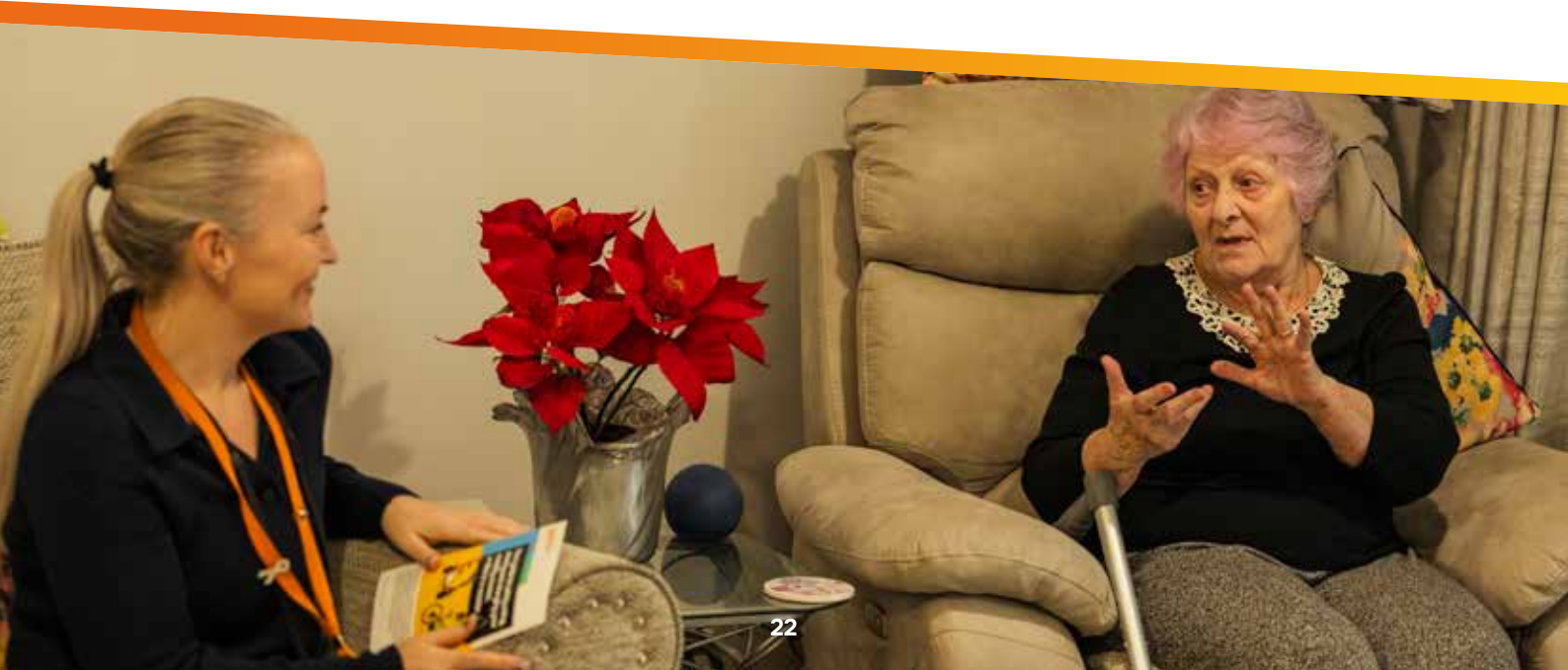
Priority 2: A provider that listens and sorts things out

We are committed to working with our customers to review and improve how we engage with them. We will prioritise the collection of meaningful and robust satisfaction data from our customers to test the delivery of our strategy and ensure our customers play a full role in shaping our services.

The customer satisfaction measures below are the Group’s 2025/26 results for four of the

Regulator of Social Housing’s Tenant Satisfaction Measures (TSMs). These results were obtained by the Group’s appointed third party research organisation. Actual performance against these metrics in 2025/26 consolidated performance in the previous year but fell below the target set for each measure. Our new Corporate Strategy sets out the approach we will take to deliver against these targets.

	Target 2026	Actual 2026	Target 2027
% of customers who are satisfied with Gentoo’s overall service	90%	78%	90%
% of customers who are satisfied with Gentoo’s repairs service	90%	78%	85%
% of customers who are satisfied that Gentoo makes a positive contribution to their neighbourhood	90%	67%	80%
% of customers who say they agree that Gentoo treats them fairly and with respect	90%	81%	85%





Priority 3: *Helping our communities thrive*

We continue to prioritise the numerous partnerships we have built over the years with a range of agencies. We have increased our collaboration with other housing providers, local authorities, and other stakeholders to support the objectives of the North East Combined Authority. We will prioritise improvement in the TSMs that reflect our performance in our communities, including our customers' satisfaction with our approach to handling anti-social behaviour. We will work with our partners to reduce anti-social behaviour in our communities. We will also review our estates, open and shared spaces to ensure they meet the needs of our communities.

Priority 4: *Achieving growth through partnerships and innovation*

We are driving sustainable growth by combining strong partnerships with innovative approaches to funding, delivery and service design. Working with local authorities, including Sunderland City Council, alongside developers, financial partners and regional collaborations such as the North East Housing Partnership, we are increasing our capacity to deliver more homes and support thriving communities across the North East.

To support this ambition, we are exploring new and innovative funding models and attracting additional investment, including partnerships with organisations such as Centrus, Social Finance and Devonshires.

Innovation is also being delivered through collaboration with sector peers and technology providers, including MRI Software alongside the use of modern technology, data and artificial intelligence to improve efficiency, enhance customer experience and enable scalable service delivery.

Together, these approaches position Gentoo to build more homes than ever before while delivering long-term value for customers, communities and the region.

Priority 5: *Embracing modern technology and data*

We are committed to modernising our technology and improving how data is used to support better services for our customers and colleagues. This includes simplifying our systems, improving efficiency and resilience and ensuring we are investing in modern technologies that deliver value for money.

Strategic report (continued)

Performance and value for money (continued)



During 2025/26, the Group has made progress through the mobilisation of the Inspire programme, which is focused on modernising core systems and improving integration across housing, property and customer services. Alongside this, we have continued to embed our IT Modernisation Strategy, prioritising cloud-based solutions, reducing reliance on legacy systems and strengthening how data is managed and used to support more informed decision making across the organisation.

Priority 6: A professional, caring great place to work

Gentoo is full of professional, caring, and hard-working people. Through a culture of collaboration, learning, and continuous improvement, we are creating a fulfilling workplace for our talented colleagues to provide exceptional services for each other and our customers. We will review our success with colleagues on maintaining our *Great Place to Work*® accreditation.

	Target 2026	Actual 2026	Target 2027
% of colleagues who would recommend Gentoo as a great place to work	85%	78%	85%
Colleague turnover rate	10%	8.7%	10%
% of colleagues who believe Gentoo is committed to their health & safety	85%	88%	85%

Streamlined Energy and Carbon Reporting (SECR)

There are qualifying conditions that require organisations to report their carbon emissions and energy usage. The Group is not required by legislation to include this information in its annual report. Without the intention of being the equivalent of legislatively compliant, the Group does elect to include some relevant disclosures below, given the increasing importance of the carbon reduction agenda. The methodology used to produce the Group's carbon footprint is in line with the Greenhouse Gas Protocol and follows an operational control approach to identifying what is included within the footprint. The Group's strategy and actions to reduce carbon emissions are discussed in the Environmental, Social and Governance report which will be released in Autumn 2026.

Gentoo's carbon footprint 1 April 2025 – 31 March 2026

The Group emitted 3,913 tCO₂e (tonnes of carbon dioxide equivalent) for 2025/26 across scope 1 and 2 (2025: 2,585 tCO₂e). This includes Gentoo Homes' emissions. Adding Scope 3 business travel brings the total to 4,028 tCO₂e (2025: 2,785 tCO₂e).

An intensity ratio is used to determine the carbon emissions relative to a single common business metric and allows the Group's carbon footprint to be compared over time or with similar organisations.

For scope 1 and 2 emissions, this can be presented as 3,913 tCO₂e (2025: 2,585 tCO₂e) with an intensity ratio of 3.64 tCO₂e per total full-time equivalent employee (2025: 2.55 tCO₂e) and 20.90 tCO₂e per million £ turnover (2025: 13.79 tCO₂e).

When scope 3 emissions are included, this can be presented as 4,028 tCO₂e (2025: 2,785 tCO₂e) with an intensity ratio of 3.75 tCO₂e per total full-time equivalent employee (2025: 2.75 tCO₂e) and 21.51 tCO₂e per million £ turnover (2025: 14.85 tCO₂e).

For 1 April 2025 to 31 March 2026 the number of full-time equivalent employees was 1,107 (2025: 1,012) and turnover was £187m (2025: £187m).



Low carbon initiatives

Gentoo Group has implemented a range of carbon efficiency initiatives, including the generation of renewable energy through Solar Photovoltaic (PV) systems installed at its head office. During the reporting period, these systems generated 37,309 kWh of electricity. This represents approximately 1.75% of the Group's total electricity consumption for the year.

Total electricity consumption during the reporting period was 2,138,099 kWh, supplied via the UK National Grid. Emissions associated with this electricity have been calculated using UK Government conversion factors in line with the Greenhouse Gas Protocol and are reported within Scope 2.

Electric vehicles (EVs) are available for colleagues to use as part of the operational fleet. During the reporting period, 19,102 km of business travel was undertaken using electric vehicles. The emissions associated with this activity were calculated at 0.70 tCO₂e, reflecting indirect emissions from electricity consumption (Scope 2). If this travel had instead been undertaken using an average internal combustion engine vehicle, it is estimated that this would have resulted in approximately 3.3 tCO₂e based on typical UK emission factors, indicating an estimated saving of around 2.6 tCO₂e through the use of electric vehicles.

Environmental, Social and Governance (ESG)

The Group produced its first ESG report for 2022/23, and this was published in the Autumn of 2023. Production of the fourth report has already commenced, and this will be released in Autumn 2026.

Strategic report (continued)

Risk management

Risk Management Framework

Gentoo is committed to developing and implementing effective and efficient arrangements to identify, assess and control the significant risks that could affect Gentoo's ability to meet its strategic objectives. Our arrangements for risk management are detailed in our Risk Management Framework, which is reviewed and approved annually by the Group Board.

Our Risk Management Framework aims to embed risk management activities in the day-to-day management of operations. Gentoo's Risk Management Framework is based on the following principles. Risk management is:

- An essential part of Gentoo's governance and leadership. It is fundamental to how Gentoo is directed, managed and controlled at all levels.
- An integral part of Gentoo's activities. It supports decision making and the achievement of Gentoo's strategic objectives.
- Collaborative and promotes the involvement of stakeholders to enable their knowledge, views and perceptions to be considered.
- Based on the best available information and expertise. Gentoo takes account of historical and current information, future expectations and assumptions and any limitations and uncertainties when making decisions.
- Continually improved through learning, experience and horizon scanning for new and emerging risks.

Risk appetite

The Group Board establishes Gentoo's risk appetite by determining and continuously assessing the nature and extent of the strategic risks that Gentoo is exposed to and is willing to take to achieve its objectives.

Gentoo's risk appetite provides a framework which enables it to make informed management decisions. It benefits Gentoo by:

- Reducing the uncertainty associated with specific risks and risk categories
- Improving consistency across governance mechanisms and decisions making
- Supporting performance improvement
- Focusing on priority areas within the Group
- Informing resource prioritisation and allocation of additional financial commitments.

Risks are organised using defined categories to enable the development of a structured, integrated, and holistic view of risks.

Gentoo's Risk Management Framework establishes a risk appetite scale that is applied to each risk category. The table below provides generic definitions for each level of Gentoo's risk appetite scale. It also shows the risk appetite for each risk category.

Risk appetite	Description	Risk Categories
Averse	- The avoidance of risk and uncertainty in the achievement of key deliverables or initiatives is a key objective. - Activities undertaken will only be those considered to carry virtually no residual risk.	
Minimalist	- Gentoo prefers very safe business delivery options that have a low degree of inherent risk. - The potential for benefit/return is not a key driver. - Activities will only be undertaken when they have a low degree of residual risk.	- Customer safety - Cyber security - Data quality - Governance and compliance - Occupational health and safety - Data protection
Cautious	- Gentoo prefers safe options that have a low degree of inherent risk and only limited potential for benefit. - Gentoo is willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives when it has identified scope to achieve significant benefit and/or achieve an opportunity. - Activities undertaken may carry a high degree of residual risk that is deemed controllable to a large extent.	- Customer Experience - Operational - Financial and value for money - Reputational - Environmental - Development of new homes for sale - Legal
Open	- Gentoo is willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. - Gentoo seeks to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money. - Activities themselves may potentially carry, or contribute to, a high degree of residual risk.	- Asset management - Commercial venture - Corporate property - Insurance - Project and programme - Reputational - Supplier Management - People and culture - Technology - Development of new homes for affordable and social rent - Development of new homes for partial sale - Strategy
Eager	Gentoo is eager to be innovative and to choose options based on maximising opportunities and potential higher benefit, even if those activities carry a very high residual risk.	

Strategic report (continued)

Risk management (continued)

Risk reporting

The Group Board ensures there are suitable and sufficient arrangements for reporting on risk management to the Group Board and Risk and Audit Committee to:

- Communicate risk management activities and outcomes across Gentoo
- Provide information to support decision making
- Improve risk management activities
- Ensure key stakeholders have sufficient oversight of risk management.

The Group's Risk Management Framework is presented:

- Annually to the Executive Team for review and consultation
- Annually to the Risk and Audit Committee who shall make a recommendation to the Group Board for approval if they are satisfied that it is suitable and sufficient
- Annually to the Group Board for approval based on the recommendation from the Risk and Audit Committee.

The Group's Risk Appetite Statement is presented:

- Annually to the Executive Team for review and consultation
- Annually to the Risk and Audit Committee who shall make a recommendation to the Group Board for approval if they are satisfied that it is suitable and sufficient
- Annually to the Group Board for approval based on the recommendation from the Risk and Audit Committee.

Strategic risks

The Group Board and Executive Team are collectively responsible for ensuring that the Group identifies the significant risks that will affect Gentoo's ability to achieve its strategic objectives. Gentoo's internal and external operating environments have changed significantly in the past twelve months. The Risk and Audit Committee have been kept updated on the impact of such changes on Gentoo's strategic risks through the risk management report and other topic-specific reports discussed at the Committee.

As of 31 March 2026, one strategic risk sits outside of the Group's risk appetite. During the financial year, one strategic risk moved outside of appetite in relation to Gentoo Homes' ability to repay the intercompany loan, driven by reduced sales performance. This does not indicate that Gentoo Homes will be unable to repay the loan; however, it reflects the need for enhanced oversight and scrutiny. The risk is managed through a range of controls, including the Gentoo Homes Business Plan, regular stress testing and viability assessments, periodic independent review and advice, and enhanced Executive Team, Risk and Audit Committee and Group Board oversight of Gentoo Homes' financial performance, including regular monitoring of the risk recovery plan and intercompany loan repayment progress.

