

Annual Report & Financial Statements

2025-26





Contents

Annual Report and Financial Statements 2025-2026

1. Highlights

Chair's welcome	6
Statement from the Chief Executive	8
2025-26 in numbers	10
About B3Living	12

2. Strategic review

Strategic overview	18
Excellent customer experiences	22
Pride in safe homes and communities	28
Building locally	32
Cutting carbon	36
A great, inclusive place to work	38
Responsible business foundations	40
Risks and uncertainties	44

3. ESG

Environment, social, and corporate governance	48
Environment	49
Social	50
Corporate governance	52

4. Financial review

Five-year analytical review	56
Treasury review	62
Value for money	66

5. Governance and controls

Responsibilities of the Board	88
Internal controls	89
Governance and viability compliance	92

6. Independent auditors' report

Independent auditors' report	96
------------------------------	----

7. Financial statements

Statement of comprehensive income	104
Statement of financial position	105
Statement of changes in equity	106
Consolidated statement of cash flows	107
Legal status, accounting policies, and notes to the Financial Statements	108
Board members, executive directors, fundholders, advisors and auditors	143

1



Highlights

Chair's welcome	6
Statement from the Chief Executive	8
2025-26 in numbers	10
About B3Living	12

Introduction

from our Chair

Andy Walder

Chair of the Board,
B3Living



I am pleased to report that 2025-26 has been defined by significant milestones for B3Living. Our organisation was founded in 2006 to improve housing for local people, and 20 years later, our purpose remains the same: to make a sustainable, positive difference to housing provision for local people. As we marked B3Living's 20th anniversary, we celebrated our teams' efforts to deliver genuinely affordable homes, putting customers first and working in partnership to create better outcomes for our communities.

During the year, we received top tier regulatory gradings of G1, V1 and C1, welcomed our 6,000th home into management, and, on a more personal note which I share with excitement and privilege, I became Chair in October 2025.

As part of its routine inspection programme, the Regulator of Social Housing assessed B3Living against the Governance, Financial Viability and Consumer standards. We were delighted to be one of only a small number of housing associations nationally to receive the highest possible ratings across all three areas. These judgements go to the very heart of what we do and reflect the strength of our culture, controls and customer focus. My thanks, and those of the Board and our customers, go to every colleague and partner who contributed to this outcome. While we rightly take pride in this achievement, we remain clear eyed that there is always more to do and more to improve as we approach the final year of our Better Futures 2024-27 strategy.

Our Tenant Satisfaction Measure performance remains a particular strength. Overall customer satisfaction for the year was 83%, around 10% above the sector median. A detailed analysis of our results confirmed that no customer group, location or property type is systematically underserved by B3Living. Importantly, it showed a strong correlation between the quality of a customer's home and their overall satisfaction. This reinforces our long-held belief that investing consistently at upper quartile levels in our homes is the right approach, not only for customer wellbeing but also in tackling the stigma that can still surround social housing.

A further priority during the year was embedding the requirements arising from Awaab's Law, now in its first full year of implementation. Our approach to damp and mould has been strengthened through faster response times, improved case categorisation and enhanced follow-on checks. Beyond compliance, our focus has been on embedding the culture the legislation is intended to promote, i.e. one where concerns are addressed promptly, consistently and with clear regard for our customers' health and wellbeing. Improvements to case tracking and communication are already delivering benefits, supported by a more proactive approach that includes installing additional extractor fans in higher-risk blocks.

We reaffirmed our commitment to a stretch target of achieving EPC C+ across all homes by the end of 2028. Around 400 homes currently sit at EPC D or below and addressing this will require a combination of grant funded and B3Living funded investment. We believe this commitment is the right one. Energy costs remain high, and it is not fair that some customers should face disproportionately high bills simply because their home is inefficient. Delivering this programme will make a tangible difference to household finances while also supporting our wider environmental objectives.

From a customer voice side, we saw the first full year of our Customer Advisory Panel, which provides challenge, scrutiny and insight directly into Board and executive decision-making. Alongside this, we continued to hold regular consultation events, including on the annual rent increase and the approval of our Asset Management Strategy. These conversations influence not only the decisions we take but also how we explain them. Customer influence will play an even greater role in shaping our next corporate strategy, due for launch in April 2027.

Growth across our core geography continued despite a challenging sector context. We completed the acquisition of 335 homes from Notting Hill Genesis, reflecting their strategic focus on London and our ambition to strengthen our presence in neighbouring authorities. This took B3Living beyond 6,000 homes under management. In parallel, our commitment to delivering 400 new homes under the Better Futures strategy underscores

Our Tenant Satisfaction Measures performance remains a particular strength. Overall customer satisfaction for the year was 83%, around 10% above the sector median.*

our determination to address the local housing crisis at a time when many organisations are stepping back from development.

These financial statements highlight a robust performance underpinned by our Financial Golden Rules. We remain clear that weakening operating margins, interest cover or surpluses would limit our ability to invest in both existing and new homes. This discipline has helped us navigate recent economic challenges and was recognised through the affirmation of our A3 credit rating by Moody's.

Looking ahead, government devolution proposals are likely to lead to local government reorganisation in Hertfordshire, potentially reshaping our relationship with Broxbourne Borough Council. While this brings uncertainty, it also offers opportunities to build new partnerships and influence housing policy across a wider geography.

Finally, I wish to thank David Biggs and Trudi Kleanthous, who stepped down as Chair and Chair of the Remuneration and People Committee during the year. Their leadership has left B3Living in a strong position, with the capacity and confidence to continue making a meaningful difference to our communities and customers, who remain at the heart of everything we do.

Andy Walder, Chair of the Board

Chief Executive's *statement*

Looking back on 2025-26, I am proud to reflect on another very strong year for B3Living. From high levels of customer satisfaction, through to the largest annual increase in the number of homes we manage, we have continued to deliver for our customers while maintaining a strong financial and governance base.

Our operational performance remains at the heart of this success. Providing a reliable, high-quality repairs service continued to be a key priority, with customers once again rating the service highly, achieving satisfaction of 83%. Following extensive consultation, we have set out clear plans to improve the service further over the coming years, supported by our new asset management strategy and the development of our inhouse repairs service. We also know how important the immediate environment is to our customers, and we have therefore strengthened our approach to tackling antisocial behaviour and improving communal areas. This has delivered strong satisfaction scores of 68.4% and 71.5% respectively, well above sector averages of 38% and 48%.

Despite ongoing cost of living pressures, rent arrears remained well controlled and ended the year around 1%. This reflects the commitment of our rent collection team and their 'collecting with care' approach, as well as our customers' confidence that the rents we charge continue to offer genuine value for money (81.5%).

We also made significant progress in strengthening our understanding of our homes by completing another major programme of stock condition surveys, giving us the most reliable and comprehensive data set we have ever held. This has provided much greater clarity on long-term investment priorities, future energy efficiency requirements, and how we respond to new and evolving legislation. Our longstanding commitment to investing in our homes at sector leading levels means we are well placed to move forward with confidence as the new Decent Homes Standard and enhanced minimum energy efficiency standards are introduced. |



“

During the year we completed another major programme of stock condition surveys, giving us the most reliable and comprehensive data set we have ever held.

Steve Woodcock
Chief Executive,
B3Living

That commitment was reflected in our continued investment in existing homes during 2025-26. We invested £10m in maintaining our properties, including delivering our sector leading void standard within 160 homes, and a further £9m in improving the quality, safety and energy efficiency of our homes. This included delivering 133 new kitchens, 142 new bathrooms, 97 new roofs and 236 new boilers, alongside progressing our fire door replacement programme and Wave 3 decarbonisation works. Our customer insight is clear about the strong link between satisfaction and the quality of our homes, reinforcing the importance of this sustained investment.

Building safety remained a major focus throughout the year with progress on assessments, designs and delivery on buildings affected by external wall system requirements and completing our penultimate year of fire door replacements. Our planned improvement works programme for the Holdbrook Estate will move into delivery in 2026-27, representing a significant investment in building safety, fabric improvements and the long-term resilience one of our highest density neighbourhoods.

While good data is essential, we continue to place an even greater emphasis on people and the difference they make. A good example of this was our “Big Building Check”, where our teams visited all our blocks, identifying maintenance issues and listening directly to customers on site. As a result, we redirected an additional £350k into external maintenance, delivering tangible improvements to the fabric of a number of buildings.

This year also saw us move into our new office, creating a modern and flexible workspace that better reflects how we work and supports closer collaboration across teams. It has already made a real difference, helping colleagues feel proud of where they work and supporting more joined up service delivery. Alongside this, we continued to invest in developing our people, with colleagues completing professional training to ensure they are well prepared as the Sector's Competence and Conduct Standard becomes mandatory from October 2026. By investing in both our working environment and our people, we are strengthening our ability to attract and retain high-quality colleagues. Ultimately, it is our people who drive our performance for customers.

Embedding and maintaining a customer first approach remains a priority for our business. During the year, we refreshed and strengthened our customer ethos through the rollout of the Mary Gober customer service programme, helping teams adopt a more proactive and positive style of communication. This is already enhancing the way we work with customers, partners and each other, and continues to support our development as an organisation.

Over the past year, we have built on our achievements and sharpened our focus on delivering better outcomes for our customers and communities. We're committed to taking this even further throughout 2026-27 and beyond.

Steve Woodcock, Chief Executive, B3Living

2025-26: our year in numbers

Maintaining a healthy financial position and a robust governance structure places us in a strong position to invest, grow and make a positive impact on affordable housing and the communities we serve.

Key financials

£10.3m
Surplus

(£11.1m 2024-25)

C1 G1 V1

Regulator ratings

(G1 V1 2024-25)

163%
Interest coverage

(176% 2024-25)

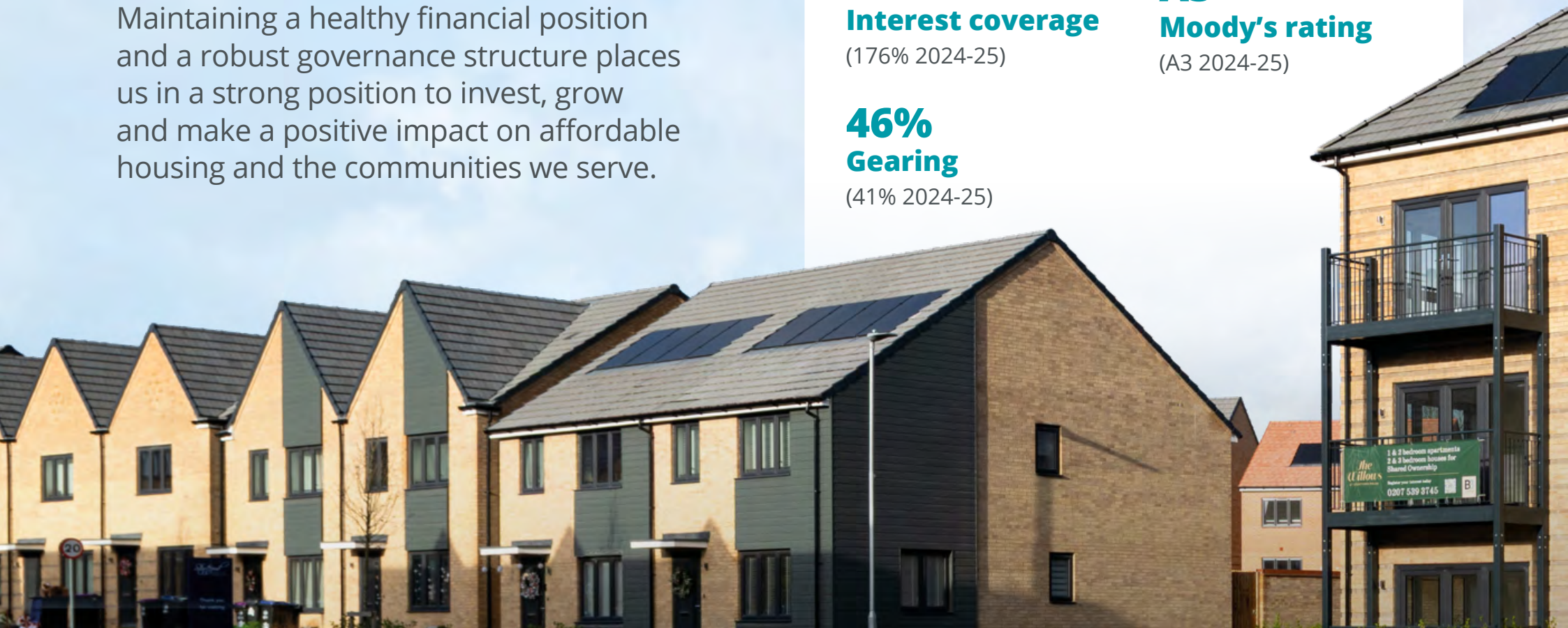
A3

Moody's rating

(A3 2024-25)

46%
Gearing

(41% 2024-25)



Operational performance

83%

Customer satisfaction

(85% 2024-25)

6,096

Total homes

(owned and managed)

(5,704 2024-25)

1.39%

Total current tenant arrears

(1.32% 2024-25)

84%

Customers feel treated with fairness and respect

(87% 2024-25)

Property performance

8.1%

Reinvestment

(6.2% 2024-25)

402 (7.0%)

New homes growth

(315 (5.7%) 2024-25)

81%

Customers satisfied with quality of home

(83% 2024-25)

100%

Gas and electrical safety compliance

(100% 2024-25)

Value for money highlights

£5,984

Social housing cost per unit

(£6,138 2024-25)

45.9%

Operating margin

(social letting)

(47.1% 2024-25)

4.4%

Return on capital employed

(4.9% 2024-25)

81%

Customers who think their rent is value for money

(80% 2024-25)

About us

**B3Living
stands
for...**

1. Better homes



2. Better communities



3. Better business



Who we are

We are a not-for-profit housing association operating in some of the least affordable places to live in the country. In Hertfordshire, average house prices are more than ten times the average salary, meaning affordable housing is in short supply and many local families are priced out of the communities they grew up in.

As one of the few social landlords in the area, our mission is to make a positive, sustainable change to housing provision for our customers and communities. We know that meaningful change is about more than building houses. Ultimately, we exist to deliver better homes, communities and business across Hertfordshire and surrounding areas.





OUR VALUES

Open

Communicating and listening inclusively

Always honest

Adaptable

Continuously changing to improve the way we work

Deliver a personalised and inclusive service

One team

Working together to achieve our goals

Take ownership of every contact

Innovative

Proactively challenging to maximise opportunities

Find better ways to do things

Commercial

Creating value and understanding costs

Actively listen

OUR CUSTOMER ETHOS

Where we work

Though we are local to the Borough of Broxbourne, we have grown steadily in recent years and expanded into neighbouring areas. We now operate across the south-east Hertfordshire–Essex border, including East Herts, Epping Forest, Harlow, Uttlesford, and Welwyn and Hatfield.

All our homes are within a short distance which helps us stay closely connected to our communities. Our relatively tight geography, compared with other housing associations, means our customers and local partners know who we are and where to find us.



What we do

There is a significant demand for affordable housing across the areas where we operate, and our role is to help address this wherever possible. We rent, sell and manage affordable homes for local people, offering housing options that meet different needs and life stages whether that is renting, getting on the property ladder for the first time, or continuing to live independently later in life.

Our work goes beyond providing homes. We maintain our properties so that they remain safe, secure, energy efficient, and comfortable over the long term. We also work in partnership with community organisations to offer additional services, support and access to opportunities that help people build better lives. In essence, we help local people find a home they can afford and a community in which they can thrive.

**Building
new homes**

**Housing support and
customer services**

**Repairs and
maintenance**

**Independent
living**

**Leasehold
management**

**Tenancy
sustainment**

**Estate
management**



2





Strategic review

Strategic overview	18
Excellent customer experiences	22
Pride in safe homes and communities	28
Building locally	32
Cutting carbon	36
A great, inclusive place to work	38
Responsible business foundations	40
Risks and uncertainties	42

Strategic overview

We continue to operate in a challenging and uncertain environment, shaped by geopolitical instability, political change and sustained economic pressure. For another year, we've seen elevated energy prices, higher interest rates and ongoing cost inflation continue to affect affordability and increase delivery risk across the housing sector.

Across the sector, these pressures, coupled with regulatory expectations and rising customer needs, have reduced flexibility and required Boards to make difficult strategic choices. This was particularly prevalent in balancing investment in existing homes with the provision of much needed new affordable homes.

At B3Living, our response to these ongoing issues has been clear and deliberate. We have prioritised sustained investment in our existing homes and the maintenance of strong financial resilience, recognising that this is fundamental to customer safety, service quality and long term viability. This approach limits our appetite for other forms of investment, including commercial activity and the pace of new development, where these would compromise financial strength or detract from core services.



Maintaining financial resilience enables us to continue investing through periods of relative stability and to protect the organisation and our customers during economic and political headwinds.



Maintaining financial resilience enables us to continue investing through periods of relative stability and to protect the organisation and our customers during economic and political headwinds. It also supports disciplined decision making, ensuring that resources are allocated in a way that delivers long term value for money and remains consistent with our risk appetite.

Our approach to date has delivered strong performance across a range of key indicators. This includes sector leading Tenant Satisfaction Measure results, sustained growth in housing numbers, and consistent delivery of new affordable homes at upper quartile levels. Alongside this, we have maintained robust financial performance, particularly in operating margins, surpluses, and interest cover.

Despite continuing challenges, we remain focused on delivering our strategy in a controlled and responsible manner. By placing customers at the heart of our decisions and maintaining strong governance and financial foundations, we are well positioned to remain resilient and sustainable over the long term.

Our strategy

As we progressed through the second year of our Better Futures 2024–27 strategy, our focus has firmly shifted from setting direction to demonstrating delivery.

We are pleased to report strong performance against our strategy, evidenced through sector upper-quartile TSM results, resilient financial metrics, continued progress within our development programme, and sustained investment in the quality, safety and energy efficiency of the homes we provide for our communities.

Our strategic targets are ambitious by design, deliberately stretching our resources to maximise the positive impact we deliver for customers and communities, while maintaining financial resilience. They provide a clear framework against which we assess progress, performance and outcomes. The past year has demonstrated how a robust operating base, clear priorities and sustained investment can translate into tangible and meaningful results at a local level.



The following section sets out the progress achieved to date under each strategic theme and the momentum being built as we move through the remainder of the strategy period.

Excellent customer experiences



Overall customer satisfaction: 84%
 Customer satisfaction with repairs: 84%
 Customer satisfaction that we listen to views and act on them: 73%
 Customer award accreditation: successful

Build locally



Number of homes started on site: 400
 Customer satisfaction with their new home: 92

A great, inclusive place to work



Colleague engagement score: 8.3

Better futures goals 2024-27

Pride in safe homes and communities



Customer satisfaction that their home is well maintained: 81%
 Customer satisfaction that their home is safe and secure: 86%
 Customer satisfaction that B3Living makes a positive contribution to neighbourhoods: 77%

Cutting carbon



% of homes which are less than EPC C: 0%
 Our externally assessed SHIFT status (or equivalent): Gold
 Our SAP rating for our homes: 80

Responsible Business Foundations



Maintain our Regulatory Ratings: G1 / V1
 Achieve a C1 Regulatory Rating
 Ensure the business stays within it's financial golden rules (FGRs): All FGRs met
 Stakeholder engagement survey: Positive feedback received

Excellent customer experiences



As a customer-led business, delivering excellent customer experiences underpins our strategy and performance. Customer satisfaction is central to how we measure success, inform our decision-making and prioritise investment across the business.

For another consecutive year, we have continued to perform strongly against the sector, with average customer satisfaction remaining in the upper quartile while sector scores average 72%. Our Tenant Satisfaction Measures (TSMs) for 2025-26 demonstrated consistently high levels of trust from our customers and a high-quality service:

Though we take pride in these figures, we also take practical actions to continue to deliver better experiences. In 2025-26, we undertook a detailed analysis of results and presented findings to the Board. This included customer segmentation by demographics, tenure type and location. The analysis showed that customers who had previously made a complaint or had multiple repairs in their property were more likely to report dissatisfaction.

The analysis also highlighted a strong correlation between the quality of customers' homes and their overall satisfaction. With this deeper insight, we were able to turn feedback from the TSMs into targeted service improvements, including reviewing stock condition data and issuing follow-up surveys where a customer reported dissatisfaction with the quality of their home. This insight helps us prioritise investment in home quality and demonstrates how customer feedback directly informs our value for money approach.



For another consecutive year, we have continued to perform strongly against the sector with average customer satisfaction remaining in the upper quartile while sector scores average at 72%.

Our Tenant Satisfaction Measures (TSMs)

Overall satisfaction	83%
Customers agree B3Living treats them fairly and with respect	84%
Satisfaction with time taken to complete the most recent repair	84%
Satisfaction with how well we keep customers informed	82%



CASE STUDY

BIG BUILDING CHECK





Big Building Check

The Big Building Check brought together B3Living colleagues, customers and even a local councillor to check the condition of our estates.

Our teams worked in pairs to inspect the standard of cleaning of our buildings, grounds maintenance, communal repairs needed, fire safety and more.

We found that most blocks were well-kept and had no major concerns. Thanks to the visits, we were able to identify the buildings that require specific repairs and would benefit from improvement works. It was an opportunity to spend some time in our community and get in-person feedback about our service from our customers.

A review of our TSM performance showed that one of our weaker areas relates to satisfaction with our communal areas, where we achieved 70.4% in 2024-25. During 2024-25 and 2025-26, we substantially increased investment in this area and set a record budget, almost double, for 2026-27. This sustained focus on improving our communal spaces has helped increase satisfaction to 73.2% in 2025-26.

Following this project, we will continue to organise follow-up inspections and prioritise specific blocks for inclusion in decorating programmes.

2

days

50

people

313

blocks checked



Complaints and learning from feedback

Over the last few years, we have seen a steady rise in complaint volumes indicating a sustained trend consistent with sector figures. During 2025-26, we received 537 complaints, an increase of 12.3% compared to the previous year. Despite this increase, our overall customer satisfaction has remained stable at 83%.

For customers, repairs is one of our most visible functions where accountability and consistency matter the most. So naturally, a large proportion of complaints were raised in relation to the quality of, and communication around, repairs. In response to this, our newly founded Customer Advisory Panel (CAP) focused its scrutiny work throughout the year on repairs services. Panel members interviewed senior managers, met with operational teams and held a formal recommendations meeting. The review concluded with 16 recommendations, covering fault diagnosis, communication, contract management and support for vulnerable customers. Through those learnings, we've noted an improvement with overall satisfaction with our repairs service sitting at 83% by the end of the year.

Alongside this, the complaints team delivered refresher training to staff on identifying complaints versus service requests, and how to ensure customer concerns are recognised and handled appropriately. A standardised script is also being developed with the Customer Support Team to improve consistency and accuracy at first point of contact.