Two strategic risks have been superseded throughout the financial year. One related to customer data was superseded by two new strategic risks focussing on cyber security and data protection and one strategic risk relating to modernisation of the Group's IT applications was superseded by a new risk which more accurately reflects the Group's wider transformation journey. These revised risks all sit within the cautious zone of the Group's risk appetite.

A new strategic risk has been established relating to workforce and leadership capacity in response to increasing sector pressures. The risk is defined as, “There is insufficient workforce capacity and leadership capability due to skills gaps, retention and recruitment

challenges, and an ageing workforce profile. This could result in reduced workforce capacity, leadership effectiveness and inability to deliver the corporate strategy” The Group Board and People Committee maintain ongoing oversight of this risk.



Strategic report (continued)

Risk management (continued)

The table below shows Gentoo's current strategic risks. It shows the risk description, risk position and a summary of key strategic controls.

Risk	Risk position	Strategic controls
The Regulator of Social Housing downgrades the Group to a non-compliant governance, financial viability or consumer grading because the Group fails to comply with regulatory standards. This could result in damage to the Group's reputation, an adverse impact on the Group's funding and customers losing trust and confidence in the Group as their landlord.	Within cautious zone of risk appetite	• Constitutional Rules, Standing Orders and Financial Regulations are in place • Adopted of National Housing Federation Code of Governance • Risk Management Framework • The Group has a set of Golden Rules to establish financial parameters which were approved by the Board • The Corporate Strategy approved by Group Board • Suite of governance policies which set out how the Group governs and controls specific areas • Board and Committee have oversight of governance and financial performance
Homes are not maintained in accordance with the Decent Homes Standard because the Group does not have the financial capacity to undertake the necessary repairs, maintenance and stock investment and/or does not undertake repairs and maintenance or stock investment to the required standard. This could result in a failure to comply with regulatory standards, receiving a severe maladministration notice, damage to the Group's reputation and customers losing trust and confidence in the Group as their landlord.	Within comfort zone of risk appetite	• Business planning • Stress testing and mitigation's • Asset Management Strategy and Delivery Plan is in place • Stock condition data is held within MRI Asset • Responsive repairs function is in place • Supplier Relationship Management Framework is in place • Capital major repairs programme • Horizon scanning to ensure the Group is prepared to meet the future requirements of the revised Decent Homes Standard

Risk	Risk position	Strategic controls
The Group is unable to deliver its long-term investment plan because of an increase in supply chain costs, an inability of the supply chain to meet demand, significant unforeseen and unbudgeted building safety costs and other competing financial demands. This could result in investment priorities changing, re-prioritising budgets, damage to the Group's reputation and customers losing trust and confidence in the Group as their landlord.	Within cautious zone of risk appetite	• The Group has a 5-year business plan in place • The Group's business plan is regularly stress tested • Supplier Relationship Management Framework is in place • Asset Management Strategy and Delivery Plan
A customer is seriously injured or dies in their home because the Group does not complete required landlord health and safety checks, or fails to address emergency and significant customer safety hazards. This could result in the prosecution of the Group and individual officers, a failure to comply with regulatory standards, damage to the Group's reputation and customers losing trust and confidence in the Group as their landlord.	Within cautious zone of risk appetite	• Landlord Health and Safety Compliance Framework • Landlord Health and Safety Compliance Policies • Supplier Relationship Management Framework • Asset Management Strategy and Delivery Plan • Property Maintenance Compliance Team manage and oversee all key areas of compliance such as gas, electricity, remedial works and customer led repairs • Technical Assurance Team provides second line of assurance defence • Robust tendering processes to ensure contractor competence • Public and Employers liability insurance
The Group is unable to build the planned number of affordable homes in the North East due to cost and inflation pressures, planning delays and refusals and an increase in competition from other house builders. This could lead to certain schemes becoming wholly unviable, delays to the programme and the Group retaining ownership of acquired land.	Within cautious zone of risk appetite	• Business planning takes account of the planned development of affordable homes • Stress testing of the Group's business plan and mitigations • Affordable Homes Plan detailing the forecasted number of units to be delivered each year • Supplier Relationship Management Framework

Strategic report (continued)

Risk management (continued)

Risk	Risk position	Strategic controls
The Group's rent arrears increase significantly for two or more years because of high levels of inflation and the cost of living, increased void costs and government caps on rental income. This could lead to an increase in rent arrears and former customer arrears and a reduction of the Group's surplus and operating margin.	Within comfort zone of risk appetite	• Arrears Management and Allocation Policy • Income Management Policy • Rent and Service Charge Policy • Tenancy Management Policy • Money Matters Team • Housing Teams provide support to customers to sustain tenancies • Voicescape platform to support rent collection
Works and services delivered by a tier 1 or 2 supplier are significantly impacted due to the supplier becoming insolvent or unable to fulfil the contract, and the Group having concentrated a significant volume of work with that supplier. This could lead to delays to ongoing and pipeline contracts, increased time and costs associated with appointing new suppliers and damage to the Group's reputation.	Within comfort zone of risk appetite	• Supplier Relationship Management Framework • Supplier segmentation analysis to provide assurance that work is not concentrated to any one tier 1 or 2 supplier • Third-party systems to facilitate certain activities (e.g. CHAS, Creditsafe, Cyber Scorecard) • Third-party systems (Genbuy) to manage tender activity and supplier management • Constitutional Rules, Standing Orders and Financial Regulations • Responsible Procurement Policy • Procurement Strategy reviewed every five years, measured against a "Procurement Maturity Assessment"

Risk	Risk position	Strategic controls
Strategic decisions are made to the detriment of customers because the Group fails to give due consideration to the impact of decisions on customers and communities and fails to embed the voice and opinion of customers in its strategic decision making. This could lead to reduced levels of customer satisfaction, an increase in complaints, damage to the Group's reputation and customers losing trust and confidence in the Group as their landlord.	Within cautious zone of risk appetite	• Customer and Resident Engagement Policy • Customer Scrutiny Group • Customer and Committee Voice Forums • Customer representation on the Board
A customer suffers severe ill-health or dies because of damp or mould that the Group did not reduce or remove from their home. This could result in the prosecution of the Group and individual officers, a failure to comply with regulatory standards, damage to the Group's reputation and customers losing trust and confidence in the Group as their landlord.	Within cautious zone of risk appetite	• Stock condition survey programme taking account of The Housing Health and Safety Rating System hazards • Stock condition data held in MRI Asset with assurance provided by independent third party on a regular basis • Damp and Mould Policy • A responsive repairs function providing inspections and remedial works for damp and mould
Gentoo Homes is unable to fully repay the intercompany loan because of weaknesses in the Group's governance and oversight of Gentoo Homes, and/or external factors outside of the Group's control. This could adversely impact the Group's financial viability and the Group's regulatory gradings.	Outside of risk appetite	• Gentoo Homes Business Plan • Stress testing and mitigation of the business plan • Periodic test of Gentoo Homes' ongoing viability and options, including independent advice • Board, Committee and Executive oversight including monitoring the recovery plan
A large panel system high-rise residential building fully or partially collapses because of an explosion. This could lead to customers and other occupants dying or being injured.	Within cautious zone of risk appetite	• Building Safety Management System • Customer engagement strategy for building safety in high-rise residential buildings • A safety case using claims, argument and evidence approach is documented for each high-rise residential building

Strategic report (continued)

Risk management (continued)

Risk	Risk position	Strategic controls
A colleague, contractor, customer, or other person is seriously injured or dies. This occurs following an incident caused by unsafe working practices or conditions within Gentoo Group or Gentoo Homes. This could lead to the prosecution of Gentoo Group or Gentoo Homes, as well as individual officers. It could result in fines in line with sentencing guidelines and significant damage to the reputation of both Gentoo Group and Gentoo Homes.	Within cautious zone of risk appetite	• Documented health and safety management system • Training matrix specifying mandatory health and safety training • Health and Safety Team providing competent health and safety advice • Health and Safety Policy • Competent Senior Management Team to oversee health and safety activities in each business area
A significant cyber-attack compromises the Group's IT applications and/or infrastructure due to exploited vulnerabilities, insufficient security controls or human error. This could lead to significant disruption to the Group's operations and services to customers, legal and regulatory action, and damage to the Group's reputation.	Within cautious zone of risk appetite	• Disaster Recovery Plan • A layered protection strategy • Monitoring and detection via SoC and SIEM
Customer or colleague data is unintentionally disclosed due to insufficient data protection controls, malicious activity or human error. This could result in legal and regulatory action, a loss of trust and confidence in the Group, and damage to the Group's reputation.	Within cautious zone of risk appetite	• Data Protection Policy • Information Security Policy • A layered protection strategy • A Data Protection Officer

Risk	Risk position	Strategic controls
There is insufficient workforce capacity and leadership capability due to skills gaps, retention and recruitment challenges, and an ageing workforce profile. This could result in reduced workforce capacity, leadership effectiveness and inability to deliver the corporate strategy.	Within cautious zone of risk appetite	• Reward and recognition • Internal Talent Acquisition Team • Leadership Development Programme
Failure to deliver organisational transformation, including digital initiatives under the Inspire Programme. This could be caused by unclear strategic direction, lack of a clear roadmap, inadequate PMO and governance, insufficient resources, poor due diligence, and weak Executive/Board oversight. This could limit the Group's ability to adapt, improve services, and achieve change, resulting in negative colleague and customer experience, reduced satisfaction, reputational harm, and poor return on investment.	Within cautious zone of risk appetite	• Recruitment of a dedicated Executive Director of Transformation • Programme manager dedicated to the Inspire Programme • Inspire provider selected • Phased approach to implementation agreed by the business and Executive Team • Dedicated business leads with suitable resources allocated



Report of the Board

Board Members, Executive Directors, and Advisors

Board

Martin Brookes

(Appointed as an Independent Member on 27 February 2026, was previously a co-optee from 1 November 2025)

Elizabeth Brown

(Appointed on 18 June 2026)

Emily Cox, MBE

(Resigned on 26 February 2026)

Lord Nick Forbes, CBE**Jonathan Jowett**

(Appointed on 1 November 2025)

Andrew Lister

(Resigned on 24 September 2025)

Claire Long**Graeme Miller**

(Resigned on 22 May 2026)

Brenda Naisby**Hannah Pollard****Jim Scott**

(Appointed as an Independent Member on 28 November 2025, was previously a co-optee from 1 November 2025)

Ian Shipley

(Appointed on 1 November 2025)

Morven Smith**Nichola Stefanou****Ellen Thinnesen, OBE**

(Resigned on 27 November 2025)

Executive Directors

Louise Bassett

(Chief Executive Officer)

Marc Edwards

(Executive Director of Property)

Stephen Flounders

(Executive Director of Regulatory and Business Services)

Susan Fulton

(Executive Director of Customer, People and Engagement)

Peter Lenehan

(Executive Director of Finance, resigned on 21 June 2026)

Andrew Lister

(Executive Director of Transformation, appointed on 1 November 2025, resigned 30 June 2026)

Paul Wright

(Executive Director of Finance, appointed on 1 April 2026)

Independent Auditor

Menzies LLP

(previously named Beever and Struthers)
20 Colmore Circus Queensway
Birmingham
B4 6AT

Principal Bankers

National Westminster Bank plc
Sunderland City Branch
52 Fawcett Street
Sunderland
SR1 1SB

Registered Office

Emperor House
2 Emperor Way
Doxford International Business Park
Sunderland
SR3 3XR

Principal activities

The Group's principal activities and its performance during the year are included in the Strategic Report which precedes this report.

Group Board ("the Board")

The Board Members and Executive Directors who served during the financial year are set out on page 36.

Under the Society's Rules the Board may comprise of one resident Board Member, two council Board Members, and up to nine independent Board Members to a maximum of 12 Board Members in total. Board Members are drawn from a wide range of backgrounds and bring diverse skills and experience. The Board must meet at least six times a year and met nine times during the year. The next formal Board Member appraisals will be held in quarter four of 2026/27. The appraisal of Board Members also includes arrangements to review the performance of the Chair.

The Board is ultimately responsible for the overall control and direction of Gentoo and its subsidiaries, including monitoring performance and ensuring the effective deployment of resources. The Board is responsible for ensuring that the Group operates effectively within its governance framework and upholds its vision and values.

The Board's essential functions and the significant matters reserved to it are formally documented in Gentoo's Standing Orders and Scheme of Delegation, and the Financial Regulations and reflect the requirements of the National Housing Federation's Code of Governance 2020. These essential functions include, but are not limited to, the development of Gentoo's strategy, vision and values, changes to Gentoo's corporate structure, changes to Gentoo's management and control structure and any changes to the Society's status. The Board delegates authority for other matters to its subsidiary boards, committees and the Executive Team, with these delegations recorded in the respective terms of reference and scheme of delegation. The Board receives regular assurance from its committees through formal reporting arrangements.



The Regulator of Social Housing's Governance and Financial Viability Standard ("the Standard") requires registered providers to adopt an appropriate code of governance and certify compliance with both the Standard and the chosen code. The Group has adopted the National Housing Federation's Code of Governance 2020 ("the Code"), and the Board complies with its principles and requirements. The Board reviewed and certified its self-assessment against both the Standard and the Code in May 2026.

Policies are reviewed and approved by the Board, its standing committees and the Executive Team, as appropriate. The Board sets and monitors the Corporate Strategy with support from its standing committees. The Board includes a Resident Board Member, with the role requirements set out in the Group's Rules and Standing Orders. The Group has established Customer and Community Voice Groups across its areas, and the Customer Committee provides assurance that customer voice is embedded within governance and decision-making.

An Equity, Diversity, Inclusion and Belonging Policy is in place that recognises and embraces the benefits of having a diverse board. All Board appointments are made on merit, taking account of the skills, experience and diversity of thought that the Board as a whole, requires to be effective. The Board's composition reflects diversity in skills, knowledge and experience. The Board has previously committed to meeting the requirements of the Lord Davies Report, that 33% of the Board should be female and targets gender equality for the Board. As at 31 March 2026, 45% of the Board are female.

Report of the Board (continued)

Customer Committee

This is a non-executive committee chaired by the Group Chair. The Committee supports the Board in its oversight and assurance on the development and implementation of customer engagement, scrutiny and the outcomes and actions relating to the TSMs. Membership includes six independent committee members, all of whom are current Gentoo customers, two independent Board Members, the Resident Board Member and the Board appointed Member Responsible for Complaints (MRC). The MRC attends as part of their Board assurance role on the effectiveness of the organisation's complaints system. The remit of the Committee is to provide assurance to the Board on how the Group delivers the outcomes and evidences compliance with the Consumer Standards, including the Safety and Quality Homes Standard, the Transparency, Influence and Accountability Standard, the Neighbourhood and Community Standard, and the Tenancy Standard. The Committee met six times during the financial year.