We understand that our customers are most satisfied when they feel listened to, so customer influence remains a core component of our governance framework. Throughout the year, 110 individual customers proactively engaged with us through online consultations, focus groups and roundtable discussions. We aim to further this engagement and, in the following year, will prioritise customer involvement in the procurement of gas servicing and maintenance, high-rise resident engagement, services for older tenants and more. Through this, we will strengthen accountability and work towards providing the best possible service for our customers.



50

customer influence opportunities





Resolution Leads

A key complaint theme during the year related to parking management, with 14 complaints received in a single month concerning incorrect Parking Charge Notices issued in one block. Our Resolution Leads worked closely with the parking provider to understand and resolve the issue which resulted in the introduction of a new system, implemented at no cost to B3Living, to improve accuracy and management of future parking notices. Learnings from this case will be considered by the Customer Advisory Panel to strengthen future communication and contract management arrangements.



Pride in safe homes and communities



As a local landlord, we take pride in maintaining our existing homes to a high standard and providing a responsive service. Being on the doorstep of our communities gives us better local knowledge, connections to partners services, and more effective management of neighbourhood issues.

Having a visible presence is important to us and our customers as it allows us to improve communication and build better relationships. For this reason, all homes we've acquired through stock transfers, including the most recent 335 in 2025-26, are within a short drive from us, enabling us to grow while still delivering a personalised service to our new customers. This approach is reflected in customer feedback, with 83% of our residents agreeing that their neighbourhood is a great place to live, demonstrating the positive impact we're able to make for local people by being nearby.

Customer safety remains a core priority, and during the year we significantly increased investment with around £500k to address damp and mould. Recognising both the health risks and the regulatory focus arising from Awaab's Law, we adopted a proactive, prevention-led approach. On top of the original budget, we invested an extra £150k in ventilation improvements to address root causes rather than symptoms alone. This was followed by a new asset profiling approach to identify homes most likely to develop damp and mould and prioritise investment where it's most needed.





During the year we significantly increased investment with around £500k allocated to address damp and mould.

Alongside targeted investment in building safety, we continue to deliver major works programmes at levels above sector averages. During the year, we invested over £10.5m to improve the overall quality, safety and energy efficiency of the homes we provide for our customers and communities. Over the past three years, we have surveyed 92% of our stock, which has helped to shape and prioritise our investment plans. In 2025-26, our total investment in our homes equated to around £2,030 per home, placing us in the top 15% of the sector for investment in existing homes.

We want our customers to feel comfortable and supported in the long-term. Extensive investment in our homes will allow them to remain safe, decent and fit for the future while supporting compliance with building safety requirements. We're pleased that our operating model has made a difference to our customers' lives with 83% believing that we provide a well-maintained home and 84% that we provide a safe home.

Another priority area for our teams was to continue the cladding and fire safety remediation works utilising the Cladding Safety Scheme funding. Throughout the year, we carried out a project to communicate with all affected properties within the 5 blocks on our Holdbrook estate and put in place appropriate interim mitigation measures. With this approach, we find ourselves in a solid position to progress the works as quickly as possible to minimise disruption for our residents.

CASE STUDY

DEALING WITH DAMP AND MOULD



All the B3Living staff have been amazing but John has gone above and beyond. I'd love to show him around my home once I'm done decorating it!"

Dealing with damp and mould at home

Louise, a B3Living customer, recently experienced a severe case of damp and mould in her home. After an inspection visit, our damp and mould surveyor, John, determined that her home would need urgent treatment.

To keep Louise and her family safe, the best option was for them to stay at a local hotel arranged by B3Living during this time.

While the Dwelling Doctors worked on getting rid of mould and condensation, they found that around half of the family's belongings had been affected by the mould and would be too unsafe to keep.

John knew this would be quite a difficult situation for Louise and that it could be potentially distressing for one of her children who has autism and ADHD. To help, he worked closely with them to identify what could be disposed of and keep their most valued items safe.

Over the two weeks, John arranged for Maxine from the TV series Clean It Fix It to help transform Louise's home. Although a short time, he was able to organise a complete kitchen makeover with a new washing machine, a cooker and a fridge, as well as a partial bathroom refurbishment.

Other B3Living colleagues and social services also helped to provide new pillows, duvets, bed sheets and other essentials for Louise's children.





The demand for high quality, affordable housing across B3Living's areas of operation remains exceptionally high.

Building locally



The demand for high quality, affordable housing across B3Living's areas of operation remains exceptionally high. Waiting lists for family homes, particularly in Broxbourne, are among the highest in the country outside London, reinforcing the acute need for new affordable housing.

At a time when economic pressures and financial constraints have led many housing associations to scale back development activity, the reduction in new supply risks further exacerbating housing challenges within local communities.

Against this backdrop, B3Living has maintained a clear and disciplined commitment to deliver 400 new affordable homes to be started on site within the current strategy period. This programme has been shaped deliberately to balance ambition with financial resilience, with delivery focused primarily on lower risk routes, including Section 106 acquisitions and smaller land led schemes, and avoiding higher risk development models.

Progress against this ambition remains strong: 288 of the 400 homes have started on site, and the Board has approved a further 82 homes to start on site in early 2027-28, reinforcing confidence in our organisation's long term growth plans.

Our Group Board is mindful of the wider geopolitical environment, which continues to contribute to economic uncertainty, volatility in global energy markets, pressure on construction costs and the financial stability of development partners. These factors have the potential to influence housing market conditions, developer appetite and the availability and pace of new schemes. Throughout the year, the Board kept this environment under close review and will continue to assess development activity against prevailing market conditions, ensuring that decisions remain aligned to B3Living's risk appetite, financial capacity and long term resilience.

Alongside development activity, the Board has taken targeted opportunities to strengthen and grow the existing stock base through acquisition, completing the purchase of approximately 585 homes from two other housing associations since the beginning of our current strategy. These acquisitions complement, rather than replace, new build delivery and reflect a balanced approach to growth, enabling our organisation to respond to immediate housing need while preserving financial capacity and maintaining alignment with its treasury and investment frameworks.

Over the past 20 years, B3Living's housing stock has grown by more than 2,500 homes, representing an increase of around 70%, and during the year we reached a significant milestone with the delivery of our 6,000th home. Aside from building new homes, recent growth has been supported by a combination of development, two stock acquisitions and a housing management agreement over the past two years, collectively adding around 650 homes to B3Living's portfolio.

Expanding our reach has been a key element of our 2025-26 with a number of schemes successfully handing over across our areas of operation:

Development momentum continued with planning secured for the Oak Hill Road scheme in Epping Forest and contracts exchanged on the largest scheme within the current strategy period, delivering 67 new homes at Thaxted Road, Uttlesford. All new homes are being designed and delivered to high environmental and space standards, supporting long term asset quality and energy efficiency. Working closely with local authorities to deliver affordable homes aligned to local housing need remains central to B3Living's approach and will help us ensure that new developments contribute positively to existing and future communities.

So far, in the Better Futures 2024-27 strategy, our achievements are:

89

new homes completed

288

homes started on site



6000th

home delivered

585

homes purchased from other housing associations

Expanding our reach has been a key element of our 2025-26 with a number of schemes successfully handing over across our areas of operation:



6

new homes at Barrow Lane, Broxbourne



25

new houses and apartments at Bishop's Stortford



24

new homes at Mark Davies Court, Broxbourne



11

new family houses at Jasmine Place, Epping Forest

CASE STUDY

MORLAND PLACE





Morland Place

Formerly, the White House

A few years ago, the White House building on Cheshunt High Street was demolished. Since then, we've worked closely with Broxbourne Council to transform the brownfield site into safe, high-quality homes.

Through funding from the local authority and Homes England, we're building 36 new homes which will be let at social and affordable rent.

Following a consultation with neighbours in 2022, the site was adapted to better accommodate mobility needs and improve privacy.

All new homes are wheelchair adaptable, and one is fully wheelchair accessible. Considering the scarcity of accessible housing in the borough, this scheme will help to give new residents a home that better suits their needs.

The scheme also offers spacious, energy-efficient apartments with private outdoor space and sustainable features like solar panels and heat pumps.



**Completing
in summer
2027**

36

new homes

16

1- bedroom flats

20

2- bedroom flats

101

new residents

Cutting carbon



As the climate crisis deepens, future-proofing our homes becomes more and more important for our business. Prioritising sustainability helps to ensure the longevity of our stock but also improve energy efficiency which in turn, reduces energy bills for our customers.

A central focus of our work to cut carbon is to bring all our homes to a minimum EPC rating of C by 2028. All our new builds are designed with sustainability features such as solar panels and efficient boilers, in many cases, heat pumps, that place them at EPC B. For the majority of our stock, we use data collected from GIS mapping, customer feedback from our annual rent consultation which highlighted themes around energy concerns as well as our stock condition survey which covered 92% of homes and reported few backlog repairs.

Our sustainability efforts have been supported by Wave 3 of the government's Warm Homes Fund received earlier in the year. The £1.2m grant will support improving the energy efficiency of 136 homes, mostly flats, over a three-year period in addition to £2m allocated to decarbonisation measures in our business plan. Delivery is already underway with 51 properties to be brought to EPC C by June 2026.

To support delivery of our ambitious target for 100% of homes to achieve EPC C+ by the end of 2028, the Board approved a £1.5m programme funded without grant. This programme is designed to accelerate progress by prioritising homes that require a single intervention to reach EPC C.



100%
of homes to
achieve EPC C+
by the end of
2028



We're confident that our target investment, backed by high quality data will help to fast-track our journey to net zero.



The Decarbonisation Team is working in partnership with the Data Team to develop an EPC Power BI dashboard, providing the Board and stakeholders with clear oversight of how each home currently rated EPC D (or below) will be brought up to target within the required timeframe.

Alongside delivery, we have been actively assessing our position against the revised EPC assessment and emerging Minimum Energy Efficiency Standards (MEES). This will ensure that our investment plans remain robust, compliant and future-proofed against evolving regulatory and environmental requirements.

More widely, sustainability is embedded in our business decisions to help maintain momentum. Our latest stock transfer supported our cutting carbon ambitions, with 89% of homes joining us already rated EPC C or higher. We expect that, once assessed, many of the remaining 11% will also achieve EPC C (or above).

We're confident that our target investment backed by high quality data will help to fast-track our journey to net zero carbon and, consequently, improve the sustainability and affordability of our homes for our customers.





A great, inclusive place to work

The level of care we give our customers would not be possible without the hard work our colleagues put in. Creating a great, inclusive place to work is an important element of our strategy as it helps us provide a conducive environment for our colleagues to operate in.

The housing sector is facing increasing professionalism and emerging regulatory competency requirements which are leading to a growing need for a skilled workforce. So, we've invested into the professional development of our people with training from the Mary Goeber Institute. With sessions for all staff, the programme provided training on how to develop the skills and behaviours needed to deliver consistent, high-quality customer experiences. Since the training delivery has been completed, the focus for our teams is shifting to embedding learnings from it into day-to-day practice through coaching, peer observation and structured team huddles.

In line with our Better Futures 2024–27 Strategy, we have maintained a clear focus on creating an organisation where colleagues are supported, engaged and able to perform at their best. One of our targets underneath this strategic theme is to implement a long-term vision for our workplace and in October 2025, we achieved this through our office move.

Staying local is important for us to remain close to our homes, customers and colleagues so our new office is only 10 minutes away in Broxbourne. The space is modern and allows teams to work more closely together in one floor – helping us reinforce a shared culture focused on collaboration and delivering excellent customer experiences.

This investment was designed not only to enhance the day-to-day experience for colleagues, but also to support attraction and retention of new staff in a competitive labour market. Taking into account our customers' needs, this project also introduced new community hubs across the borough and home visits so customers can still reach us if they can't visit us in person.

We are continuing to build organisational capability through targeted investment in systems, data and service improvement. A key development during the year was growing our newly established data team - a strategic investment in future proofing the business as regulatory and operational requirements continue to evolve.