Risk and Audit Committee

This is a non-executive committee chaired by a Member of the Board, who is not the Group Chair. The Committee oversees the production of the Annual Report and Financial Statements and provides scrutiny, challenge and independent assurance over the Risk Management and Internal Control Framework on behalf of the Board. In addition, the Committee provides oversight and scrutiny of the performance of the Group's Landlord Compliance programme, reviews Gentoo's risk management framework and risk appetite statement and monitors compliance with the Group's probity and whistleblowing arrangements. The Committee approves the annual Internal Audit Plan and considers all

reports from the internal auditor. The Committee met six times during the financial year and regularly meets with internal and external auditors in private session without management present.

Investment Committee

This is a non-executive committee to support the Board in its oversight of the delivery and implementation of Gentoo's Capital Investment Programmes. The remit of the Committee is to have strategic oversight of major capital investment. The Committee considers the strategic aspects of financial value/capacity, return on investment, and customer outcomes and provides assurance to the Board on these areas. The Committee met five times during the year.

People Committee

This is a non-executive committee which provides assurance to the Board on culture and workforce to enable the Group to deliver better outcomes for customers. The Board is accountable to ensure the Group is governed effectively and that Board and Committee Members have the requisite skills to gain assurance on the achievement of its Corporate Strategy. The Board has delegated governance processes to the Committee, in relation to Board and Committee recruitment, remuneration, skills, development, succession planning, in line with the adopted Code of Governance. The Committee met three times during the year.

Board and Committee membership, and meeting attendance

Name	Group Board	Customer Committee	Risk and Audit Committee	Investment Committee	People Committee
	9 Meetings	6 Meetings	6 Meetings	5 Meetings	3 Meetings
Claire Long ¹	9 (9)	2 (2)	5 (5)	1 (1)	3 (3)
Martin Brookes ²	3 (4)	-	-	-	1 (1)
Lord Nick Forbes	7 (9)	-	-	3 (5)	-
Jonathan Jowett ³	3 (4)	-	3 (3)	-	-
Graeme Miller ⁴	6 (9)	4 (5)	5 (6)	-	0 (0)
Brenda Naisby	8 (9)	6 (6)	-	-	3 (3)
Hannah Pollard ⁵	8 (9)	-	2 (2)	4 (5)	-
Jim Scott ⁶	4 (4)	-	-	1 (1)	-
Ian Shipley ⁷	4 (4)	-	-	1 (1)	-
Morven Smith ⁸	8 (9)	5 (5)	1 (1)	-	3 (3)
Nichola Stefanou ⁹	4 (9)	1 (1)	3 (5)	-	-
Stephanie Carr ¹⁰	-	6 (6)	-	-	-
John Dannell ¹⁰	-	5 (6)	-	-	-
Angela Dalzell ¹⁰	-	5 (6)	-	-	-
Doreen Richardson ¹⁰	-	6 (6)	-	-	-
Victoria Smith ¹⁰	-	5 (6)	-	-	-
Julia Wysocka ¹⁰	-	6 (6)	-	-	-

The following Board members resigned during the year:

Emily Cox	8 (8)	4 (5)	-	5 (5)	-
Andrew Lister	2 (4)	-	3 (3)	3 (3)	-
Ellen Thinnesen	3 (6)	-	-	-	1 (2)

¹Appointed as Group Chair on 27 February 2026. Stepped down from the Risk and Audit Committee and People Committee on 27 February 2026 and appointed as Chair of the Customer Committee and a Member of the Investment Committee from this date. Chaired the Customer Committee in the Group Chair's absence in May 2025 and attended the Investment Committee as an observer in February 2026.

²Co-opted Member of Group Board from 1 November 2025, appointed as an Independent Member of Group Board from 27 February 2026. Appointed to the People Committee from 28 November 2025.

³Appointed as an Independent Member of Group Board from 1 November 2025. Appointed to the Risk and Audit Committee, from 28 November 2025. Attended the Risk and Audit Committee in November 2025 as an observer.

⁴Stepped down from the Customer Committee and appointed to the People Committee from 27 February 2026.

⁵Stepped down from the Investment Committee and appointed to the Risk and Audit Committee from 27 February 2026. Attended the January 2026 Risk and Audit Committee as an observer.

⁶Co-opted Member of Group Board from 1 November 2025, appointed as an Independent Member of Group Board and to the Investment Committee from 28 November 2025.

⁷Appointed as an Independent Member of Group Board on 1 November 2025. Appointed to the Investment Committee from 28 November 2025.

⁸Attended Customer Committee meetings for quarterly performance items as the Member Responsible for Complaints. Appointed to the Customer Committee as from 28 November 2025. Attended the September 2025 Risk and Audit Committee meeting as an observer.

⁹Stepped down from the Risk and Audit Committee and appointed to the Customer Committee from 27 February 2026.

¹⁰Independent Customer Committee Member.

Report of the Board (continued)

Internal controls assurance

Internal controls assurance

The Board is the ultimate governing body and is responsible for establishing and maintaining a sound system of internal control and risk management across the Group in order to safeguard Gentoo's assets, compliance and reputation. The Board is supported by the Group Risk and Audit Committee in this work. The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Risk and Audit Committee to review all material information presented with the financial statements, including the internal controls assurance summary.

The Chair of the Risk and Audit Committee provides a feedback report at each meeting of the Board. This report details the key matters discussed at the most recent meeting of the Risk and Audit Committee, as well as any decisions made by the Committee and details of any issues that need to be brought to the attention of the Board. The Board reviews the effectiveness of the Group's business planning, Risk and Control Framework and processes to support its strategy and objectives and decision making. The Board undertakes an annual assessment of these frameworks and approves the internal controls summary for inclusion in the annual report.

The Group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss. The Group continuously identifies, assesses, evaluates, and controls its significant risks so it can respond to changes in its internal and external operating environment. Key elements of the Group's control framework include:

- The Board approved Terms of Reference and Delegated Authorities for the Risk and Audit Committee.
- A robust Risk Management Framework that clearly defines management responsibilities for the identification, assessment, evaluation, and control of significant risks.
- A discussion of the Group's strategic risks at each meeting of the Risk and Audit Committee, accompanied by the submission of the Group's Strategic Risk Register.
- A robust approach to financial planning, stress testing and resilience planning, ensuring the Board has ownership of these activities and that they are pivotal to, and integrated with, the Group's overall approach to business planning, risk and performance management.

- A strategic approach to treasury management that seeks to optimise how the Group borrows to invest in its core purpose.
- Regular reporting to the Board and Risk and Audit Committee on covenant compliance, financial golden rules, and value for money.
- Regular reporting to the Board on progress against the Group's Corporate Strategy and associated performance measures.
- Regular reports to the Risk and Audit Committee on business continuity and cyber security.
- Robust policies on anti-fraud, bribery and corruption, anti-money laundering and whistleblowing.
- Standing reports to the Risk and Audit Committee on the outcomes of internal audits, including the Annual Internal Audit Opinion.
- Statements on the Group's system of internal controls included in the annual report of the Group's appointed internal auditor and external auditor.
- An annual self-assessment against the Regulatory Standards and the National Housing Federation's Code of Governance, the findings of which are reported to the Board.

The Group's Annual Internal Audit Opinion for 2025/26 concluded that Gentoo had an adequate and effective framework for risk management, governance, and internal control. Further enhancements were identified to ensure that that framework remains adequate and effective.

The Board concludes that an effective system of internal control has been in place throughout the period commencing 1 April 2025 and up to the date of approval of the report and financial statements.



Report of the Board (continued)

Statement of the responsibilities of the Board for the report and financial statements

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

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Association and of the Income and Expenditure for the period of account.

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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Society Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private

Registered Providers of Social Housing 2022. It has general responsibility for taking reasonable steps to safeguard the assets of the Group and Association and to prevent and detect fraud and other irregularities.

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

Going concern

After making enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the going concern period until 31 March 2028. For this reason, they continue to adopt the going concern basis in preparing the Group's financial statements. The Board approves annually the Group Business Plan and its output which are submitted annually to the Regulator in the form of a Financial Forecast Return. The Board is satisfied that covenant compliance is maintained throughout the life of the plan on the basis that the Group Business Plan has been stress tested to withstand significant composite risks materialising without breaching lender covenants confirming the future viability of the Group.



Political contributions

The Association made £nil (2025: £nil) political donations and incurred £nil (2025: £nil) political expenditure during the year.

Disclosure of information to auditor

The Board Members who held office at the date of approval of this Report of the Board confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditor is unaware; and each Board Member has taken all of the steps that they ought to have taken as a Board Member to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

Auditor

In accordance with section 83 of the Co-operative and Community Benefit Societies Act 2014, the appointment of an auditor of the Association will be announced at the forthcoming Annual General Meeting.

On behalf of the Board:

Claire Long
Board Member
23 July 2026

Jonathan Jowett
Board Member
23 July 2026

Simon Walker
Secretary
23 July 2026

Independent auditor's report to the members of Gentoo Group Limited

Opinion

We have audited the financial statements of Gentoo Group Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2026 which comprise Consolidated Statement of Comprehensive Income, Association Statement of Comprehensive Income, Consolidated Statement of Financial Position, Association Statement of Financial Position, Consolidated Statement of Changes in Reserves, Association Statement of Changes in Reserves, Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2026 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- Have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises all information included other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

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

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 42, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report to the members of Gentoo Group Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2023, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.

- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group's activities and the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due 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, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not

responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

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

**Menzies
Chartered Accountants
Statutory Auditor**

Date: 4 August 2026

**20 Colmore Circus Queensway
Birmingham
B4 6AT**

Consolidated statement of comprehensive income

for the year ended 31 March 2026

	Note	2026 £'000	2025 £'000
Turnover	2a	187,369	187,488
Cost of sales	2a	(26,288)	(26,829)
Gross surplus		161,081	160,659
Operating expenditure	2a	(125,127)	(124,496)
Other operating income	2a	-	117
Surplus on disposal of tangible fixed assets	5	3,307	1,675
Operating surplus		39,261	37,955
Interest receivable and similar income	7	1,484	1,802
Interest payable and similar expenses	8	(29,950)	(29,480)
Fair value adjustment for investment property	13	453	-
Loss on disposal of investment properties	13	-	(31)
Fair value adjustment	17	84	21
Surplus before taxation		11,332	10,267
Taxation	9	-	-
Surplus for the financial year		11,332	10,267
Other comprehensive income			
Actuarial gain in respect of pension scheme	25	10,290	42,800
Adjustment gain/(loss) due to restriction of surplus	25	13,690	(43,150)
Total comprehensive income for the year		35,312	9,917

The consolidated results relate wholly to continuing activities. The accompanying notes form part of these financial statements.

These financial statements were approved by the Board and were signed on its behalf by:

Claire Long
Board Member
23 July 2026

Jonathan Jowett
Board Member
23 July 2026

Simon Walker
Secretary
23 July 2026

Association statement of comprehensive income

for the year ended 31 March 2026

	Note	2026 £'000	2025 £'000
Turnover	2a	164,436	159,273
Cost of sales	2a	(2,159)	(1,176)
Gross surplus		162,277	158,097
Operating expenditure	2a	(129,061)	(122,314)
Other operating income	2a	-	-
Surplus on disposal of tangible fixed assets	5	3,307	1,675
Operating surplus		36,523	37,458
Interest receivable and similar income	7	3,658	3,750
Interest payable and similar expenses	8	(29,950)	(29,480)
Gift aid receivable		49	-
Fair value adjustment for investment property	13	307	-
Loss on disposal of investment properties	13	-	(31)
Surplus before taxation		10,587	11,697
Taxation	9	-	-
Surplus for the financial year		10,587	11,697
Other comprehensive income			
Actuarial gain in respect of pension scheme	25	10,290	42,800
Adjustment gain/(loss) due to restriction of surplus	25	13,690	(43,150)
Total comprehensive income for the year		34,567	11,347

The Association's results relate wholly to continuing activities. The accompanying notes form part of these financial statements.

These financial statements were approved by the Board and were signed on its behalf by:

Claire Long
Board Member
23 July 2026

Jonathan Jowett
Board Member
23 July 2026

Simon Walker
Secretary
23 July 2026

Consolidated statement of financial position

at 31 March 2026

	Note	2026 £'000	2025 £'000
Fixed assets			
Intangible fixed assets	10	2,503	3,055
Tangible fixed assets			
Tangible fixed assets – housing properties	11	1,188,541	1,148,865
Tangible fixed assets – other	12	15,152	14,233
		<u>1,206,196</u>	<u>1,166,153</u>
Investments and non-current debtors			
Investment properties	13	9,037	6,925
Other investments	14	30	30
HomeBuy loans receivable	16	181	181
Debtors: amounts falling due after more than one year	17	25,739	28,763
		<u>34,987</u>	<u>35,899</u>
		<u>1,241,183</u>	<u>1,202,052</u>
Current assets			
Stock	18	43,725	49,092
Debtors	19	14,267	14,559
Cash and cash equivalents		19,820	22,293
		<u>77,812</u>	<u>85,944</u>
Creditors: amounts falling due within one year	20	<u>(48,796)</u>	<u>(54,212)</u>
Net current assets		<u>29,016</u>	<u>31,732</u>
Total assets less current liabilities		<u>1,270,199</u>	<u>1,233,784</u>
Creditors: amounts falling due after more than one year	21	<u>(617,671)</u>	<u>(592,616)</u>
Pension asset	25	24,790	-
Provisions for liabilities	26	(838)	-
Net assets		<u><u>676,480</u></u>	<u><u>641,168</u></u>
Capital and reserves			
Called up share capital	32	-	-
Revaluation reserve		136,950	139,209
Revenue reserve		539,530	501,959
		<u><u>676,480</u></u>	<u><u>641,168</u></u>

The consolidated results relate wholly to continuing activities. The accompanying notes form part of these financial statements.