The team's work involves improving data quality, insight and reporting, and supporting evidence-based decision making. This includes delivery of our data and repairs strategies, alongside wider business improvements such as upgrading our housing management system – a project which will span over the next few years. Underpinning a number of corporate priorities, the team has been recognised by the Board as a key enabler of the wider strategy.

Within the last year, we've seen technology develop rapidly and we've taken a measured and responsible approach to integrate artificial intelligence into our ways of working. Our focus is on selective use cases where AI can deliver clear operational or customer service benefits. At this early stage, priority has been given to building internal capability and understanding which will help to make sure any future expansion aligns with our values and risk appetite.

We recognise that a strong culture, inclusive working environment and clear professional standards are fundamental to our long term sustainability. Through continued investment in people and systems, we can adapt to new challenges and support an inclusive environment where colleagues feel engaged and equipped to deliver our organisational purpose and strategy.

Looking ahead, we will continue to implement our People Strategy and focus on attracting and retaining skilled people and empowering our leaders and embedding a customer-focused culture to ensure that B3Living remains a great, inclusive place to work.



We recognise that a strong culture, an inclusive working environment and clear professional standards are fundamental to our long term sustainability.

Responsible business foundations

For many years, we have been laying strong business foundations with sound, long-term decisions that balance customer outcomes, financial resilience and regulatory compliance. Doing this has enabled us to remain a high-performing and sustainable organisation.

In the autumn, we received the outcome of our first regulatory inspection, with the Regulator of Social Housing awarding us a C1 grade, the highest possible rating against the consumer standards. We also retained our G1 governance and V1 viability ratings, confirming our position as a well governed and financially robust organisation.

The regulatory judgement found clear evidence that we are meeting all four of the consumer standards: Neighbourhood and Community, Safety and Quality, Tenancy, and Transparency, Influence and Accountability. Some of the findings included that our repairs service is informed by resident needs and allows for tailored delivery, that recent changes to antisocial behaviour case handling have improved tenant satisfaction, and that targeted investment in complaints handling has strengthened outcomes for residents. The Regulator also recognised that the establishment of the Customer Advisory Panel has enhanced service scrutiny and strengthened resident influence on Board decision making.



£30m funding

secured through the Affordable
Housing Guarantee Scheme

Enables us to deliver

95 new homes

Supports delivery of our
corporate commitment to

400 new starts

by 2027

During the year, the Board commissioned support for their annual review of Board effectiveness to provide assurance that its governance arrangements remain fit for purpose. The review was undertaken by Dynamic Boards, with findings reported to the Board in early 2026. The review considered the effectiveness of the Board and its committees, Board composition and skills, the operation of governance processes, and the quality of assurance and information supporting decision-making. It also assessed compliance with the National Housing Federation Code of Governance and the Board's capability to oversee current and emerging sector risks.

The review concluded that the Board operates effectively and that the Group's governance arrangements are sound. A number of recommendations were presented to ensure ongoing enhancement and consistency with best practice, and these will be carried out in 2026-27.

Maintaining financial resilience remains fundamental to our strategy so we proactively look into sustainable sources of funding. We secured £30 million of funding through the Affordable Housing Guarantee Scheme, managed by ARA Venn on behalf of the UK Government. It will enable us to deliver 95 new homes in our areas of operation, thus contributing to addressing the high demand for affordable housing. The funding directly supports delivery of our corporate commitment to 400 new starts by 2027, contributing to approximately 8% growth, while remaining consistent with our risk appetite and financial golden rules.

This is the second time we have successfully accessed government backed funding, demonstrating confidence in our governance, financial strength and delivery capability. It further strengthens our ability to deliver safe, high quality and affordable homes and places us in a solid position to respond to future changes while continuing to meet the needs of our customers and communities.



CASE STUDY

STOCK ACQUISITION





335
homes

5.5%
growth for B3Living

Our largest stock transfer from Notting Hill Genesis

In 2025-26, we carried out our largest stock acquisition to date – 335 new homes representing 5.5% growth for B3Living.

Most homes are let at a social rent and around 20% are leasehold and shared ownership properties. They are a mix of houses and flats dispersed across four Hertfordshire boroughs with the majority found in Welwyn Hatfield. Located within B3Living's main areas of operation, the transfer presented us with an opportunity to expand our reach within our core geography.

The transaction supported sustainable income generation, improved cost efficiency per unit and delivered value for money, while allowing us to continue providing a local, personalised service to our new customers. It also reinforced our role as a local employer and contributor to the Hertfordshire economy, supporting local businesses and developing new partnerships across the county.



Risk and uncertainties

B3Living operates in an increasingly dynamic environment shaped by economic conditions, regulatory expectations, sector-wide challenges and changing customer needs. The Group's approach to risk management is embedded within governance, strategic planning and day-to-day decision-making, helping to ensure that risks are identified early, assessed consistently and managed through effective internal controls.

The Audit and Risk Committee oversees the effectiveness of the risk management framework, supported by the Board's review of the strategic risk register. Operational risks are monitored through the Three Lines of Defence model, providing an appropriate balance of frontline controls, management oversight and independent third-party assurance.

During the year, B3Living has strengthened its resilience through comprehensive stock condition surveys, now covering 92% of our homes, investment in a dedicated data team, enhanced cyber security and data governance, increased focus and investment in building safety, and continued development of our customer focused operating model. The Group's Financial Golden Rules provide a clear framework to ensure the business operates within the Board financial risk appetite.

A key area of focus has been building safety. The Group has identified five blocks on the Holdbrook estate, comprising 144 homes, which require cladding remediation. Following proactive engagement, B3Living has successfully secured grant funding to deliver these works, significantly mitigating the financial impact on the business. The programme is expected to move into delivery during 2026/27. These works are being approached not only as a compliance requirement but as an opportunity to make a positive, long-term difference to the quality, safety and sustainability of these homes and the wider estate, benefiting both current and future customers.

While no risk can be eliminated entirely, the Board is satisfied that B3Living continues to operate within a well controlled environment. This is supported by independent internal and external assurance, robust performance monitoring, and proactive engagement with regulators, funders and other stakeholders. The Group enters the next financial year with a clear understanding of its principal risks and a defined plan to maintain effective mitigation and assurance.



92%

homes covered
as part of our
comprehensive
stock condition
survey



144

homes which
require cladding
remediation



Principal risk	Nature of risk and uncertainty	Key mitigations and controls
Economic and financial conditions	Macroeconomic volatility, inflation and interest rate movements may impact operating costs, development viability, rent affordability and treasury management.	The Group maintains robust financial planning and stress testing, operates within its Financial Golden Rules, actively manages its treasury position, and receives regular oversight from the Board and the Audit and Risk Committee.
Liquidity and funding	Insufficient or poorly structured debt facilities could constrain investment capacity or reduce financial resilience.	The Group maintains a long term treasury strategy, closely monitors liquidity, seeks to manage exposure to variable debt, takes external treasury advice where appropriate, and provides regular reporting and assurance to the Board.
Government policy and regulation	Changes in rent policy, consumer standards, building safety and decarbonisation requirements may affect income, compliance costs and long term plans.	The Group undertakes scenario modelling and stress testing, monitors policy developments closely, provides the Board with regular updates on regulatory change, and draws on external sector advice where appropriate.
Building safety and compliance	Failure to comply with fire, gas, electrical, structural integrity or wider building safety requirements could result in harm to residents, regulatory action, increased remediation costs and reputational damage.	The Group operates approved asset management and building safety strategies, supported by enhanced reporting, independent validation, specialist third-party assessment of cladding and structural integrity in higher-risk blocks, and a programme of internal audit.
Asset quality and investment planning	Inadequate data or planning could result in sub optimal investment decisions and increased long term cost.	The Group is supported by comprehensive stock condition surveys, long term investment planning and an asset management strategy, underpinned by a Board approved investment policy.
Development and market risk	Housing market downturns, construction inflation or contractor failure may lead to delays, cost overruns or impairment.	The Group delivers its development strategy through robust counterparty due diligence and regular scheme monitoring, supported by impairment reviews and external valuations where appropriate.
Cyber security and data protection	Cyber incidents or data breaches may disrupt services and expose the Group to regulatory sanctions.	The Group maintains a cyber security framework supported by staff training, regular disaster recovery testing, external assurance and oversight from the Audit & Risk Committee.
Data quality and governance	Poor data quality could undermine decision making and regulatory assurance.	The Group's Data Strategy is supported by named data owners, performance validation, independent reviews and Board level scrutiny.
Customer service and reputation	Failure to meet customer or regulator expectations may result in diminished satisfaction, increased complaints and reputational harm.	The Group delivers its customer strategy through an established complaints framework, monitors performance through Tenant Satisfaction Measures and independent surveys, and provides regular reporting to the Board.

3



An aerial photograph of a modern residential development. In the foreground, a large brick building with multiple stories and many windows is situated next to a green lawn. To the left of the brick building, there are several smaller houses with solar panels on their roofs. A river flows along the bottom right of the image. The background shows a dense residential area with many houses and trees. The sky is blue with some clouds.

Environmental, social, and governance

Environment	49
Social	50
Governance	52

Environmental, social, and corporate governance

As a social business, B3Living exists to support customers to live safely and independently in their homes for as long as possible. This purpose shapes how we think about sustainability, social impact and governance, which we see as closely connected and essential to our long-term resilience.

Social housing has an important role to play in responding to climate change. Housing makes up a significant share of the UK's carbon emissions and, as a provider, we have a clear responsibility to reduce our impact. While progress has been made across the sector, meeting the UK's 2050 net zero carbon target will depend on sustained investment, good data and clear long-term planning.

At B3Living, this involves building climate resilience into everyday decision making. Our Better Futures 2024-27 strategy commits us to delivering new homes that are net zero carbon ready, while taking a practical, evidence led approach to improving existing homes. We are conscious of affordability and customer impact, particularly given continuing cost of living pressures, and aim to balance ambition with value for money.

Improving the energy efficiency of homes brings wider benefits too, from lower bills and reduced fuel poverty to better health and wellbeing. For us, investing in sustainability is part of delivering our social purpose, not a separate objective.

We continue to report voluntarily against the Sustainability Reporting Standard for Social Housing, now in our sixth year. Although not required, we use the framework to support transparency, strong governance and informed oversight of sustainability risks and opportunities, as well as to meet growing stakeholder expectations.

This section sets out how we are progressing against our ESG priorities and how we are working to deliver lasting outcomes for our customers and communities alongside strong financial stewardship.



We are conscious of affordability and customer impact, particularly given continuing cost of living pressures, and aim to balance ambition with value for money.

Environment

Our main environmental focus is improving the quality and energy efficiency of our homes in ways that actively benefit customers, both now and in years to come.

Our priority is to bring all homes to EPC C or above by the end of 2028, in line with regulatory requirements and our own organisational commitment to investing responsibly in existing homes. Though our stock increased substantially in the year, only less than 12% of our homes are at EPC D or lower which shows we're in a good position to achieve our environmental goals.

Customer feedback plays a central role in this work; we've consistently found that satisfaction is closely linked to the comfort, condition and quality of our homes. Improving the energy efficiency of our homes brings a variety of benefits: warmer living spaces, lower bills and greater pride in homes and neighbourhoods, helping to challenge negative perceptions of social housing and reinforcing our role as a responsible long-term landlord.