These financial statements were approved by the Board and were signed on its behalf by:

Claire Long
Board Member
23 July 2026

Jonathan Jowett
Board Member
23 July 2026

Simon Walker
Secretary
23 July 2026

Registered number: 7302

Association statement of financial position

at 31 March 2026

	Note	2026 £'000	2025 £'000
Fixed assets			
Intangible fixed assets	10	2,503	3,055
Tangible fixed assets			
Tangible fixed assets – housing properties	11	1,194,019	1,154,330
Tangible fixed assets – other	12	15,245	14,326
		<u>1,211,767</u>	<u>1,171,711</u>
Investments and non-current debtors			
Investment properties	13	9,037	6,925
Other investments	14	30	30
Investments in subsidiaries	15	250	250
HomeBuy loans receivable	16	181	181
Debtors: amounts falling due after more than one year	17	56,469	63,147
		<u>65,967</u>	<u>70,533</u>
		<u>1,277,734</u>	<u>1,242,244</u>
Current assets			
Stock	18	1,290	2,822
Debtors	19	26,841	26,626
Cash and cash equivalents		19,712	21,169
		<u>47,843</u>	<u>50,617</u>
Creditors: amounts falling due within one year	20	<u>(47,537)</u>	<u>(50,491)</u>
Net current assets		<u>306</u>	<u>126</u>
Total assets less current liabilities		<u>1,278,040</u>	<u>1,242,370</u>
Creditors: amounts falling due after more than one year	21	<u>(617,671)</u>	<u>(592,616)</u>
Pension asset	25	24,790	-
Provisions for liabilities	26	(838)	-
Net assets		<u><u>684,321</u></u>	<u><u>649,754</u></u>
Capital and reserves			
Called up share capital	32	-	-
Revaluation reserve		122,529	124,411
Revenue reserve		561,792	525,343
		<u><u>684,321</u></u>	<u><u>649,754</u></u>

The consolidated results relate wholly to continuing activities. The accompanying notes form part of these financial statements.

These financial statements were approved by the Board and were signed on its behalf by:

Claire Long
Board Member
23 July 2026

Jonathan Jowett
Board Member
23 July 2026

Simon Walker
Secretary
23 July 2026

Consolidated statement of changes in reserves

	Called up share capital £'000	Revaluation reserve £'000	Revenue reserve £'000	Other reserve £'000	Total reserves £'000
Balance at 1 April 2024	-	140,178	247,376	243,697	631,251
Comprehensive income for the year					
Surplus	-	-	10,267	-	10,267
Other comprehensive income					
Actuarial gain in respect of pension scheme	-	-	42,800	-	42,800
Adjustment loss due to restriction of surplus	-	-	(43,150)	-	(43,150)
Total comprehensive income for the year	-	-	9,917	-	9,917
Transfer in respect of depreciation on revalued properties	-	(573)	573	-	-
Transfer in respect of realised losses on disposal of revalued properties	-	(396)	396	-	-
Realisation of other reserve	-	-	243,697	(243,697)	-
Balance at 31 March 2025	-	139,209	501,959	-	641,168
Balance at 1 April 2025	-	139,209	501,959	-	641,168
Comprehensive income for the year					
Surplus	-	-	11,322	-	11,322
Other comprehensive income					
Actuarial gain in respect of pension scheme	-	-	10,290	-	10,290
Adjustment gain due to restriction of surplus	-	-	13,690	-	13,690
Total comprehensive income for the year	-	-	35,312	-	35,312
Transfer in respect of depreciation on revalued properties	-	(1,443)	1,443	-	-
Transfer in respect of realised losses on disposal of revalued properties	-	(816)	816	-	-
Balance at 31 March 2026	-	136,950	539,530	-	676,480

The accompanying notes form part of these financial statements.

Association statement of changes in reserves

	Called up share capital £'000	Revaluation reserve £'000	Revenue reserve £'000	Other reserve £'000	Total reserves £'000
Balance at 1 April 2024	-	125,002	269,709	243,696	638,407
Comprehensive income for the year					
Surplus	-	-	11,697	-	11,697
Other comprehensive income					
Actuarial gain in respect of pension scheme	-	-	42,800	-	42,800
Adjustment loss due to restriction of surplus	-	-	(43,150)	-	(43,150)
Total comprehensive income for the year	-	-	11,347	-	11,347
Transfer in respect of depreciation on revalued properties	-	(195)	195	-	-
Transfer in respect of realised losses on disposal of revalued properties	-	(396)	396	-	-
Realisation of other reserve	-	-	243,696	(243,696)	-
Balance at 31 March 2025	-	124,411	525,343	-	649,754
Balance at 1 April 2025	-	124,411	525,343	-	649,754
Comprehensive income for the year					
Surplus	-	-	10,587	-	10,587
Other comprehensive income					
Actuarial gain in respect of pension scheme	-	-	10,290	-	10,290
Adjustment gain due to restriction of surplus	-	-	13,690	-	13,690
Total comprehensive income for the year	-	-	34,567	-	34,567
Transfer in respect of depreciation on revalued properties	-	(1,066)	1,066	-	-
Transfer in respect of realised losses on disposal of revalued properties	-	(816)	816	-	-
Balance at 31 March 2026	-	122,529	561,792	-	684,321

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 March 2026

	2026 £'000	2025 £'000
Cash flows from operating activities		
Surplus for the year	11,332	10,267
<i>Adjustments for non-operating activity items:</i>		
Depreciation	26,269	27,068
Amortisation of intangible fixed assets	520	260
Amortisation of deferred government grant	(384)	(275)
Impairment of intangible fixed assets	-	445
Impairment of housing properties	-	6,131
Impairment of stock	1,591	-
Fair value adjustment	(453)	(21)
Interest receivable and similar income	(1,484)	(1,802)
Interest payable and similar charges	29,950	29,480
Surplus on disposal of tangible fixed assets	(3,307)	(1,675)
Loss on disposal of investment properties	-	31
	52,702	59,642
Proceeds from sale of tangible fixed assets - housing properties	10,459	4,595
Decrease/(increase) in trade and other debtors	2,493	(1,076)
Decrease/(increase) in stock	3,776	(2,578)
Increase in trade and other creditors	2,463	1,638
Increase/(decrease) in provisions and employee benefits	128	(250)
	19,319	2,329
Tax paid	-	-
Net cash flows from operating activities	83,353	72,238

	2026 £'000	2025 £'000
Cash flows from investing activities		
Proceeds from sale of tangible fixed assets – other	91	852
Proceeds from sale of investment properties	-	250
Acquisition of tangible fixed assets – housing properties	(10,375)	(5,756)
Acquisition of tangible fixed assets – other	(2,173)	(1,454)
Acquisition of intangible fixed assets	-	(797)
Capital expenditure on existing properties	(42,334)	(31,695)
Development of social housing properties	(25,790)	(27,739)
Interest received	1,323	1,713
Proceeds from receipt of Government grants	15,784	3,858
Net cash used in investing activities	(63,474)	(60,768)
Cash flows from financing activities		
Proceeds from loans	16,000	31,000
Interest paid	(30,609)	(30,657)
Repayment of borrowings	(6,550)	(6,151)
Loan refinancing fees	(1,193)	(127)
Net cash used in financing activities	(22,352)	(5,935)
Net (decrease)/increase in cash and cash equivalents	(2,473)	5,535
Cash and cash equivalents at 1 April	22,293	16,758
Cash and cash equivalents at 31 March	<u>19,820</u>	<u>22,293</u>

The accompanying notes form part of these financial statements.

Notes to the financial statements

for the year ended 31 March 2026

1. Accounting policies

Legal status

Gentoo Group Limited (the “Association”) is a Community Benefit Society registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a private registered provider of social housing. The Association has charitable status with HM Revenue & Customs, reference number EW41411. The Association is also a Public Benefit Entity.

Basis of accounting

These financial statements have been prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022. The presentation currency of these financial statements is sterling. All amounts (excluding note 32) in the financial statements have been rounded to the nearest £1,000.

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 disclosure:

- Statement of cash flows and related notes.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value:

- Investment properties (note 13)
- Other investments (note 14)
- Home Purchase Plans (note 17)

1.2. Going concern

The financial statements have been prepared on a going concern basis which the Board consider to be appropriate for the following reasons.

Management have prepared detailed forecasts for the period ended 31 March 2028 (the going concern period) to demonstrate that the Group has sufficient resources to meet all liabilities as they fall due. In addition, the Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in May 2026 by the Board. As well as considering the impact of several scenarios on the business plan, the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

1. Accounting policies (continued)

1.2. Going concern (continued)

The Board, after reviewing the Group and Association budgets for 2026/27 and the Group's medium term financial position from 2027/28 as detailed in the 30-year business plan, is of the opinion that the Group and Association have adequate resources to continue to meet their liabilities until 31 March 2028. In reaching this conclusion, the Board has considered the following factors:

- The property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales and reductions in sales values;
- Rent and service charge receivables – budget and business plan scenarios have considered arrears and bad debts increasing to allow for customer difficulties in making payments and for potential future restrictions in rent increases; and
- The Group's ability to withstand other adverse scenarios such as higher interest rates, inflation and increases in the number of void properties.

The available cash and unutilised loan facilities at 31 March 2026 of £175.8m are considered sufficient to cover the potential sensitivity scenarios.

The Board believes the Group and Association have sufficient funding in place and have calculated covenant compliance throughout the going concern period which confirms the Group is forecast to be in compliance with debt covenants, even in severe but plausible downside scenarios. Consequently, the Board is confident that the Group and Association will have sufficient funds to continue to meet their liabilities as they fall due for the period to 31 March 2028, being the going concern period, and therefore have prepared the financial statements on a going concern basis.

1.3. Basis of consolidation

The consolidated statement of comprehensive income and statement of financial position consolidate the results and financial position of the Association and its subsidiary undertakings. Details of the subsidiary undertakings are included in note 15 to the financial statements. Intra-group turnover, surpluses and balances are eliminated fully on consolidation. Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

1.4. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The judgements and estimates which have the most significant impact on amounts recognised in the financial statements are set out in note 31.

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Notes to the financial statements (continued)

for the year ended 31 March 2026

1. Accounting policies (continued)

1.5 Basic financial instruments (continued)

Bad and doubtful debts

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they may be irrecoverable.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses. Where a public benefit entity concessionary loan has been granted, such as HomeBuy, see 1.22, the Group has opted to apply the accounting treatment set out in paragraphs PBE34.90 to PBE34.97 of FRS 102.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

Other investments

Other fixed asset investments are stated at fair value. Holding market valued assets is not judged to be an activity linked to the principal rental activity of the Group. Movements in fair value are therefore recorded in the statement of comprehensive income below operating surplus.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Association's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows. Home Building Fund deposit accounts are held as cash with a joint mandate with Homes England. Withdrawals from these accounts requires permission from Homes England.

1.6 Other financial instruments

Financial instruments not considered to be basic financial instruments (other financial instruments)

The Genie Home Purchase Plan (HPP) is a 'non-basic financial instrument' under FRS 102 due to the potential link to upward House Price Index (HPI). The Genie HPP is initially recognised on the statement of financial position at the value the customer has committed to purchase the property. Subsequent to initial recognition, Genie HPP's are measured at fair value with changes recognised in profit or loss. The fair value is equal to the share retained by the Company in the property which is subject to a HPP valued at the original sales price. This equates to the minimum cashflows to be received under the HPP contractual arrangement discounted over the estimated term. The fair value is stated net of deferred revenue as this is not considered realised until the related loan is repaid.

1.7 Derecognition of financial instruments

A financial instrument is removed from the statement of financial position when it is extinguished, either through the obligation specified in the contract being discharged, cancelled or expiring. The difference between the carrying amount of a financial instrument extinguished and the consideration paid is recognised in the statement of comprehensive income within interest receivable and similar income and interest payable and similar charges.

1. Accounting policies (continued)

1.8 Intangible fixed assets

Computer software is carried at cost less accumulated amortisation and impairment losses. Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs, including staff time, that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the criteria as follows is met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and the expenditure attributable to the software during its development can be reliably measured.

Amortisation is charged on a straight-line basis over the expected useful life of the software. The expected useful life is considered to be a range of five to ten years. The computer software is reviewed for impairment where there are triggers such as technological advancement or changes in market price, that indicate that the carrying amount may be impaired.

1.9 Tangible fixed assets

Housing properties held for letting

Housing properties are principally properties available for rent and are stated at historical cost less accumulated depreciation and accumulated impairment losses. Additions include the cost of acquiring land and buildings, development costs and expenditure incurred in respect of enhancements to existing properties. The allocation of components for new developments and acquisitions is a matter of judgment and has been based on a component matrix which is reviewed periodically. Depreciation is charged to the statement of comprehensive income to write down the value of housing properties on a straight-line basis over the following useful economic lives:

Housing property components: depreciation life

Years		Years		Years	
Bathrooms	30	Kitchens	23	Roof - flat	15
Boilers	10	Lifts	30	Structure	10 - 100
Doors	30	PV invertors	8	Windows	30
Electrical installations	10 - 30	PV panels	25		
Heating installations	15	Roof	60		

No depreciation is charged for land. Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

Notes to the financial statements (continued)

for the year ended 31 March 2026

1. Accounting policies (continued)

1.9 Tangible fixed assets (continued)

Shared ownership

The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and on disposal the first tranche sales proceeds are shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset. Subsequent tranches sold ('staircasing') are accounted for as disposals of housing properties.

No depreciation is charged for shared ownership properties where the occupier is responsible for the maintenance of the property.

Garages held for letting

Garages held for letting are stated at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided to write down the value of garages on a straight-line basis over their expected useful economic life of 50 years.

Works to existing properties

Expenditure on housing properties that refurbishes or replaces an identified housing property component is capitalised. Major works to housing properties are capitalised where they increase the net rental stream or the life of the property. All other maintenance costs are charged to the statement of comprehensive income in the year they are incurred.

Disposal of housing properties

Property sales and any surplus thereon are recognised when the transaction has legally completed. Any foreseeable deficit on any proposed property sale is recognised in the statement of comprehensive income as soon as the decision is made to dispose of the property.

The Group sells its properties under the statutory regulations of 'Preserved Right to Buy' and 'Right to Acquire'. Surplus or deficit on sale of these properties are presented before operating surplus or deficit.

Housing properties under construction

Housing properties under construction are stated at cost and are not depreciated. An impairment review is performed at the balance sheet date if there are impairment indicators.

Capitalisation of interest

Interest on loans financing the development programme is capitalised up to the date of practical completion of the scheme. Interest costs are included at a weighted average cost of capital rate of 5.49% (2025: 5.70%). Where a loan is not specifically drawn down to fund a development, no interest is capitalised.

Revaluation reserve

Housing properties were stated at valuation using existing use value for social housing until conversion to FRS 102 when the deemed cost option was taken. The revaluation reserve comprises the cumulative revaluation position as at the date of conversion. The reserve is adjusted annually for transfers to the revenue reserve in respect of depreciation and disposals of housing properties formerly held at valuation.

1. Accounting policies (continued)

1.9 Tangible fixed assets (continued)

Other tangible fixed assets

Other tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset plus any costs incurred in bringing the asset to its working condition for its intended use.

Depreciation is calculated to write down the cost of tangible fixed assets on a straight-line basis over their estimated useful economic lives as follows:

	Years		Years
Furniture, fixtures and fittings	5 - 30	Office equipment	3 - 10
IT equipment	3 - 10	Plant and machinery	3 - 15
Land and buildings	20 - 120	Vehicles	3 - 5

1.10 Government grants

Government grants are included within accruals and deferred income in the statement of financial position and credited to the statement of comprehensive income over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

Social Housing Grant

Social Housing Grant (SHG) is initially recognised at cost, specifically as deferred government grant income and released through the statement of comprehensive income as turnover over the life of the structure of housing properties in accordance with the accrual's method applicable to registered providers of social housing accounting for housing properties at cost.

For items where on transition to FRS 102, an election has been taken to treat fair value as deemed cost, the performance method for accounting for grant has been applied as the fair value application as deemed cost is treated as a revaluation at the transition date and SHG in respect of those items has been taken to revenue reserves. An amount equivalent to SHG taken to revenue reserves is disclosed as a contingent liability reflecting the potential future obligation to repay SHG where properties are disposed.

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

1.11 Recycling of capital grant fund (RCGF)

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the provision of new properties. Where recycled grant is known to be repayable it is shown as a creditor within one year.

1.12 Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Notes to the financial statements (continued)

for the year ended 31 March 2026

1. Accounting policies (continued)

1.13 Investment properties

Investment properties are properties which are held either to earn commercial rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition,

- (a) investment properties whose fair value can be measured reliably are held at fair value. Any gains or losses arising from changes in the fair value are recognised in surplus or deficit in the period that they arise; and
- (b) no depreciation is provided in respect of investment properties applying the fair value model.

Fair value of investment properties is determined annually by management using market data or where this is not available by using discounted cash flow analysis. Movements in fair value are therefore recorded in the statement of comprehensive income below operating surplus.

Rental income from investment property is accounted for when it is receivable or when conditions associated with the income have been met.

1.14 Stock

Properties for sale

Completed properties for outright sale and properties under construction are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises materials, direct labour and direct development overheads.

Raw materials and consumables

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell.

Land

Investments in land without the benefit of planning consent, either through the purchase of land or non-refundable deposits paid on land purchase contracts subject to planning consent, are included initially at cost. Regular reviews are carried out for impairment in the values of these investments and provision made to reflect any irrecoverable element. The impairment reviews consider the existing use value of the land and assess the likelihood of achieving planning consent and the value thereof.

1.15 Impairment excluding stock, investment properties and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through the statement of comprehensive income is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Group would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the statement of comprehensive income. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

1. Accounting policies (continued)

1.15 Impairment excluding stock, investment properties and deferred tax assets (continued)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, stock and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. For assets carried at a depreciated historical cost basis the impairment loss is recognised in the statement of comprehensive income immediately. For assets that are carried at cost less accumulated depreciation, an impairment loss is first set off against any revaluation surplus relating to the same assets in reserves and the balance of the loss is then treated as an expense in the statement of comprehensive income.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

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

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

1.16 Employee benefits

Defined benefit plans

The Association participates in the Tyne and Wear Local Government Pension Fund (the 'Fund') which is a defined benefit scheme.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Association's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Association determines the net interest expense / (income) on the net defined benefit liability / (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability / (asset) taking account of changes arising as a result of contributions and benefit payments.

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

Notes to the financial statements (continued)

for the year ended 31 March 2026

1. Accounting policies (continued)

1.16 Employee benefits (continued)

Defined benefit plans (continued)

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

Re-measurement of the net defined benefit liability / (asset) is recognised in other comprehensive income in the period in which it occurs. To comply with FRS 102 paragraph 28, an entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan, restricted by the application of an 'asset ceiling' adjustment. A recognisable net asset is calculated based on the potential economic benefit that could be available from a reduction in future contributions. If this is considered to be material in the context of the financial statements, an asset will be recognised.

Termination benefits

Termination benefits are recognised as an expense when the Association is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Association has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Defined contribution plan

The Association participates in one defined contribution scheme.

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

1.17 Turnover

Turnover is recognised when it is receivable or when conditions associated with the income have been met. It comprises:

- Rental income from tenants and leaseholders in the year, net of rent losses from voids;
- Service charge income from tenants, leaseholders and private rental customers;
- Sale of residential property which may include part exchange sales. The purchase and subsequent sale of part exchange properties is an activity which is undertaken to facilitate the sale of a new property. The profit/(loss) from the sale of part exchange properties is recognised within cost of sales being a cost of revenue derived from a subsidiary's principal activities;
- Receipts from the sale of the first tranche of shared ownership properties;
- Income from other services included at the invoiced value (excluding value added tax) of goods and services supplied in the year; and
- For the Association only, gift aid receipts from wholly owned subsidiaries. This is recognised during the year to the extent that they have been paid prior to the year end, or as a liability at the year-end if there is a deed of covenant prior to the year.

1. Accounting policies (continued)

1.18 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation, in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in surplus or deficit over the term of the lease as an integral part of the total lease expense.

Interest receivable and interest payable

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

Interest payable and similar charges include interest payable and finance charges on finance leases.

Interest income and interest payable are recognised in surplus or deficit as they accrue, using the effective interest method.

1.19 Taxation

Tax on the surplus or deficit for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable surpluses.

Notes to the financial statements (continued)

for the year ended 31 March 2026

1. Accounting policies (continued)

1.20 Service charge sinking funds

Service charge sinking funds are recognised as creditors. Part of the service charge is retained in a sinking fund for major repairs. Interest is added annually at the rate received from the Client Money Services account.

1.21 Value added tax (VAT)

The Association is included in a group VAT registration which also includes Gentoo Services Limited. Gentoo Homes Limited and Gentoo Developments Limited both have separate VAT registrations. Gentoo Genie Limited is not VAT registered.

A substantial proportion of the Group's income, including rents, is exempt from VAT. Most of the expenditure is subject to VAT which cannot be reclaimed, and expenditure is therefore shown inclusive of VAT. Partial exemption has been obtained for some business activities and the VAT recovered is credited to the statement of comprehensive income.

1.22 HomeBuy Direct loans

This is a low-cost home ownership Government initiative. The Group and the Government provided assistance through an equal equity loan contribution to the purchaser, secured against the property. The loan is repaid as a result of a relevant event or on the 25th anniversary of the date of the loan agreement. The loan is interest free for the first five years. At the beginning of year six, interest becomes payable on the outstanding balance. The loans are reviewed annually for impairment. Redemption proceeds are allocated equally between the Group and the Government with any surplus or loss being recognised through the statement of comprehensive income.

1.23 Provisions for liabilities

A provision is only recognised for specific and quantifiable liabilities that exist at the balance sheet date as a result of a past event and only where it is probable that we will be required to transfer economic benefits in settlement of the obligation.

Provisions are made when expenditure required to settle the obligation at the balance sheet date can be reliably measured. Where the effect of the time value of money is material the amount expected to be required to settle the obligation is recognised at the present value using a discount rate. The unwinding of the discount is recognised as a finance cost in income and expenditure in the period it arises. A review is carried out at each reporting date on identified risks to ensure the value of provisions made is appropriate.

1.24 Other reserves

Other reserves represent the transfer of assets and liabilities from the Group's former housing subsidiaries during the 31 March 2008 year end. These were released to revenue reserves over 50 years being the average expected useful economic lives of those assets. This was reviewed during the prior year and, as this other reserve is considered to be akin to revenue reserves, the balance was released in full.

2a. Particulars of turnover, cost of sales, operating expenditure and operating surplus/(deficit)

Group	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Other operating income £'000	Surplus on disposal £'000	2026 Operating surplus/ (deficit) £'000
Social housing lettings (note 2b)	156,802	-	(117,285)	-	-	39,517
Other social housing activities:						
Charge for support services	331	-	(1,233)	-	-	(902)
First tranche low cost home ownership sales	1,682	(2,159)	-	-	-	(477)
Other social housing activities	2,013	(2,159)	(1,233)	-	-	(1,379)
Activities other than social housing activities:						
Properties developed for outright sale	23,368	(24,129)	(2,715)	-	-	(3,476)
Other	5,186	-	(3,894)	-	-	1,292
Non-social housing activities	28,554	(24,129)	(6,609)	-	-	(2,184)
Surplus on disposal of tangible assets	-	-	-	-	3,307	3,307
Total	187,369	(26,288)	(125,127)	-	3,307	39,261

Group	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Other operating income £'000	Surplus on disposal £'000	2025 Operating surplus/ (deficit) £'000
Social housing lettings (note 2b)	151,497	-	(114,646)	-	-	36,851
Other social housing activities:						
Charge for support services	332	-	(1,332)	-	-	(1,000)
First tranche low cost home ownership	982	(1,176)	-	-	-	(194)
Other social housing activities	1,314	(1,176)	(1,332)	-	-	(1,194)
Activities other than social housing activities:						
Properties developed for outright sale	28,734	(25,631)	(2,932)	-	-	171
Other	5,943	(22)	(5,586)	117	-	452
Non-social housing activities	34,677	(25,653)	(8,518)	117	-	623
Surplus on disposal of tangible assets	-	-	-	-	1,675	1,675
Total	187,488	(26,829)	(124,496)	117	1,675	37,955

Notes to the financial statements (continued)

for the year ended 31 March 2026

2a. Particulars of turnover, cost of sales, operating expenditure and operating surplus/(deficit) (continued)

Association	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Other operating income £'000	Surplus on disposal £'000	2026 Operating surplus/ (deficit) £'000
Social housing lettings (note 2b)	156,802	-	(117,932)	-	-	38,870
Other social housing activities:						
Charges for support services	331	-	(1,233)	-	-	(902)
First tranche low cost home ownership sales	1,682	(2,159)	-	-	-	(477)
Other social housing activities	2,013	(2,159)	(1,233)	-	-	(1,379)
Activities other than social housing activities:						
Other	5,621	-	(9,896)	-	-	(4,275)
Non-social housing activities	5,621	-	(9,896)	-	-	(4,275)
Surplus on disposal of tangible assets	-	-	-	-	3,307	3,307
Total	164,436	(2,159)	(129,061)	-	3,307	36,523

Association	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Other operating income £'000	Surplus on disposal £'000	2025 Operating surplus/ (deficit) £'000
Social housing lettings (note 2b)	151,497	-	(115,351)	-	-	36,146
Other social housing activities:						
Charges for support services	292	-	(1,332)	-	-	(1,040)
First tranche low cost home ownership sales	982	(1,176)	-	-	-	(194)
Other social housing activities	1,274	(1,176)	(1,332)	-	-	(1,234)
Activities other than social housing activities:						
Other	6,502	-	(5,631)	-	-	871
Non-social housing activities	6,502	-	(5,631)	-	-	871
Surplus on disposal of tangible assets	-	-	-	-	1,675	1,675
Total	159,273	(1,176)	(122,314)	-	1,675	37,458

2b. Particulars of turnover and expenditure from social housing lettings

Group	General needs housing £'000	Supported Housing and housing for older people £'000	Shared ownership £'000	2026 Total £'000	2025 Total £'000
Income					
Rent receivable net of identifiable service charges	149,908	1,399	445	151,752	146,969
Service charge income	3,967	691	8	4,666	4,253
Net rents receivable	153,875	2,090	453	156,418	151,222
Amortised Government grants	384	-	-	384	275
Turnover from social housing lettings	154,259	2,090	453	156,802	151,497
Operating expenditure					
Management	(26,989)	(359)	-	(27,348)	(23,198)
Service charge costs	(5,350)	(932)	-	(6,282)	(4,992)
Routine maintenance	(38,500)	-	-	(38,500)	(38,085)
Planned maintenance	(6,775)	-	-	(6,775)	(7,035)
Major repairs expenditure	(10,310)	-	-	(10,310)	(8,604)
Bad debts	(1,098)	-	-	(1,098)	(543)
Lease costs	(1,950)	-	-	(1,950)	(1,605)
Depreciation of housing properties	(24,934)	-	-	(24,934)	(24,309)
Impairment of housing properties	-	-	-	-	(6,131)
Other costs (redundancy)	(88)	-	-	(88)	(144)
Operating expenditure on social housing lettings	(115,994)	(1,291)	-	(117,285)	(114,646)
Operating surplus on social housing lettings	38,265	799	453	39,517	36,851
Rent losses from voids (being rental income lost as a result of a property not being let)	(3,079)	(50)	-	(3,129)	(2,060)

Notes to the financial statements (continued)

for the year ended 31 March 2026

2b. Particulars of turnover and expenditure from social housing lettings (continued)

Association	General needs housing £'000	Supported Housing and housing for older people £'000	Shared ownership £'000	2026 Total £'000	2025 Total £'000
Income					
Rent receivable net of identifiable service charges	149,908	1,399	445	151,752	146,969
Service charge income	3,967	691	8	4,666	4,253
Net rents receivable	153,875	2,090	453	156,418	151,222
Amortised Government grants	384	-	-	384	275
Turnover from social housing lettings	154,259	2,090	453	156,802	151,497
Operating expenditure					
Management	(27,550)	(359)	-	(27,909)	(23,818)
Service charge costs	(5,350)	(932)	-	(6,282)	(4,992)
Routine maintenance	(38,481)	-	-	(38,481)	(38,068)
Planned maintenance	(6,772)	-	-	(6,772)	(7,032)
Major repairs expenditure	(10,304)	-	-	(10,304)	(8,601)
Bad debts	(1,098)	-	-	(1,098)	(543)
Lease costs	(1,950)	-	-	(1,950)	(1,605)
Depreciation of housing properties	(25,048)	-	-	(25,048)	(24,417)
Impairment of housing properties	-	-	-	-	(6,131)
Other costs (redundancy)	(88)	-	-	(88)	(144)
Operating expenditure on social housing lettings	(116,641)	(1,291)	-	(117,932)	(115,351)
Operating surplus on social housing lettings	37,618	799	453	38,870	36,146
Rent losses from voids (being rental income lost as a result of a property not being let)	(3,079)	(50)	-	(3,129)	(2,060)

The prior year has been updated to reflect some reclassification between management and routine maintenance costs.

3. Employees

The average number of persons (expressed as full-time equivalents, based on a 36-hour working week) employed during the year, analysed by category, was as follows:

	Group 2026 No.	Association 2026 No.	Group 2025 No.	Association 2025 No.
Central enabling services	266	266	177	176
Selling homes	33	-	51	-
Operations	808	808	784	785
	<u>1,107</u>	<u>1,074</u>	<u>1,012</u>	<u>961</u>

The aggregate payroll costs of these persons were as follows:

	Group 2026 No.	Association 2026 No.	Group 2025 No.	Association 2025 No.
Wages and salaries	40,327	38,595	38,155	35,762
Social security costs	5,229	4,982	3,903	3,636
Defined benefit plan	3,210	3,095	3,830	3,627
Defined contribution plan	2,455	2,298	2,032	1,838
	<u>51,221</u>	<u>48,970</u>	<u>47,920</u>	<u>44,863</u>
Redundancy costs*	215	88	161	144
	<u>51,436</u>	<u>49,058</u>	<u>48,081</u>	<u>45,007</u>

* Includes compensatory pay, redundancy pay and payment in lieu of notice.