We are committed to reducing carbon emissions, but we are equally conscious of affordability and the operational feasibility of any measures introduced. Moving away from fossil-fuel heating is a long-term ambition for B3Living, however, alternative technologies have not yet proven viable at scale across our homes and could increase running costs for customers. In the context of ongoing cost-of-living pressures, we have therefore taken a cautious approach to large-scale change until solutions can be delivered at a pace and cost that works for our residents. Where appropriate, we will trial new technologies on a small scale to build understanding and manage risk. In the meantime, our focus remains firmly on proven measures that deliver real improvements, particularly in homes with the lowest energy performance.

Working in partnership with providers such as The Local Energy Advice Partnership (LEAP) and Better Housing Better Health (BHBH) has allowed our customers to receive free home energy advice visits, installation of energy saving measures (e.g. LED bulbs and draught-proofing), assistance with energy bills and tariff switching. Alongside fuel vouchers and energy debt grants, we are able to source a range of support services for customers facing the effects of climate change in a cost-of-living crisis.

Once all homes reach EPC C or above, our Board will develop a clear and evidence-led route towards net zero carbon by 2050. This will be shaped by customer outcomes, affordability and value for money, ensuring environmental ambition delivers meaningful benefits for the people who live in our homes.

Our environment

Our community

Our customers

B3
LIVING

Social

As an active member of our community, we put great effort into being visible, present and actively involved in the neighbourhoods we serve.

Our annual Community Day was held in Hoddesdon in the summer, followed by our first Christmas Community Day focused on older residents. These events brought together families, local councillors, and support organisations offering free activities, entertainment and practical advice in a relaxed setting. Across both events, we recorded around 400 customer interactions, generating an estimated social value of £1.4 million using the HACT Social Value framework. Feedback was overwhelmingly positive as our community members valued the chance to connect with others and access support locally.

We know that housing is only one part of a person's life, and effective partnership working with local authorities, voluntary organisations and specialist services is essential to delivering meaningful, holistic support. Our community work has also supported our expansion into East Hertfordshire, where we have strengthened joint working with local agencies. Through a regular drop-in service, residents can now access support from organisations such as the Foodbank, Citizens Advice and Change Grow Live (CGL), helping us respond to issues early and in a more collaborative way.

Alongside this, we remain committed to maintaining well-kept estates and fostering community pride. Initiatives such as our first Big Building Check (see case study on page 25) and our yearly plogging event help keep our neighbourhoods clean and safe while engaging our colleagues, customers and even some councillors.

Aside from community engagement, our teams provide tailored tenancy support which prioritises early intervention and prevention. Support needs are identified at the earliest stage through pre-tenancy checks, affordability assessments and ongoing tenancy monitoring, allowing issues to be addressed before they escalate. For many years, this approach has contributed to a very low level of evictions. We are proud to maintain this as a testament of the work our colleagues put in throughout the year to ensure our customers can live in their homes for a long time.

400
customer interactions
at community events,
generating an estimated
social value of
£1.4m



Supporting a customer through energy concerns

A customer was referred to our Customer Coach after concerns were picked up by the Planned Works team following a complaint. She had stopped using her heating because she was carrying an energy debt of £1,200 and was anxious about making the situation worse.

Having supported her in the past, the Customer Coach already understood her complex health needs and the challenges she faces day to day, which helped build trust and open conversations quickly. After talking through her situation, the Customer Coach was able to secure £650 through the HACT Fuel Support Fund. At the same time, the customer's energy provider agreed to match any payment made towards the debt. Together, this cleared the balance in full, lifting the immediate financial pressure and allowing the customer to heat her home again without fear or worry.

The customer also had concerns that her home might not be well insulated and that this could be contributing to high energy costs. A referral to LEAP resulted in a home visit, where she was reassured that the property's insulation and energy efficiency were appropriate for its type. This reassurance helped ease her anxiety and gave her greater confidence in managing her energy use.

Alongside this practical support, the Customer Coach spent time working with the customer on budgeting and money

CASE STUDY

CUSTOMER SERVICES



management. They explored small, manageable changes that could make a meaningful difference over time.

Their focus was on choice and empowerment, allowing the customer to decide what felt realistic for her with continued support from her mental health team and support workers where needed.

By combining financial help, trusted advice and partnership working, the intervention reduced stress, supported wellbeing and helped sustain the customer's tenancy in a way that was compassionate and tailored to her individual needs.

Governance

We officially welcomed a new Chair in September and recruited two new members to our Board bringing in fresh perspectives and a stronger strategic oversight. Board recruitment continues to be an area we monitor and report annually on as having a diverse Board (see Governance and Controls on page 87) helps us understand representation and support diversity of thought in decision-making.

Over the year, we've refined our work on equity, diversity, and inclusion (EDI) through our EDI Strategy and Action Plan for 2025-28 which was approved by the Board in March 2025. Setting out our commitment and priorities clearly, EDI is embedded within our governance framework and has played a more active role in the past year with a dedicated EDI Manager leading delivery, supported by a Board-level EDI Champion who oversees progress and challenge.

At a policy level, we aimed to ensure EDI principles are present in both new and older policies. We've reviewed and updated good practice and evolving legal and regulatory expectations around key matters such as anti-bullying and harassment, sickness management, fertility treatment and our newly launched trans inclusion policy.

We're also conscious that governance also extends beyond structures and policies into culture and practice. In the year, we launched a vulnerability project involving supporting regulatory compliance to collect, store and use information on customer vulnerabilities to make decisions about how we prioritise our services. It also provided inhouse training for customer-facing staff to improve personalised and inclusive service provision ahead of the customer campaign launch in spring 2026.

Other ways we contribute to a more inclusive culture were included in our EDI strategy which we addressed in the year by promoting awareness through engagement with EDI calendar events, most recently with a trans inclusion workshop which encouraged learning and open dialogue across the organisation. Alongside this, the wellbeing of our colleagues is supported through flexible working, health benefits, and a listening ear from our mental health champions.

For the full story on our environmental, social and governance impact, B3Living's dedicated Impact Report is available via our website, please visit: www.b3living.org.uk/about-us/publications/



LGBTQ+ Housing Pledge Pioneer Status

Delivered by Stonewall Housing, the LGBTQ+ Housing Pledge is a robust framework for social housing providers to showcase their commitment to LGBTQ+ inclusion.

We are very proud that our commitment to inclusive housing has been recognised with Pledge Pioneer status – meeting one of our EDI targets for the 2025-28 period. Ensuring our LGBTQ+ customers feel seen and supported in their homes is core to B3Living's work to create better futures.

Our teams work hard to ensure our homes are a safe place for our LGBTQ+ customers. We developed policies to promote LGBTQ+ inclusion, provided in-person training for our colleagues, promoted initiatives such as pronoun sharing and wearing rainbow lanyards with the help of multiple senior staff champions.

We also established a Customer Advisory Panel which will help guide our equity, diversity and inclusion activities. A range of colleagues from across B3Living attended the celebration event to show their support and commitment to embedding our LGBTQ+ inclusion work in their respective teams.

Though we celebrate this achievement, our work doesn't end here; our aim is to continue improving our services to make them as inclusive as they can be.

Over the next year, we will work towards expanding our customer engagement around LGBTQ+ inclusion and intersectionality to make sure our approach to supporting LGBTQ+ customers extends to other protected characteristics they may have.



4

Financial review

Five-year analytical review	56
Treasury review	62
Value for money	66



Five-year analytical review

The Group has delivered another strong financial performance in the 2025-26 financial year, driven by a combination of enhanced operational discipline and income growth.

▲ TURNOVER

UP 4.5m

2026

£48.2m

2025

£43.7m

Improved operating performance has been achieved through a stronger understanding and more effective control of operating costs. This remains an ongoing focus for the Group and includes a comprehensive review of expenditure to identify efficiencies and eliminate ineffective spend, while ensuring that customers' experience and service delivery are not adversely impacted.

Turnover rose from £43.7m to £48.2m compared with the previous year. This increase primarily reflects the acquisition of two stock portfolios over the past two years, together with the impact of annual rent increases. As a social housing landlord providing homes to some of the most vulnerable members of our communities, rent-setting decisions were made with careful consideration of affordability and customer impact. Where possible, the additional income generated has been reinvested into existing housing stock, supporting improvements in housing quality and contributing to the long-term sustainability of our housing stock.

Our strong financial performance is reflected in our continued delivery of sector-leading operating margins. Maintaining robust margins remains a key priority, allowing us to reinvest surplus resources into the development of new homes and the ongoing improvement of the quality, safety, and energy efficiency of our existing housing stock. This focused reinvestment delivers better outcomes for our customers, strengthens the long-term sustainability of our homes, and supports consistently high levels of customer satisfaction.

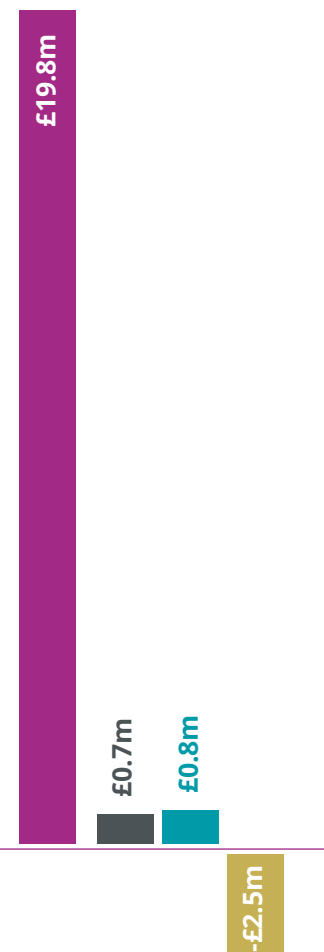
During the year, the Group generated an operating surplus of £19.1m (2025: £18.9m). This surplus was underpinned by the following factors:

- A substantial increase in the surplus from our social letting business £19.8m (2025: £18.6m).
- A marginal increase in shared ownership first tranche sales surplus of £0.7m (2025: £0.4m).
- A modest surplus from property disposals of £0.8m (2025: £1.5m).
- A deficit in the year from other activities of -£2.5m (2025: -£2.0m)

OPERATING SURPLUS

19.1m

- Social letting
- Shared ownership first tranche sales
- Property disposals
- Deficit in the year from other activities



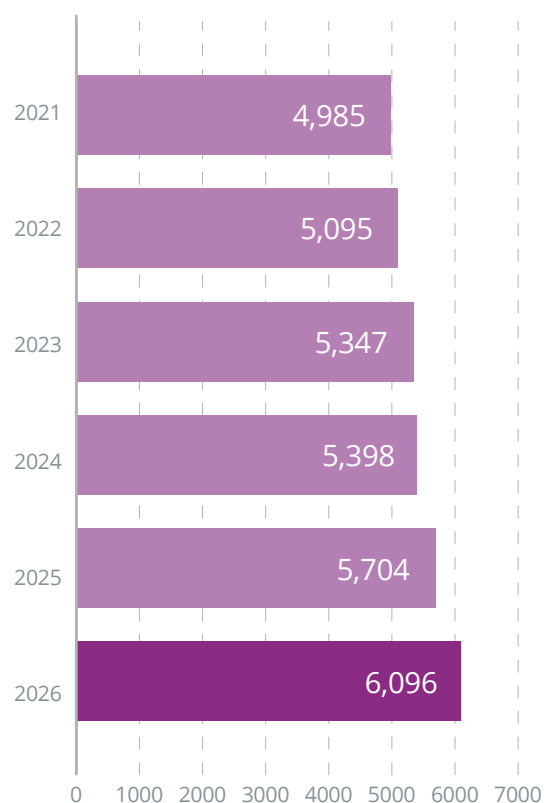
Statement of comprehensive income for the last five years

The core social letting operating surplus is generated by the following four business segments:

- General affordable housing - £16.0m (2025: £15.1m)
- Sheltered housing - £1.8m (2025: £1.6m)
- Low-cost home ownership - £2.0m (2025: £1.8m)