Notes to the financial statements (continued)

for the year ended 31 March 2026

3. Employees (continued)

Salary banding for all employees whose total remuneration, including pension exceeds £60,000 (including Executive Directors) per annum is as follows:

	Group 2026 No.	Association 2026 No.	Group 2025 No.	Association 2025 No.
£60,001 - £70,000	29	27	33	31
£70,001 - £80,000	20	16	23	15
£80,001 - £90,000	14	11	11	10
£90,001 - £100,000	8	6	7	3
£100,001 - £110,000	2	2	1	1
£110,001 - £120,000	3	2	4	3
£120,001 - £130,000	3	3	2	2
£130,001 - £140,000	3	2	1	-
£140,001 - £150,000	1	1	3	3
£150,001 - £160,000	1	1	-	-
£160,001 - £170,000	1	1	-	-
£170,001 - £180,000	1	1	1	1
£180,001 - £190,000	1	1	1	1
£190,001 - £200,000	1	1	-	-
£200,001 - £210,000	-	-	1	1

4. Directors' and key management personnel remuneration

	2026 £'000	2025 £'000
Board Members' remuneration	99	94
Executive Directors' and key management personnel remuneration (page 75)	777	700
Association contributions to group wide defined benefit plan	126	109
Association contributions to defined contribution plan	47	38
Compensation for loss of office*	-	56
	<u>1,049</u>	<u>997</u>

*Compensatory pay and payment in lieu of notice for one Executive Director.

Retirement benefits are accruing to four (2025: five) of the above senior staff under a defined benefit scheme and one (2025: one) of the above senior staff under a defined contribution scheme. The aggregate remuneration (excluding pension contributions) of the highest paid director was £165,906 (2025: £171,190).

The Group made £30,787 (2025: £32,013) in pension contributions for the Chief Executive as an ordinary member of the LGPS group wide defined benefit plan. The Chief Executive has no enhanced or special terms and has no other pension arrangements to which the Group contributes.

Notes to the financial statements (continued)

for the year ended 31 March 2026

4. Directors' and key management personnel remuneration (continued)

Board Member	Board role	2026 Remuneration £'000	2025 Remuneration £'000
Brenda Naisby	Board Member	10	10
Claire Long	Chair from 27 th February 2026	15	14
Graeme Miller	Board Member	10	8
Hannah Pollard	Board Member	10	10
Ian Shipley	Board Member	3	-
Jim Scott	Board Member	4	-
Jonathan Jowett	Board Member	5	-
Martin Brookes	Board Member	4	-
Morven Smith	Board Member	12	12
Nichola Stefanou	Board Member	10	3
Lord Nick Forbes	Board Member	10	10
Alison Fellows	Board Member	-	9
Andrew Lister	Board Member	6	12
Carol Long	Board Member	-	3
Christopher Watson	Board Member	-	2
Ellen Thinnesen*	Board Member	-	-
Emily Cox*	Chair until 26 th February 2026	-	-
Patricia Smith	Board Member	-	1
Total		99	94

* Remuneration waived since becoming a member of the Board.

4. Directors' and key management personnel remuneration (continued)

The Board reviews remuneration every three years, with the advice of an external consultant and includes benchmarking, comparator information and the requirements of the National Housing Federation Code of Governance. In the intervening years, there is an annual internal desktop review. The three year external review was last carried out in 2024/25. During 2025/26 the internal desktop review was carried out and no changes to the Board's remuneration was recommended. The next review will be in an internal desktop review and will take place in January 2027 and the next external review is scheduled for January 2028.

Salary banding for directors and key management personnel whose total remuneration, including pensions, exceeds £60,000 per annum is prepared in line with the Accounting Direction for Private Registered Providers of Social Housing 2022, to include amounts payable during the year, as follows:

2026				2025	
No.				No.	
£60,001 - £70,000	Andrew Lister	1	£60,001 - £70,000		-
£80,001 - £90,000		-	£80,001 - £90,000	Marc Edwards*	1
£100,001 - £110,000		-	£100,001 - £110,000	Susan Thompson	1
£150,001 - £160,000	Susan Fulton	1	£150,001 - £160,000	Susan Fulton	1
£160,001 - £170,000	Marc Edwards*	1	£160,001 - £170,000		-
£170,001 - £180,000	Stephen Flounders*	1	£170,001 - £180,000	Stephen Flounders	1
£180,001 - £190,000	Peter Lenehan*	1	£180,001 - £190,000	Peter Lenehan*	1
£190,001 - £200,000	Louise Bassett*†	1	£190,001 - £200,000		-
£200,001 - £210,000		-	£200,001 - £210,000	Louise Bassett*	1

* Includes salary sacrifice deductions

† Salary banding has decreased from prior year due to salary sacrifice deductions

5. Surplus on disposal of tangible fixed assets

	Right to Buy sales £'000	Right to Acquire sales £'000	Low-cost home ownership staircasing sales £'000	Others £'000	Total 2026 £'000	Total 2025 £'000
Proceeds from sales	4,280	5,823	346	91	10,540	5,447
Cost of sales	-	-	-	-	-	(25)
Net book value of assets sold	(4,229)	(2,435)	(326)	-	(6,990)	(3,453)
	51	3,388	20	91	3,550	1,969
Transfer to recycled capital grant fund	(41)	(202)	-	-	(243)	(294)
Surplus	10	3,186	20	91	3,307	1,675

Notes to the financial statements (continued)

for the year ended 31 March 2026

6. Expenses and auditor's remuneration

	Group 2026 £'000	Association 2026 £'000	Group 2025 £'000	Association 2025 £'000
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Included in surplus are the following:

Depreciation:

Housing properties	24,934	25,048	24,309	24,417
Other tangible fixed assets	1,335	1,335	2,759	2,765
Amortisation of intangible assets	520	520	260	260
Impairment loss on intangible fixed assets	-	-	445	445
Impairment loss on housing properties	-	-	6,131	6,131
Impairment loss on stock - properties under construction (note 18)	1,591	-	-	-
Impairment loss on amounts owed by group undertakings (note 31)	-	5,991	-	-
Change in value of investment property	(453)	(307)	-	-
Fair value adjustment	(84)	-	(21)	-
Redundancy costs	215	88	161	144

Auditor's remuneration (exclusive of VAT):

Audit of these financial statements	96	96	93	93
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Amounts receivable by the Association's auditor and its associates (exclusive of VAT) in the respect of:

Audit of financial statements of subsidiaries
of the Association

Audit of financial statements of subsidiaries of the Association	24	-	25	-
Audit-related assurance services	31	31	29	29

7. Interest receivable and similar income

	Group 2026 £'000	Association 2026 £'000	Group 2025 £'000	Association 2025 £'000
Interest receivable and similar income	1,384	1,383	1,702	1,699
Interest receivable from Group undertakings	-	2,175	-	1,951
	1,384	3,558	1,702	3,650
Net interest income on net defined benefit plan (liabilities)/assets	100	100	100	100
	1,484	3,658	1,802	3,750

8. Interest payable and similar expenses

	Group 2026 £'000	Association 2026 £'000	Group 2025 £'000	Association 2025 £'000
Interest on loans repayable	29,863	29,863	29,899	29,899
Bank fees and similar charges*	920	920	1,031	1,031
Capitalised interest**	(833)	(833)	(1,450)	(1,450)
Interest payable and similar expenses	29,950	29,950	29,480	29,480

* Bank fees and similar charges includes £249k (2025: £nil) of release of arrangement fees in relation to the re-financing.

** Capitalisation rate of 5.49% (2025: 5.70%).

9. Taxation

Total tax credit recognised in the statement of comprehensive income, other comprehensive income and equity:

	Group 2026 £'000	Association 2026 £'000	Group 2025 £'000	Association 2025 £'000
Total current tax	-	-	-	-
Adjustments in respect of prior periods	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Reconciliation of effective tax rate

	Group 2026 £'000	Association 2026 £'000	Group 2025 £'000	Association 2025 £'000
Surplus for the year	11,332	10,587	10,267	11,697
Tax at standard rate of 25% (2025: 25%)	2,833	2,647	2,567	2,923
Income not taxable	(3,669)	(2,187)	(2,455)	(2,423)
Deferred tax not recognised	865	-	(112)	(71)
Effects of group and other reliefs	(29)	(460)	-	(429)
Total tax credit included in profit or loss	-	-	-	-

Notes to the financial statements (continued)

for the year ended 31 March 2026

9. Taxation (continued)

An unrecognised deferred tax asset of £1.7m (2025: £0.9m) is held by Group and £nil (2025: £0.2m) is held by Association. The unrecognised deferred tax asset is split into following categories:

	Group 2026 £'000	Association 2026 £'000	Group 2025 £'000	Association 2025 £'000
Fixed assets	9	-	11	-
Timing differences - trading	1	1	-	-
Timing differences - non trading	10	-	9	-
Losses	1,664	-	830	175
Total unrecognised deferred tax asset	1,684	1	850	175

10. Intangible fixed assets

Group and Association	Software £'000
Cost	
At 1 April 2025	3,842
Disposals	(32)
At 31 March 2026	3,810
Amortisation	
At 1 April 2025	787
Amortisation charge for the year	520
At 31 March 2026	1,307
Net book value	
At 31 March 2026	2,503
At 31 March 2025	3,055

Intangible fixed assets will be amortised once completed and available for use.

An impairment assessment is only required where any impairment indicators are identified. No general impairment indicators, which would require a full impairment assessment of all intangible assets, have been identified.

11. Tangible fixed assets – housing properties

Group	Housing properties held for letting £'000	Housing properties held for letting - under construction £'000	Shared ownership £'000	Shared ownership - under construction £'000	Garages held for letting £'000	Total £'000
Cost						
At 1 April 2025	1,423,955	52,339	12,312	2,538	2,074	1,493,218
Additions	-	31,961	-	2,599	-	34,560
Enhancements	37,706	-	-	-	-	37,706
Interest capitalised	-	833	-	-	-	833
Change in tenure	-	543	-	(543)	-	-
Schemes completed	63,283	(63,283)	4,109	(4,109)	-	-
Disposals	(10,860)	-	(326)	-	-	(11,186)
Transferred to investment properties	-	(1,499)	-	-	-	(1,499)
At 31 March 2026	1,514,084	20,894	16,095	485	2,074	1,553,632
Depreciation						
At 1 April 2025	343,558	-	126	-	669	344,353
Depreciation charge for the year	24,882	-	-	-	52	24,934
Disposals	(4,196)	-	-	-	-	(4,196)
At 31 March 2026	364,244	-	126	-	721	365,091
Net book value						
At 31 March 2026	1,149,840	20,894	15,969	485	1,353	1,188,541
At 31 March 2025	1,080,397	52,339	12,186	2,538	1,405	1,148,865

Notes to the financial statements (continued)

for the year ended 31 March 2026

11. Tangible fixed assets – housing properties (continued)

Security

£919.4m (27,074 units) of completed properties net book value is held as security against debt (note 22).

Borrowing costs

The amount of borrowing costs capitalised to tangible fixed assets – housing properties during the period was £0.8m (2025: £1.5m) with a capitalisation rate of 5.49% (2025: 5.70%).

Social housing assistance

The amount of social housing grant received or receivable during the current year was £17.3m (2025: £5.8m) and is held in deferred income. See note 24 for the cumulative grant position.

Deemed cost

On transition to FRS 102 in 2015/16 the Group took the option to hold revalued assets at deemed cost. The closing historic cost net book value of these assets is £631.6m (2025: £635.0m).

Impairment

An impairment assessment is only required where any impairment indicators are identified. No general impairment indicators, which would require a full impairment assessment of all housing properties, have been identified.

Expenditure to works on existing properties:	2026 £'000	2025 £'000
Amounts capitalised – enhancements	37,706	41,630
Amounts charged to statement of comprehensive income (note 2b)	10,310	8,604
	48,016	50,234

11. Tangible fixed assets – housing properties (continued)

Association	Housing properties held for letting £'000	Housing properties held for letting - under construction £'000	Shared ownership £'000	Shared ownership - under construction £'000	Garages held for letting £'000	Total £'000
Cost						
At 1 April 2025	1,429,599	52,340	13,053	2,538	1,924	1,499,454
Additions	-	32,234	-	2,599	-	34,833
Enhancements	37,706	-	-	-	-	37,706
Interest capitalised	-	833	-	-	-	833
Change in tenure	-	543	-	(543)	-	-
Schemes completed	63,410	(63,410)	4,109	(4,109)	-	-
Disposals	(10,860)	-	(326)	-	-	(11,186)
Transferred to investment properties	-	(1,645)	-	-	-	(1,645)
At 31 March 2026	1,519,855	20,895	16,836	485	1,924	1,559,995
Depreciation						
At 1 April 2025	344,478	-	128	-	518	345,124
Depreciation charge for the year	24,996	-	-	-	52	25,048
Disposals	(4,196)	-	-	-	-	(4,196)
At 31 March 2026	365,278	-	128	-	570	365,976
Net book value						
At 31 March 2026	1,154,577	20,895	16,708	485	1,354	1,194,019
At 31 March 2025	1,085,121	52,340	12,925	2,538	1,406	1,154,330

Notes to the financial statements (continued)

for the year ended 31 March 2026

11. Tangible fixed assets – housing properties (continued)

Security

£919.4m (27,074 units) of completed properties net book value is held as security against debt (note 22).

Borrowing costs

The amount of borrowing costs capitalised to tangible fixed assets – housing properties during the period was £0.8m (2025: £1.5m) with a capitalisation rate of 5.49% (2025: 5.70%).

Social housing assistance

The amount of social housing grant received or receivable during the current year was £17.3m (2025: £5.8m) and is held in deferred income. See note 24 for the cumulative grant position.

Deemed cost

On transition to FRS 102 in 2015/16 the Group took the option to hold revalued assets at deemed cost. The closing historic cost net book value of these assets is £631.6m (2025: £635.0m).

Impairment

An impairment assessment is only required where any impairment indicators are identified. No general impairment indicators, which would require a full impairment assessment of all housing properties, have been identified.

Expenditure to works on existing properties:	2026 £'000	2025 £'000
Amounts capitalised – enhancements	37,706	41,630
Amounts charged to statement of comprehensive income (note 2b)	10,304	8,601
	48,010	50,231

12. Tangible fixed assets – other

Group	Land and buildings £'000	Furniture, fixtures and fittings £'000	Vehicles and equipment £'000	Assets under construction £'000	Total £'000
Cost					
At 1 April 2025	15,665	3,908	10,092	-	29,665
Additions	338	231	1,366	319	2,254
Disposals	(812)	(306)	(3,219)	-	(4,337)
Category transfer	567	(632)	-	65	-
At 31 March 2026	15,758	3,201	8,239	384	27,582
Depreciation and impairment					
At 1 April 2025	7,062	1,934	6,436	-	15,432
Depreciation charge for the year	252	267	816	-	1,335
Disposals	(604)	(537)	(3,196)	-	(4,337)
At 31 March 2026	6,710	1,664	4,056	-	12,430
Net book value					
At 31 March 2026	9,048	1,537	4,183	384	15,152
At 31 March 2025	8,603	1,974	3,656	-	14,233

An impairment assessment is only required where any impairment indicators are identified. No general impairment indicators, which would require a full impairment assessment of all other fixed assets, have been identified.

The net book value of land and buildings comprises:

	2026 £'000	2025 £'000
Freehold	8,489	8,023
Long leasehold	559	580
	9,048	8,603

Notes to the financial statements (continued)

for the year ended 31 March 2026

12. Tangible fixed assets – other (continued)

Association	Land and buildings £'000	Furniture, fixtures and fittings £'000	Vehicles and equipment £'000	Assets under construction £'000	Total £'000
Cost					
At 1 April 2025	15,816	3,940	9,773	-	29,529
Additions	338	231	1,366	319	2,254
Disposals	(812)	(306)	(3,143)	-	(4,261)
Category transfer	567	(632)	-	65	-
At 31 March 2026	15,909	3,233	7,996	384	27,522
Depreciation and impairment					
At 1 April 2025	7,161	1,935	6,107	-	15,203
Depreciation charged for the year	252	267	816	-	1,335
Disposals	(604)	(537)	(3,120)	-	(4,261)
At 31 March 2026	6,809	1,665	3,803	-	12,277
Net book value					
At 31 March 2026	9,100	1,568	4,193	384	15,245
At 31 March 2025	8,655	2,005	3,666	-	14,326

An impairment assessment is only required where any impairment indicators are identified. No general impairment indicators, which would require a full impairment assessment of all other fixed assets, have been identified.

The net book value of land and buildings comprises:

	2026 £'000	2025 £'000
Freehold	8,541	8,075
Long leasehold	559	580
	9,100	8,655

13. Investment properties

Group	Freehold £'000
At 1 April 2025	6,925
Additions	160
Transferred from Housing Properties Under Construction	1,499
Fair value adjustment for investment property	453
At 31 March 2026	9,037

Association	Freehold £'000
At 1 April 2025	6,925
Additions	160
Transferred from Housing Properties Under Construction	1,645
Fair value adjustment for investment property	307
At 31 March 2026	9,037

In accordance with FRS 102, investment properties are held at fair value and are not depreciated.

Management have reviewed the fair value of the investment properties as at 31 March 2026 and as a result of this, a fair value increase of £453k (2025: £nil) and £307k (2025: £nil) was required in Group and Association respectively. £9.0m (2025: £6.9m) of investment property fair value is based on a valuation by an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued. The valuations, which are supported by market evidence, are prepared by considering the aggregate of the net annual rents receivable, and assumed net effective rent yields, from the properties and where relevant, associated costs. Any gain or loss arising for a change in fair value is recognised in the statement of comprehensive income.

During the prior year an investment property with a fair value of £281k was disposed of for £250k, generating a loss of £31k.

14. Other investments - Group and Association

	2026 £'000	2025 £'000
Other investments	30	30
	30	30

Notes to the financial statements (continued)

for the year ended 31 March 2026

15. Investment in subsidiaries

Association	Investment in subsidiaries 2026 £'000	Investment in subsidiaries 2025 £'000
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Cost and net book value

At 31 March	<u>250</u>	<u>250</u>
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The Association has the following investments in subsidiaries:

<i>Subsidiary undertakings</i>	Aggregate of capital and reserves £'000	Profit/(loss) for year £'000	Country of incorporation	Registered number	Class and percentage of shares held
<i>Non-registered providers</i>					
Gentoo Homes Limited	(8,289)	(5,298)	England	04739226	Ordinary – 100%
Gentoo Developments Limited	2	(3)	England	06192887	Ordinary – 100%
Gentoo Genie Limited	368	118	England	07083129	Ordinary – 100%
Genie Homeplan Limited*	-	-	England	07103094	Ordinary – 100%
Gentoo Services Limited*	-	-	England	12521655	Ordinary – 100%
Cottier Grange Estate Management Company Limited**	-	-	England	11375748	Ordinary – 100%
Meadow View (Houghton Le Spring) Residents Management Company Limited**	-	-	England	12358797	Ordinary – 100%

*Dormant subsidiaries

** Subsidiaries of Gentoo Homes Limited

The subsidiaries' registered office is Emperor House, 2 Emperor Way, Doxford International Business Park, Sunderland, SR3 3XR.

	Income from 2026 £'000	Purchases from 2026 £'000	Income from 2025 £'000	Purchases from 2025 £'000
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Gentoo Homes Limited

Group management charges	581	-	606	-
Gentoo renewal plan	-	2,922	-	1,300
Group interest charges	<u>2,131</u>	<u>-</u>	<u>1,887</u>	<u>-</u>
	2,712	2,922	2,493	1,300

Gentoo Genie Limited – interest charge

	<u>44</u>	<u>-</u>	<u>64</u>	<u>-</u>
	2,756	2,922	2,557	1,300

16. HomeBuy loans receivable - Group and Association

	Total £'000
Loans advanced to borrowers at 1 April 2025	181
Repaid during the year	-
Loans advanced to borrowers at 31 March 2026	181

17. Debtors: amounts falling due after more than one year

	Group 2026 £'000	Association 2026 £'000	Group 2025 £'000	Association 2025 £'000
Cash held in secured accounts	23,983	23,983	27,370	27,370
Amounts owed by group undertakings	-	32,109	-	35,390
Genie Home Purchase Plans (HPP)	1,498	165	1,480	175
Deferred income	(383)	(84)	(383)	(84)
Trade debtors	45	-	-	-
Other debtors	596	296	296	296
	25,739	56,469	28,763	63,147

Cash held in secured accounts represents the additional security required for the £186.3m loan from T.H.F.C. To meet security requirements the £24m needs to be held in a secured account until the debt is repaid. This cash cannot be drawn for use in the business until this point.

The amounts owed by group undertakings is with the Association's subsidiaries, Gentoo Homes Limited £31.2m and Gentoo Genie Limited £0.9m.

The loans with the subsidiaries includes interest charged at 5-5.5% per annum, monthly or quarterly in arrears.

The HPP arrangements are valued at fair value. Management have reviewed the fair value of the HPP arrangements as at 31 March 2026 and, as a result of this, a Group fair value increase of £84k (2025: £21k) was required. Deferred income relates to the difference between the cost of the property to the Group and the value it has been purchased by the customer. Deferred income is released to the statement of comprehensive income upon the Group no longer having a share in the property. Whilst some of the above balance may crystallise in under one year, it is not possible to reliably quantify, therefore, these amounts have been included in debtors due after more than one year.

Notes to the financial statements (continued)

for the year ended 31 March 2026

18. Stock

	Group 2026 £'000	Association 2026 £'000	Group 2025 £'000	Association 2025 £'000
Properties under construction	34,635	-	36,473	-
Completed properties	7,013	-	9,087	-
Properties held for resale	787	-	710	-
Raw materials and consumables	1,058	1,058	1,018	1,018
Work in progress – shared ownership	232	232	1,804	1,804
	<u>43,725</u>	<u>1,290</u>	<u>49,092</u>	<u>2,822</u>

A full review of stock and land held for development has been performed. For the year ended 31 March 2026 an impairment charge of £1.6m has been calculated (2025: £nil).

19. Debtors

	Group 2026 £'000	Association 2026 £'000	Group 2025 £'000	Association 2025 £'000
Rents and service charges receivable	4,452	4,452	3,918	3,918
Less: provision for bad and doubtful debts	<u>(3,228)</u>	<u>(3,228)</u>	<u>(2,664)</u>	<u>(2,664)</u>
Net rent and service charge debtors	1,224	1,224	1,254	1,254
Trade debtors	346	285	2,120	2,058
Less: provision for bad debts and doubtful debts	<u>(81)</u>	<u>(55)</u>	<u>(109)</u>	<u>(80)</u>
Amounts owed by group undertakings	-	12,647	-	13,059
Other debtors	5,438	5,435	6,842	5,896
Prepayments and accrued income	7,340	7,305	4,452	4,439
	<u>14,267</u>	<u>26,841</u>	<u>14,559</u>	<u>26,626</u>

Transactions with subsidiaries are undertaken at arm's length (see notes 15, 17 and 20).

The amounts owed by group undertakings is with the Association's subsidiaries Gentoo Homes Limited £12,647k (2025: £13,055k), Gentoo Genie Limited £nil (2025: £4k) and Gentoo Developments Limited £nil (2025: £nil).

20. Creditors: amounts falling due within one year

	Group 2026 £'000	Association 2026 £'000	Group 2025 £'000	Association 2025 £'000
Commercial debt (note 22)	6,592	6,592	6,245	6,245
Trade creditors	2,159	2,068	30	29
Rent and service charges received in advance	5,804	5,804	5,139	5,139
Taxation and social security	1,121	1,121	960	960
Other creditors	10,802	11,130	11,739	11,159
Deferred capital grant (note 24)	477	477	341	341
Accruals and deferred income	21,841	20,345	29,758	26,618
	<u>48,796</u>	<u>47,537</u>	<u>54,212</u>	<u>50,491</u>

Leaseholders' funds

As at 31 March 2026 the Group and Association held funds on behalf of leaseholders in respect of schemes under management of £3.6m (2025: £3.3m). These are included in other creditors within creditors: amounts falling due within one year.

Deferred land payments

As at 31 March 2026 the Group and Association held deferred capital payments related to Cottier Grange site of £12.1m (2025: £12.1m). £6.1m (2025: £6.1m) of these are included in other creditors within creditors: amounts falling due within one year. Remaining value is included other creditors within creditors: amounts falling due after more than one year.

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

	Group 2026 £'000	Association 2026 £'000	Group 2025 £'000	Association 2025 £'000
Commercial debt (note 22)	546,134	546,134	538,129	538,129
Deferred capital grant (note 24)	64,882	64,882	47,689	47,689
Other creditors	6,055	6,055	6,055	6,055
Recycled capital grant fund (note 23)	600	600	743	743
	<u>617,671</u>	<u>617,671</u>	<u>592,616</u>	<u>592,616</u>

The commercial debt is secured by way of a fixed charge on the housing properties of the Group. Interest is charged to the subsidiary companies based on the amounts that are on-lent during the year.

Notes to the financial statements (continued)

for the year ended 31 March 2026

22. Debt analysis

Borrowings	Group 2026 £'000	Association 2026 £'000	Group 2025 £'000	Association 2025 £'000
Due within one year				
Bank loans*	7,121	7,121	6,713	6,713
Issue costs	(529)	(529)	(468)	(468)
	6,592	6,592	6,245	6,245
Due after more than one year				
Bank loans*	439,200	439,200	430,322	430,322
Other loans	110,000	110,000	110,000	110,000
Issue costs	(3,066)	(3,066)	(2,193)	(2,193)
	546,134	546,134	538,129	538,129
Total borrowings	552,726	552,726	544,374	544,374

* Bank loans due within one year includes £147k (2025: £163k) deferred gain and after more than one year £863k (2025: £1,010k) relating to a THFC bond coupon which is being amortised over the life of the bond.

Security

The commercial loans are secured by way of a fixed charge on the housing properties of the Association.

Terms of repayment and interest rates

Bank and other loans are repaid by both annual instalments and bullet repayments. The final instalments fall to be repaid in the period from 2030 to 2063. The group borrows at both fixed and variable interest rates with fixed rates of interest ranging from 3.485% to 6.38%.

During the year Gentoo removed the fixed rate loans embedded within existing loan agreements and entered into an International Swaps and Derivatives Association (ISDA) loan linked agreement with RBS. Under this arrangement the Group entered into 3 interest rate swaps: a 4 year swap with a notional value of £50.0m, a 5 year swap of £30.0m and a 7 year swap of £50m.

These loan linked ISDA's are not subject to cash calls required by stand-alone swaps.

At 31 March 2026 the Group had undrawn borrowing facilities of £156.0m (2025: £112.0m).

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	Group 2026 £'000	Association 2026 £'000	Group 2025 £'000	Association 2025 £'000
Within one year or on demand	6,592	6,592	6,245	6,245
One year or more but less than two years	6,986	6,986	6,654	6,654
Two years or more but less than five years	183,525	183,525	216,199	216,199
Five years or more	355,623	355,623	315,276	315,276
	552,726	552,726	544,374	544,374

23. Recycled Capital Grant Fund - Group and Association

	£'000
At 1 April 2025	743
Grants recycled (note 24)	130
Grants recycled from reserves (note 5)	243
Notional interest	31
Recycling of grant: new build	(547)
Balance at 31 March 2026	600

There are no amounts (2025: £nil) three years old or older where repayment may be required.

24. Social Housing Grant – Group and Association

	2026 £'000	2025 £'000
Cost		
At 1 April	49,508	43,851
Received during the year	17,286	5,759
Transferred from RCGF	547	-
Recycled on disposal	(130)	(88)
Released on disposal	-	(14)
At 31 March	67,211	49,508
Amortisation		
At 1 April	1,478	1,205
Released in the year	384	275
Released on disposal	(10)	(2)
At 31 March	1,852	1,478
At 31 March	65,359	48,030
	2026 £'000	2025 £'000
Amounts to be released within one year	477	341
Amounts to be released in more than one year	64,882	47,689
	65,359	48,030

Notes to the financial statements (continued)

for the year ended 31 March 2026

25. Employee benefits

Pension Schemes – Group and Association

The disclosures below relate to the Tyne and Wear Pension Fund (the 'Fund') which is part of the Local Government Pension Scheme. The Group participates in the Fund which provides defined benefits, based on members' career average pensionable salary. The last full actuarial valuation was performed on 31 March 2025.

Net pension asset/(liability)	2026 £'000	2025 £'000
Defined benefit obligation	(211,680)	(195,780)
Plan assets	451,260	411,730
Restriction for asset ceiling*	(214,790)	(215,950)
Net pension	24,790	-

Movements in present value of defined benefit obligation	2026 £'000	2025 £'000
At 1 April	195,780	238,520
Current service cost	2,620	3,830
Past service cost	590	-
Interest expense	11,020	11,200
Contributions by members	1,430	1,480
Actuarial gain on scheme liabilities	13,590	(47,290)
Benefits paid	(13,350)	(11,960)
At 31 March	211,680	195,780

* To comply with FRS 102 paragraph 28, an entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. A recognisable net asset of £24,790k (2025: £nil) has been calculated after restriction by the application of an 'asset ceiling' and recognised based on the potential economic benefit that could be available from a reduction in future contributions.