For the year ended 31 March	March 2026	March 2025	March 2024	March 2023	March 2022
	£000	£000	£000	£000	£000
Turnover	48,214	43,676	45,551	42,469	34,535
Cost of sales	(2,511)	(2,146)	(8,062)	(8,531)	(3,701)
Operating expenditure	(27,394)	(24,116)	(20,424)	(19,364)	(16,724)
Disposal of housing property	753	1,485	351	669	790
Increase/decrease in valuation of investment properties	5	(23)	-	85	65
Operating surplus	19,067	18,876	17,416	15,328	14,965
Share of JV profits	-	-	-	49	-
Net financing costs	(9,000)	(7,856)	(8,057)	(6,309)	(4,940)
Surplus/(deficit) before exceptional items and tax	10,312	11,020	9,359	9,068	10,025
Exceptional items	-	-	-	(6,542)	-
Surplus/(deficit) before tax	10,312	11,020	9,359	2,526	10,025
Taxation	-	-	-	-	-
Actuarial (loss)/gain in respect of pension schemes	17	69	(99)	587	1,680
Total comprehensive income for the year	10,329	11,089	9,260	3,113	11,705

Total comprehensive income for the year



Growth: total number of homes owned and managed by B3Living

Operating surpluses have increased consistently over the past five years, rising from £14.9m in 2021-22 to £19.1m in 2025-26, representing an increase of over £4.1m. The growth in surplus reflects two key factors. Firstly, income growth arising from the acquisition of two stock portfolios from other housing associations in the past two years, the completion of new development homes, and annual rent increases. Rent increases were most significant in 2023-24 and 2024-25, when rents increased by 7.0% and 7.7% respectively. Secondly, the organisation has maintained a strong focus on controlling its cost base, particularly in relation to repairs and maintenance expenditure. Over the past three years, a joint finance and property working group has met regularly to review expenditure, assess performance, and identify efficiencies in working practices.

Turnover has increased significantly over the past four years, driven primarily by growth in the housing stock following the acquisition of 585 homes in the previous two years, together with development handovers and rent increases. While shared ownership sales increased in 2022-23 and 2023-24, income from this stream has reduced over the past two years, with turnover continuing to grow, demonstrating that the organisation is not reliant on shared ownership sales. Although Shared Ownership income is expected to remain low in the coming years, profit margins are anticipated to increase from approximately 10% to around 30% as the programme transitions from land-led properties to s106 homes. Over the past two years, the organisation has experienced a sharp increase in staircasing activity. In 2025-26, shared ownership sales surpluses were £0.7m, in line with £0.7m reported in the prior year and significantly higher than earlier years. This increase has been driven by two

key factors: firstly, shared owners have experienced substantial rent increases in recent years because of the high-inflation environment; and secondly, improving mortgage affordability as interest rates have started to reduce.

Operating costs increased by £3.3m (14%), rising from £24.1m in 2024-25 to £27.4m. This increase was largely driven by a £2.6m impairment charge relating to our former office building. Excluding this non-recurring item, underlying operating costs have remained well controlled and have remained broadly consistent with the prior year. In recent years, the organisation has strengthened its focus on cost control and value for money through regular reviews of repairs and maintenance expenditure, which represents its largest area of spend. As a result, revenue repairs and maintenance costs have stabilised and remained consistent over the past two years, despite continued pressure from high labour and material costs.

Net interest costs increased by approximately £0.9m in 2025-26 to £9.0m. This increase is modest relative to the £35m increase in debt, which rose from £230m in 2024-25 to £265m in 2025-26. The limited impact on interest costs reflects the timing of debt drawdowns, with funding drawn predominantly in the final quarter of the year to finance our stock acquisition and a development programme that was weighted towards the second half of the year. Interest costs were further mitigated by Bank of England base rate reductions during the year. Despite ongoing economic uncertainty, particularly arising from the conflict in the Middle East, the organisation remains committed to delivering new affordable homes. This is evidenced by the starts on site of 288 homes to date against a Corporate Strategy target of 400 starts on site.

Statement of financial position for the last five years

The table opposite presents the statements of financial position of the Group over the last five years. It highlights a significant increase in our financial strength between 2022 and 2026. This enhanced financial position demonstrates our resilience in overcoming adverse events and our capacity to capitalise on new opportunities to grow the business.

This is evidenced by the two stock acquisitions around 585 homes from other Housing Associations over the past two years and the commencement of construction on 288 new affordable homes during the last two years.

At the reporting date, the Group's tangible fixed assets had a carrying value of approximately £426m (2025: £379m), consistent with the sustained growth trend observed over the past five years. This continued increase demonstrates the Group's commitment to delivering upper-quartile levels of investment in existing homes, alongside the development of new affordable housing to support our communities. In addition to ongoing investment in existing stock and new-build affordable homes, the Group has strengthened its asset base through two stock acquisitions over the past two years, acquiring 250 homes in 2024-25 and a further 335 homes in 2025-26 from other housing associations. Our financial strength was reaffirmed in December 2025, when Moody's and the Regulator confirmed the Group's A3 rating with a stable outlook and V1 governance rating, respectively. This independent recognition underscores our financial resilience and our ability to navigate a challenging operating environment, while continuing to capitalise on opportunities to invest, grow and support our communities.

In recent years, the Group's financial performance has been underpinned by our ability to sustain sector upper-quartile investment in new and existing homes while maintaining strong operating surpluses and maximising Homes England grant funding. As a result, gearing has been held at approximately 60%, even in a year of significant growth.

For the year ended 31 March	March 2026	March 2025	March 2024	March 2023	March 2022
	£000	£000	£000	£000	£000
Fixed Assets					
Housing Properties	421,839	372,561	328,954	317,046	295,582
Other Fixed Assets	2,366	3,691	3,616	3,648	3,881
Investment properties	2,290	3,648	3,671	3,366	3,160
Investments in JVs	-	-	-	-	-
Tangible fixed assets	426,495	379,900	336,241	324,060	302,623
Current assets					
Stock	6,141	3,436	2,829	9,461	15,289
Trade and other debtors	2,340	2,221	3,211	1,823	15,862
Agreement to improve existing properties	1,111	1,226	1,323	1,439	1,469
Cash and cash equivalents	8,287	5,609	7,645	7,045	3,335
	17,879	12,492	15,008	19,768	35,955
Less: Creditors: amounts falling due within one year	(12,223)	(10,815)	(7,641)	(7,233)	(12,639)
Net current assets	5,656	1,677	7,367	12,535	23,316
Total Assets less current liabilities	432,151	381,577	343,608	336,595	325,939
Creditors: amounts falling due after more than one year	(306,575)	(266,131)	(239,016)	(241,179)	(232,870)
Provisions for liabilities (including pensions)	(1,220)	(1,419)	(1,654)	(1,738)	(2,504)
Total net assets	124,356	114,027	102,938	93,678	90,565
Reserves	124,356	114,027	102,938	93,678	90,565

Key Financial Performance Indicators for the last five years

In November 2018, the Group Board agreed to monitor financial performance through a suite of Financial Golden Rules (FGRs). As part of good governance, these FGRs were reviewed by the Board in September 2025.

The FGRs are designed to promote financial performance from core activities, maintain appropriate headroom against covenants, manage exposure to the housing market, and retain capacity to protect our social assets in a range of adverse scenarios.

Over this period, we have operated within the parameters of our FGRs despite the challenges that business has faced. We continue to focus on maximising value through efficiency gains and controlling our expenditure. There was a drop in performance in 2022-23 as interest cover, both EBITDA MRI and Social Housing Letting, and operating margins fell sharply. The 2022-23 dip in performance was driven by three key factors: firstly, the economic environment of high inflation, coupled with increased repair and maintenance activities, led to a 17% (£2.8 million) increase in operating costs. Secondly, interest rates rose much faster than estimated in the 2022-23 budget, pushing interest costs up sharply. Thirdly, in 2022-23, we achieved over £10 million in shared ownership sales income, which equates to 24% of turnover. Generally, sales revenues generate lower margins than rental revenues, so the greater the proportion of sales income in our turnover, the lower the overall margin will be.

The improvement in performance over the past three years is due to our low-cost growth, a sharp increase in our stock numbers particularly through the two stock acquisitions and the significant rent increases in sub-market rent and shared ownership homes.

Financial Golden Rules	Limit	2026	2025	2024	2023	2022
Financial Covenant Performance						
Gearing	< 65%	60%	60%	59%	63%	67%
EBITDA MRI Interest Cover	>160%	163%	173%	187%	162%	202%
Managing Credit Profile						
Social Housing Letting Interest Coverage	>150%	197%	215%	176%	159%	200%
**Operating Margin	> 35%	38%	40%	36%	34%	40%
Development Sales as a % of Turnover	< 30%	7%	6%	20%	24%	13%
% of HA net asset Invested in Everlea	< 10%	0%	0%	0%	0%	0%

*excludes Fire safety & decarbonisation expenditure **excludes existing asset sales surpluses

//
We continue to focus on maximising value through efficiency gains and controlling our expenditure."

Treasury review

B3Living maintains a robust and comprehensive treasury policy and strategy, which is reviewed annually by the Executive Team, our external treasury advisers at Savills, the Treasury Committee and the Group Board.

The Board receives a detailed quarterly treasury report, providing oversight of our treasury facilities, security and liquidity positions, on lending arrangements and compliance with the approved treasury policy. The report also includes an economic update and a review of lending market conditions.

Our treasury portfolio remains simple and transparent. It comprises five long term fixed rate loans and two short term revolving credit facilities, with no use of interest rate swaps, complex financial instruments or off balance sheet funding arrangements.





During the year, we secured a further £30m tranche of fixed term funding with ARA Venn through the government backed Affordable Housing Guarantee Scheme (AHGS). This funding supported the acquisition of around 585 homes from two other housing associations. We also extended our £50m revolving credit facility with Lloyds by a further five years. The extended facility is on broadly consistent terms to our existing Lloyds facility, is ESG linked and includes the opportunity for a modest reduction in the borrowing margin on achievement of agreed environmental and social performance targets. These targets focus on increasing the delivery of affordable homes and reducing our carbon footprint. In addition, as part of the refinancing we agreed an amendment to the interest cover covenant to exclude major works, providing greater flexibility to support continued investment in new homes, building safety and energy efficiency improvements.

This new funding complements the £65m of long term debt raised in 2020-21, comprising £35m from bLEND and £30m from ARA Venn through the Affordable Housing Guarantee Scheme (AHGS). Together, these transactions enabled us to lock in the low interest rates available prior to 2022 for around the next 30 years. bLEND, a sector debt aggregator, provided a £35m loan at an effective rate of 2.60%. B3Living was also part of ARA Venn's first AHGS issuance, securing £30m of borrowing at an all in rate of 1.53%. These loans are providing significant value to the Group: as at March 2026, the bLEND loan had a positive mark to market valuation of £15.4m, and the ARA Venn position had a positive mark to market valuation of £17m. It is important to note that the mark to market valuation reflects prevailing interest rates and does not impact cash flows or covenant compliance.

B3Living's approach to treasury management has provided valuable protection against the gilt volatility experienced in recent years, driven by global geopolitical uncertainty. At March 2026, 83% of the debt portfolio was at fixed rates. While we have taken prudent steps to manage interest rate and liquidity risks, it is forecasting further increases in debt and therefore remains exposed to refinancing risk on its revolving credit facilities. We also face longer term pressure on covenant headroom arising from inflationary cost increases, gilt yield volatility and ongoing investment in existing homes. The treasury focus will therefore remain on maintaining a high proportion of fixed rate debt, in line with the approved treasury strategy.