25. Employee benefits (continued)

	2026 £'000	2025 £'000
Movements in fair value of plan assets		
At 1 April	411,730	403,410
Interest income	23,650	19,210
Remeasurement: return on plan assets less interest income	23,880	(4,490)
Contributions by employer	3,920	4,080
Contributions by members	1,430	1,480
Benefits paid	(13,350)	(11,960)
At 31 March	451,260	411,730

	2026 £'000	2025 £'000
Expense recognised in the statement of comprehensive income		
Current service cost	(2,620)	(3,830)
Past service cost	(590)	-
Net interest on net defined benefit liability	12,630	8,010
Interest on unrecognised asset	(12,530)	(7,910)
Total expense recognised in the statement of comprehensive income	(3,110)	(3,730)

The difference between the £3,210k (2025: £3,830k) current and past service cost and the £3,920k (2025: £4,080k) employer contributions, £710k (2025: £250k), represents a non-cash change.

	2026 £'000	2025 £'000
Actuarial gain / (loss) in respect of pension asset	23,880	(4,490)
Actuarial gain in respect of pension liability – financial assumptions	2,990	45,020
Actuarial (loss) / gain in respect of pension liability – demographic assumptions	(360)	1,760
Actuarial (loss) / gain in respect of pension liability – liability experience	(16,220)	510
Adjustment in respect of asset ceiling	13,690	(43,150)
Total amount recognised in other comprehensive income	23,980	(350)

Notes to the financial statements (continued)

for the year ended 31 March 2026

25. Employee benefits (continued)

The fair value of the plan assets were allocated as follows:

	2026 Fair value £'000	2026 Fair value %	2025 Fair value £'000	2025 Fair value %
Equities	218,850	48.5	198,050	48.1
Government bonds	5,420	1.2	4,530	1.1
Corporate bonds	83,030	18.4	74,520	18.1
Property	50,540	11.2	45,700	11.1
Multi asset credit	19,860	4.4	18,530	4.5
Cash	1,810	0.4	7,410	1.8
Other	71,750	15.9	62,990	15.3
	<u>451,260</u>	<u>100.0</u>	<u>411,730</u>	<u>100</u>

The principal actuarial assumptions (expressed as weighted averages) at the year- end were as follows:

	2026 %	2025 %
Discount rate	6.2	5.8
Future salary increases	4.3	4.0
CPI inflation	2.8	2.5
Pension increases	2.8	2.5
Pension accounts revaluation rate	2.8	2.5

	£'000	£'000
Actual return on plan assets	<u>47,530</u>	<u>14,720</u>

25. Employee benefits (continued)

The mortality assumptions at the year-end were as follows:

	2026	2025
<i>Current Pensioner aged 65</i>		
Male	21.9	20.9
Female	24.4	24.1
<i>Future retiree upon reaching 65</i>		
Male	22.4	21.8
Female	25.1	25.2

The assumptions relating to longevity underlying the pension liabilities in the statement of financial position date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for the number of years stated above.

Sensitivity analysis

The following table provides an indication of the sensitivity to changes in assumptions. The impact on the statement of comprehensive income tends to be hard to predict.

	Change	Change in present value of total obligation £'000	Change	Change in present value of total obligation £'000
Adjustment to discount rate	+ 0.1% p.a.	(3,180)	- 0.1% p.a.	3,180
Adjustment to salary increase rate	+ 0.1% p.a.	210	- 0.1% p.a.	(210)
Adjustment to pension increase rate	+ 0.1% p.a.	2,960	- 0.1% p.a.	(2,960)
Adjustment to mortality age rate assumption	- 1 year	4,660	+ 1 year	(4,660)

26. Provisions for liabilities

	Home loss provision £'000	Other £'000	Total £'000
At the start of the year	-	-	-
Transfer from Statement of Comprehensive Income	577	261	838
At the end of the year	577	261	838

The home loss provision relates to compensation due to tenants affected by the planned demolition of high-rise buildings by the Group. These buildings were impaired in the 31 March 2025 year end.

Other provisions relate to repairs to be made on Shared Ownership properties held by the Group and an ongoing legal proceeding.

Notes to the financial statements (continued)

for the year ended 31 March 2026

27. Capital commitments – Group and Association

	2026 £'000	2025 £'000
Expenditure contracted for but not provided for in the financial statements	262,843	136,827
Expenditure authorised by Board but not contracted	429,295	219,169
	<u>692,138</u>	<u>355,996</u>

The commitments will be funded through Grant £227.7m (2025: £44.5m), social housing property Right to Buy and Right to Acquire sales £19.5m (2025: £17.0m), existing facilities £175.8m (2025: £134.3m) and cash generated from operations and new facilities £269.1m (2025: £211.6m).

28. Contingent liabilities

Grant

The Group receives a grant from Homes England which is used to fund the acquisition and development of housing properties and their components. Under transition to FRS 102 revalued housing properties were held at deemed cost. For these properties grant is recognised under the performance model and £50.0m (2025: £50.0m) of such grant has been credited to reserves. The Group has a future obligation to recycle or repay such grant once these properties are disposed of. As at 31 March 2026 the timing of any future disposal is uncertain.

29. Other financial commitments

Non-cancellable operating lease rentals (primarily relating to operational fleet vehicles) are payable as follows:

Group	2026 £'000	2025 £'000
Less than one year	2,492	299
Between one and five years	10,587	112
More than five years	2,410	-
	<u>15,489</u>	<u>411</u>

During the year £1,970k was recognised as an expense in the statement of comprehensive income in respect of operating leases (2025: £1,623k).

Association	2026 £'000	2025 £'000
Less than one year	2,369	297
Between one and five years	10,102	112
More than five years	2,097	-
	<u>14,568</u>	<u>409</u>

During the year £1,950k was recognised as an expense in the statement of comprehensive income in respect of operating leases (2025: £1,605k).

30. Related parties

Identity of related parties with which the Association has transacted

The Board as at 31 March 2026 includes one Member who is an elected member of the Sunderland City Council ('Local Authority' (LA)). The Association and Group undertake transactions with the LA on an arm's length basis in the normal course of business.

Transactions with the LA during the year were:	2026 £'000	2025 £'000
Sales to the LA	672	372
Purchases from the LA	1,923	662

	Receivables outstanding 2026 £'000	Creditors and accruals outstanding 2026 £'000	Receivables outstanding 2025 £'000	Creditors and accruals outstanding 2025 £'000
Local Authority	<u>81</u>	<u>23</u>	<u>103</u>	<u>144</u>

The Board also includes one Member (2025: one) who is a tenant of the Association. The rent and service charges for the year in respect of these tenancy totalled £5,923 (2025: £5,694). Additionally, in 2025 one Executive Team Member rented a garage from the Group. The rent for the year totalled £128. The terms of the tenancy arrangements held by these individuals are consistent with those offered to other tenants of the Association and at the end of the year no amount was due to the Association in respect of these tenancies.

31. Accounting estimates and judgements

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Estimates uncertainty

Defined benefit pension

Other judgement areas particularly in respect of financial and actuarial assumptions are based on best estimates derived from the Group's policies and practices which have been applied consistently across all pension schemes operated by the Group where appropriate, and confirmed with actuaries where these are beyond management expertise, e.g. mortality tables have been chosen based on published research by the Continuous Mortality Investigation Bureau of the Institute of Actuaries and Faculty of Actuaries. Variation in these assumptions may significantly impact the defined benefit surplus amount and the annual defined benefit expenses (as analysed in note 25). The total defined benefit pension asset at 31 March 2026 was £239.6m and £24.8m has been recognised on balance sheet. See recognition of the defined benefit asset judgment below for further details.

Notes to the financial statements (continued)

for the year ended 31 March 2026

31. Accounting estimates and judgements (continued)

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices. Fair value measurements were applied to investment properties and HPP arrangements in the year. Refer to notes 13, 17 and 34 for more details.

Property components and lives

Management review annually the assigned lives of assets and individual components. These decisions are made based on historic knowledge of the Group's assets and benchmarking against similar organisations. The depreciation charge is driven by asset and component lives. See notes 1.9, 11 and 12 for more details.

Valuation of work in progress and land held for development

Stock is carried at the lower of cost and net realisable value. Net realisable value represents the estimated selling price (in the ordinary course of business) less all estimated costs of completion and overheads. Valuations of site/phase work in progress are carried out at regular intervals and estimates of the cost to complete a site/phase and estimates of anticipated revenues are required to enable a development profit to be determined. Management is required to employ considerable judgement in estimating the profitability of a site/phase and in assessing any impairment provisions which may be required. For both financial years, a full review of stock and land held for development has been performed using a 8.75% discount rate, with an impairment being considered necessary for the year ended 31 March 2026. Estimated selling prices and costs have been reviewed on a site by site/phase by phase basis and have been amended based on local management and the Board's assessment of current market conditions. For the year ended 31 March 2026 an impairment charge of £1.6m (2025: £nil) has resulted from the review. An increase in sales volume of properties, selling the same volume 6 months earlier than expected would increase cashflow, reducing required impairment charge to £nil. See note 18 for more details.

Gross profit recognition

Gross profit for completed house sales is recognised based on the latest whole site/phase gross margin which is an output of the site/phase valuation. These valuations, which are updated at frequent intervals throughout the life of the site/phase, use actual and forecast selling prices, land costs and construction costs and are sensitive to future movements in both the estimated cost to complete and expected selling prices. Forecast selling prices are inherently uncertain due to changes in market conditions. If gross profit margin should have been lower by 5%, it would have led to an increased cost of sale of £0.6m.

Judgements

Property classifications

The categorisation of property assets as investment properties or fixed assets is a matter of judgement and is based on the intended use of the property. Where the property is used for social benefit, it is categorised as a fixed asset. Only property which is intended to be used for commercial return or capital appreciation is categorised as an investment property. See note 13 for further details.

31. Accounting estimates and judgements (continued)

Judgements (continued)

Impairment assessment – Fixed assets

Indicators of impairment are considered annually and where an indicator exists, an impairment assessment is performed. This assessment applies management judgement in whether the indicator of impairment is applicable, and the key indicator of impairment has been identified. For the year ended 31 March 2026 an impairment charge of £nil (2025: £6.6m) resulted from this review. See notes 10-11 for further details.

Impairment assessment – Intercompany loan

At the end of each reporting period, the Group assesses whether there is objective evidence of impairment of any financial assets that are measured at cost or amortised cost. The impairment provision on the loan from Gentoo Group to Gentoo Homes is estimated based on the net present value of estimated future cash flows. Key assumptions include a discount rate of 5.5%. An increase in forecasted costs, timing of sales and additional interest costs in the estimated future cash flows has led to a recognition of impairment of £6m.

Recognition of the defined benefit surplus

The net defined benefit pension asset is £239.6m (2025: £216m). £24.8m of the £239.6m asset is recognised to comply with FRS 102 paragraph 28 on the basis that it can be recovered through reduced contributions in the future. This has not been recognised on balance sheet in previous years due to the asset recognition criteria not being met. See note 25 for further details.

Classification of loan hedging product as basic financial instrument

During the year, the Group has entered into new International Swaps and Derivatives Association (ISDA) loan agreements which include hedging arrangements. As the loans and hedging agreements are so closely linked, they are considered as one single basic financial instrument. As a basic financial instrument, no fair value adjustments are required in the financial statements.

32. Share capital – Group and Association

	2026 £	2025 £
Ordinary shares at £1 each at 1 April	10	11
Issued during the year	4	3
Surrendered during the year	(3)	(4)
At 31 March	11	10

The share capital is represented by 1 share held by each Member of the Association. Shareholders have a right to attend and vote at general meetings. Shareholders have no rights to a distribution on a winding up and have no rights to dividends.

Notes to the financial statements (continued)

for the year ended 31 March 2026

33. Analysis of changes in net debt - Group

	At 1 April 2025	Cashflows	Other non-cash movements	At 31 March 2026
	£'000	£'000	£'000	£'000
Cash at bank and in hand	22,293	(2,473)	-	19,820
Bank loans due within one year	(6,245)	6,550	(6,897)	(6,592)
Bank loans due in greater than one year	(538,129)	(14,807)	6,802	(546,134)
	(522,081)	(10,730)	(95)	(532,906)

Refer to note 22 for further information on movements on bank and other loans.

34. Financial Instruments – non basic

	2026 £	2025 £
Financial assets measured at fair value through consolidated statement of comprehensive income	<u>1,122</u>	<u>1,094</u>

The above non-basic financial instruments relate to the HPP arrangements of Gentoo Genie, one of the Group's subsidiaries. Details of the relevant accounting policies and treatment are included in notes 1.6 and 17.

The key risk associated with the above would be considered to be recovery of the amounts due. This is mitigated by the following:

- The customer contract fixes the settlement balance as being no lower than the original property sales price therefore providing protection against downwards HPI.
- The risk of customer default is reduced through a Board approved arrears policy and the legal contract in place which allows the Company to seek possession should the customer default.

35. Housing stock – Group and Association

	Group and Association at 2025	Units developed or acquired	Units sold or demolished	Other movements	Group and Association at 2026
Social housing: owned and managed					
General needs social rent	26,341	93	(163)	3	26,274
Intermediate rent	31	24	-	-	55
Affordable rent	1,767	193	(10)	-	1,950
Shared ownership	182	25	(5)	-	202
Houses for older people	202	-	-	4	206
Houses for older people – affordable rent	31	-	-	(4)	27
Total social housing: owned and managed	28,554	335	(178)	3	28,714
Social housing: managed not owned					
Supported housing	12	-	-	-	12
Leasehold schemes – freehold retained	699	4	-	-	703
Total social housing: managed not owned	711	4	-	-	715
Social housing: owned not managed					
General housing social rent	20	-	-	5	25
Supported housing	141	-	-	(8)	133
Supported housing – affordable rent	2	-	-	-	2
Total social housing: owned not managed	163	-	-	(3)	160
Total social housing stock	29,428	339	(178)	-	29,589
Non-social housing: owned and managed					
Rented owned	-	5	-	62	67
Non-social housing: owned not managed					
Rented owned	62	-	-	(62)	-
Non-social housing: managed not owned					
Leasehold schemes – freehold retained	23	-	-	-	23
Non-social housing: not managed not owned					
Leasehold schemes – freehold retained	194	-	-	-	194
Total non-social housing stock	279	5	-	-	284
Total housing stock	29,707	344	(178)	-	29,873

We aim to be open and accountable and publish our performance on our website so our customers can understand how we are performing and hold us to account. For more information visit

www.gentoogroup.com/performance

If you have any questions relating to anything in the report, please email

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