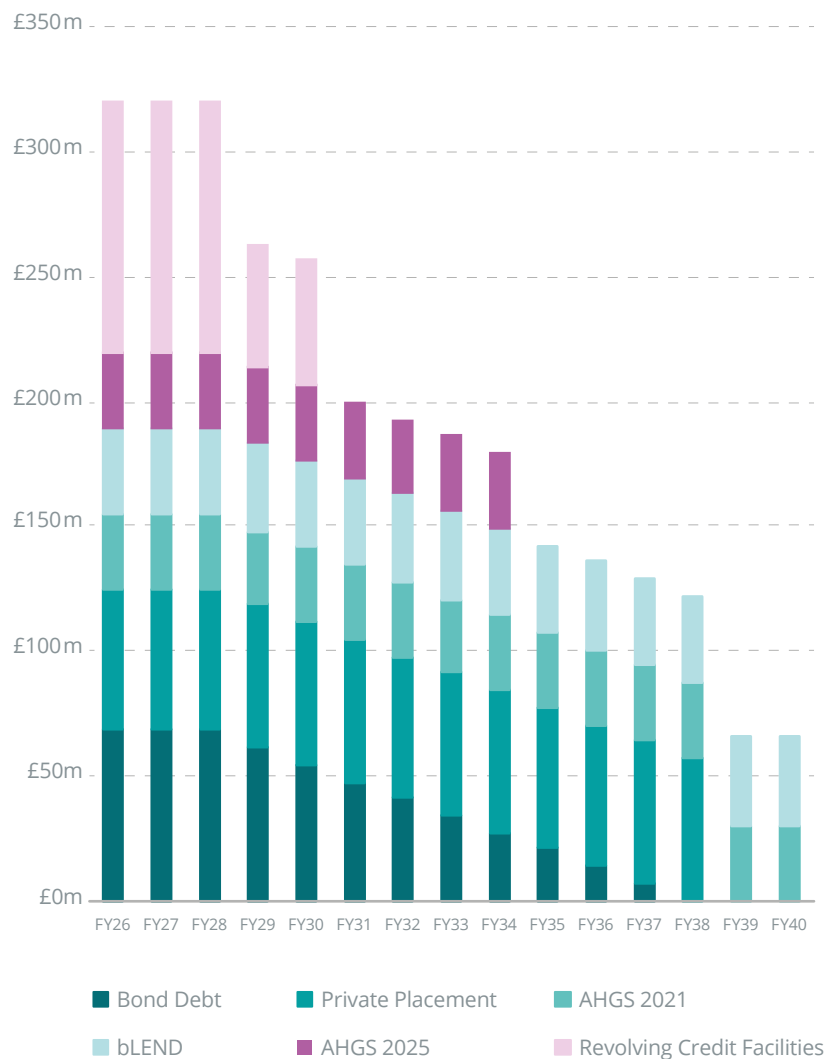
Debt and liquidity

As of 31 March 2026, B3Living's total drawn debt amounted to £265m (2025: £230m), with total committed loan facilities of £320m (2025: £290m). This provided year end headroom of £55m (2025: £60m), ensuring sufficient liquidity to support ongoing operational requirements and investment commitments. Of the drawn debt, £220m (83%) was held at fixed interest rates (2025: £190m; 79%). This fixed rate exposure is provided through our capital markets bond (£68m), private placement (£57m), bLEND facility (£35m) and Affordable Housing Guarantee Scheme loans (£60m) and continues to provide stability and protection against interest rate volatility.

B3Living also maintains two £50m revolving credit facilities with Lloyds Bank, with contractual maturities in July 2028 and May 2030 respectively. These facilities provide additional financial flexibility and support our treasury resilience.

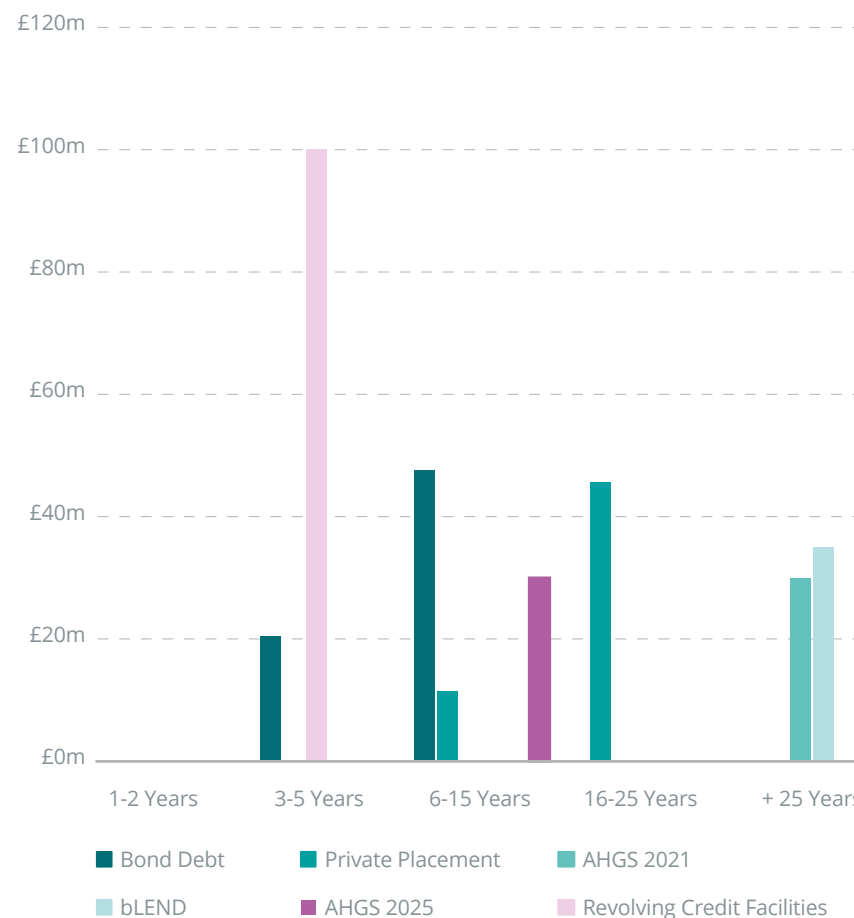
The chart below shows B3living's debt repayment profile.

B3Living funding profile



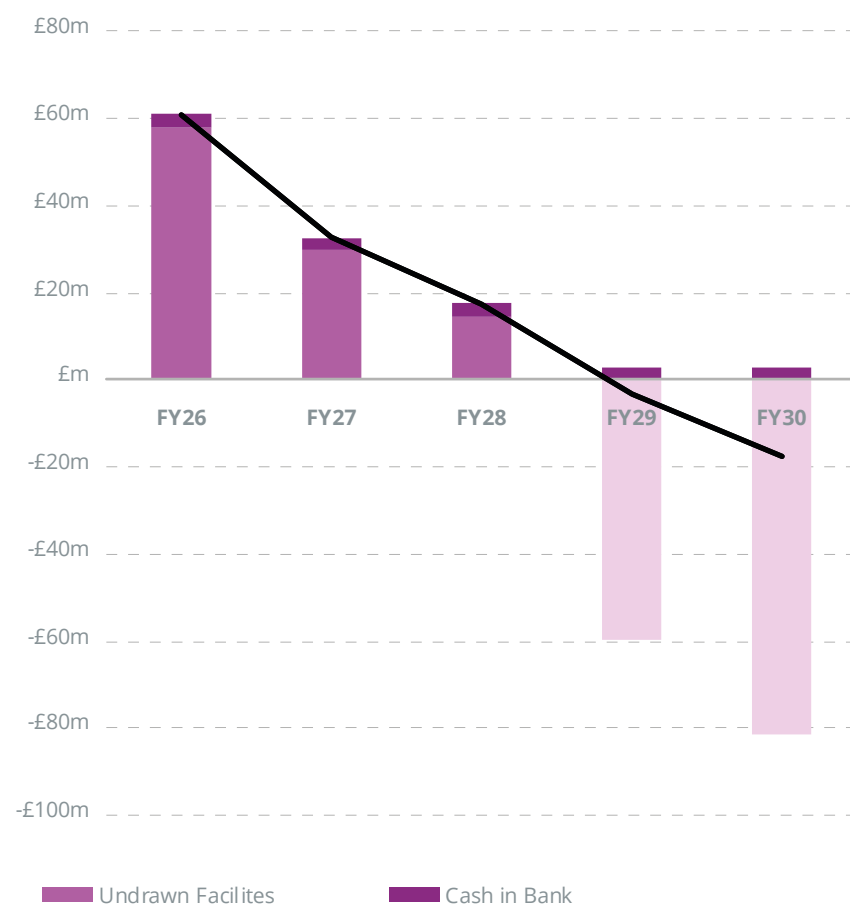
The chart below shows that B3living has a £50m revolving credit facility maturing in just over 2 years. In 2026-27, we will work closely with our Treasury advisors, Savills, complete an exercise to source the most economic route of refinancing. Based on recent market engagement and our strong covenant position, the Board considers refinancing risk to be manageable.

Debt repayment profile



The chart below shows our mid-term forecast available liquidity. The chart shows that liquidity is forecast to fall in the mid-term, this reduction in forecast liquidity in later years reflects the assumed expiry of committed facilities and is resolved through refinancing assumptions that are consistent with the approved treasury strategy, which is designed to ensure B3Living remains compliant with its Board approved liquidity policy and RSH funding expectations.

Forecast liquidity



B3Living operates a prudent treasury management framework which aligns with our viability statement and is designed to maintain adequate liquidity across a range of scenarios. The policy sets out two principal liquidity requirements:

1. We will maintain short term funds of no less than our 12 month forecast net operational cash outflow, excluding any forecast proceeds from the sale of property assets.
2. In line with Regulator of Social Housing guidance, we will have sufficient funding in place to meet our business plan requirements for the following 18 months. In accordance with this guidance, the Group's policy is to either comply or be able to explain why planned funding arrangements are justifiably well advanced.

Financial covenants

As at March 2026, we have three key loan covenants, and B3Living continues to operate with appropriate covenant headroom to navigate a range of plausible stress scenarios. B3Living's covenants and performance against these are set out below:

- **EBITDA (Interest Cover)** – This definition measures the number of times our financing costs can be paid by our operating profit before depreciation for the year. For the year ending 31 March 2026, the interest cover was 2.26 times (2025: 1.76 times). The loan covenant is 1.3 times. The significant improvement in performance is primarily driven by a change in the calculation methodology, specifically the removal of the capitalised repairs element from the interest cover covenant.
- **Gearing** – this is a measure of our indebtedness, relative to the value (EUV-SH) of completed housing properties. EUV-SH is a proxy for market values of our homes, and it reflects that the properties are used for social housing. As at 31 March 2026, the gearing ratio (gearing covenant) was 46% (2025: 41%) against a covenant limit of 80%.
- **Asset cover** – this is a measure of the percentage coverage of our EUV-SH or MV-ST of completed assets over our current debt. As of 31 March 2026, the tightest asset cover ratio 116% (2025: 115%) against the covenant test min. 113%.



Value for money

Like many housing associations, financial resilience, investment capacity and value for money have been strategically important priorities for B3Living in recent years.

As set out in the 2024-25 Value for Money (VFM) assessment, the organisation placed increased emphasis on managing its cost base in response to a prolonged period of economic volatility and regulatory change.

This disciplined approach enabled costs to be delivered in line with budget, without taking short-term decisions that could have adversely affected services. This outcome was repeated in 2025-26, providing greater cost certainty, strengthening Board confidence and supporting a renewed appetite to invest in both new and existing homes.

B3Living invested over £50m in 2024-25 in homes and more than **£55m in 2025-26.**

Building on this confidence, B3Living invested over £50m in 2024-25 and more than £55m in 2025-26. This investment supported delivery of key strategic priorities, including starting or securing approval for 366 new affordable homes, representing 91.5% of the 400 starts on site target set out in the 2024-27 strategy. In addition, two stock acquisitions were completed, bringing 585 homes into the business within core geographies, alongside a record level of investment in existing homes to improve safety, quality and energy efficiency.

This scale of investment has been underpinned by strong financial performance, which remains a key strength for the organisation. Operating margins, return on capital employed and interest cover all performed over or near sector upper-quartile levels, providing resilience despite operating with gearing towards the higher end of the sector. Strong underlying financial performance has been central to sustaining high levels of investment while managing risk in a challenging operating environment.

In recent years, B3Living has also been clear about the value for money trade-offs it is making. Higher costs per unit compared to some peers reflect deliberate decisions to invest more heavily in building safety, decarbonisation and a sector-leading voids standard. As workstreams have progressed during the year, the financial implications of these commitments are becoming clearer, particularly in relation to fire safety remediation and the ambition to bring all homes to EPC C+ by the end of 2028. These investments are important to customers, and our data shows a strong correlation between the quality of homes and customer satisfaction.

Finally, value for money delivery continues to be supported by strong governance and a clear strategic framework. A refreshed Value for Money Strategy, enhanced Board

oversight, improved procurement discipline and an increased focus on customer-centred metrics have further embedded value for money into decision-making across the organisation.

Our approach

Our approach to value for money is centred on achieving the right balance between cost, quality and performance across all our services. We aim to maximise the impact of every pound we spend by using our resources efficiently to generate strong operating margins and interest cover. This protects our financial resilience and enables sustained investment in existing homes, alongside the delivery of new affordable homes that our communities urgently need.

In a period of heightened economic and regulatory challenge, value for money has become an increasingly important lens through which the Board and Executive team make decisions. Our VFM approach underpins budget setting, business planning and investment decisions, and shapes how we work with customers, suppliers and partners. It recognises that value for money is not achieved by minimising cost alone, but through making deliberate and transparent trade-offs to deliver safe, high-quality homes, positive customer outcomes and long-term sustainability. Reflecting this, the Board has consciously set some performance targets at sector median levels where this best supports the delivery of our strategic targets.

In 2023, the Board approved a refreshed Value for Money Strategy, designed both to meet the expectations of the Regulator of Social Housing's Value for Money Standard and more importantly to embed a strong value-for-money culture across the organisation.

The strategy focuses on:

- ✓ Improving customer satisfaction.
- ✓ Improving the quality of our existing homes and secure their long-term viability.
- ✓ Promoting a cost aware culture across the business.
- ✓ Maintaining our financial strength and growth capacity.
- ✓ Delivery against the Strategy's value for money metrics.

Our Value for Money Strategy directly supports the delivery of our Better Futures Strategy and is reinforced by our Customer Strategy and governance arrangements, such as our Customer Community and Customer Advisory Panel. Together, these frameworks help the Board and Executive team to understand, from a customer perspective, what the right balance between cost, quality and performance looks like in practice.

By combining customer insight with financial and operational data, we are able to make well-informed decisions that enhance the customer journey and overall experience. Our ambition is to achieve and sustain upper-quartile customer satisfaction, while maintaining financial resilience and meeting regulatory expectations.

Governance and oversight

The Executive team work closely with our Board to ensure our resources are allocated in accordance with their shared priorities. The Board fully understands the importance of our business and the services we provide within our communities and to our customers.

We believe our Value for Money Strategy reflects this understanding, and its delivery will help maximise our impact for existing and future customers as well as the wider community.

The Board takes ownership of the Value for Money Strategy by:

- Setting the business' risk appetite and Financial Golden Rules to provide operating parameters.
- Setting objectives and targets via the Better Futures strategy.
- Approving the annual budget and business plan which aims to deliver the Value for Money Strategy.
- Setting a robust Investment Policy, Asset Management Strategy and Asset Disposal Strategy.
- Incorporating value for money into all decision-making processes.
- Monitoring performance and results.

Setting challenging value for money targets increases our capacity to deliver on our strategic objectives, namely to:

- Ensure that our customers receive an excellent service.
- Prioritise investment in our homes whilst seeking to dispose of properties that weigh on performance.
- Support our customers to sustain their tenancies.
- Bring all our homes to at least EPC C by the end of 2028.
- Provide new homes to our customers.
- Use our values and culture as a foundation for our commitment to corporate responsibility.

Value for money performance

As set out in the Regulator of Social Housing's Value for Money Standard (April 2018) and supporting technical guidance, we assess our performance against the Regulator's value for money metrics, alongside comparisons with our peer group, the sector median and the sector's upper quartile (Global Accounts 2025). This approach provides transparency for stakeholders and enables the Board to understand both our absolute performance and how effectively we are using our resources relative to the wider sector.

To ensure meaningful and fair benchmarking, we have selected a peer group of large-scale voluntary transfer (LSVT) housing associations of a similar size, operating in comparable geographies and with limited supported housing exposure. This ensures that differences in performance are more likely to reflect management decisions, cost control and service delivery, rather than structural or demographic factors.

Using this peer group enables us to identify areas of relative strength, understand the causes of any underperformance, and learn from practices that have delivered demonstrable value for money in comparable organisations.

- Chelmer Housing Partnership Limited (Delta from April 2026)
- Cross Keys Homes Limited
- Eastlight Community Homes Limited
- Thrive Homes Limited
- Watford Community Housing Trust

Our Board approved Value for Money Strategy sets business performance targets relative to the sector, using either sector median or sector upper quartile benchmarks as appropriate.

Setting ambitious value for money targets helps ensure we maintain sufficient investment capacity to deliver our strategic objectives, as set out in the Strategic Report to these Financial Statements. At the same time, the Board is clear about the need to balance these objectives. For example, our target for cost per unit is set at sector median, reflecting the Board's intention to support customers' quality of life while continuing to invest in building safety, sustainability and the wider improvement of our homes.

The value for money metrics and definitions used within this assessment are those prescribed by the Regulator of Social Housing and, as a result, may differ from measures and covenants presented elsewhere in the Financial Statements.

Our performance and achievements

As required by the Regulator of Social Housing's Value for Money Standard (April 2018), the table below sets out our performance against the Regulator's value for money metrics, alongside comparisons with similar housing associations, the sector median and the sector upper quartile. This allows stakeholders to understand not only our absolute performance, but also how effectively we are using our resources relative to comparable providers operating in similar circumstances.

The table presents the Board's value for money targets alongside sector and peer benchmarks aligned to those targets. For example, where the Board has set a

target of at least sector median reinvestment, the table shows the sector median performance for 2024-25 (7.60%). Conversely, where the Board has set a target of sector upper-quartile performance, such as for social housing lettings operating margin (26.5%), the relevant upper-quartile benchmark is shown. These benchmarks are then compared with our peers' performance for 2024-25 and B3Living's performance for the year just closed (2025-26), enabling a clear and transparent assessment of relative performance.

It is important to note that B3Living's 2025-26 performance is being compared with sector and peer data from 2024-25 and may therefore not yet fully reflect the continued

operating pressures affecting the sector. As 2025-26 sector data becomes available, we expect our relative performance to present an even more positive picture.

To provide additional context and avoid over-reliance on single-year movements, we also present five-year average performance for the sector, our peers and B3Living for each metric. This approach enables the Board to distinguish between short-term volatility and underlying performance trends, supporting more informed decision-making and ensuring our approach to value for money remains focused on long-term sustainability and strategic delivery.

Value For Money Metrics	Sector 5-Year Average			Peers* 5-Year Average		B3Living 5-Year Average	
	Board Set VFM Targets	2021-2025	2024/25	2021-2025	2024/25	2021-2025	2025/26
Reinvestment	Median	7.0%	7.6%	10.4%	8.7%	10.2%	8.1%
New supply (social)	Median	1.3%	1.3%	2.6%	2.9%	2.1%	1.3%
New supply (non-social)	Lower quartile	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gearing**	Upper quartile	54.3%	54.7%	58.3%	59.8%	63.9%	60.3%
EBITDA MRI Interest Rate Cover**	Median	136.1%	113.0%	149.1%	136.8%	179.7%	150.5%
Headline social housing cost per unit (£k)	Median	4.6	5.6	4.4	4.9	4.8	5.9
Operating margin (SHL)	Upper quartile	26.5%	26.1%	26.6%	29.3%	44.3%	45.9%
Operating margin (overall)	Upper quartile	24.3%	23.3%	26.1%	26.0%	38.9%	38.0%
ROCE	Upper quartile	3.7%	3.7%	3.3%	3.3%	4.9%	4.4%

*The average performance of our peers **The Regulator's gearing and EBITDA MRI interest covers calculations are different to B3Living's loan covenant.

Our mission is to deliver a positive and sustainable contribution to addressing the housing crisis for our customers and communities.

In line with our Better Futures Strategy, we believe we achieve the greatest impact by investing in the quality, safety and sustainability of the homes we own, while continuing to grow the supply of affordable housing within our core geography where this can be done sustainably and without compromising long-term financial resilience.

Over the last two financial years, our ambitions have been constrained by a sharp rise in interest rates and increased uncertainty within our operating cost base, which materially reduced the financial viability of new development opportunities across the sector. In response, the Board adopted a deliberately cautious approach to risk, prioritising financial resilience, cost control and continued investment in existing homes. This approach has sheltered the organisation from the more severe impacts experienced elsewhere in the sector and preserved our capacity to invest when conditions improve. With greater certainty on rent policy, recent changes to Local Housing Allowance and improved visibility over our cost base, the Board is now better placed to increase investment and capitalise on opportunities to deliver further growth in line with our strategy.

In 2025-26, our reported reinvestment was 8.1%, in line with the Board's target of sector median performance. This figure excludes the acquisition of 335 homes from another housing association; when this investment is included, reinvestment would have been 13.4%, significantly above the sector median. This outcome reflects a deliberate and transparent application of our Value for Money Strategy, balancing short-term financial metrics with long-term value creation for customers and communities.

Our reinvestment performance has been driven by two key factors. First, we have made a strong start in delivering our Better Futures objective of 400 starts on site between 2024-25 and 2026-27. In the first two years of the strategy period, we have either commenced or secured Board approval for 366 new affordable homes within our existing communities. As a number of these schemes remain at an early stage of delivery, we expect development expenditure to increase materially in 2026-27 as construction progresses.

Second, we made a sector-leading investment of £9.9m, equivalent to £1.9k per property, to improve the quality, safety and energy efficiency of our existing homes. This compares favourably with the sector upper-quartile equivalent of £1.61k per property in 2024-25 and reflects the Board's continued prioritisation of customer experience, building safety and long-term asset sustainability as central components of value for money.

In recent years, our prudent approach towards development has resulted in lower levels of new social housing supply in individual years; for example, in 2024-25 new supply performance was 0.2%. However, when viewed over a five-year period, peaks in earlier years mean our average performance was 2.1%, which is significantly above our Board-approved target of 1.3%, although below the peer average of 2.6%. We are confident that delivery under the 2024-27 Better Futures Strategy will see performance improve further. For example, in 2027-28 we expect new supply of affordable housing to be around 2.4%, comfortably above sector upper-quartile levels.

To ensure this level of investment is sustainable, the Board has set sector upper-quartile value for money targets for operating margins, while aiming to manage cost per unit at sector median levels. Together, these objectives support the generation of robust interest cover and Return on Capital Employed (ROCE) performance.

Our gearing position remains towards the higher end of the sector at 60.3%, although this represents a substantial improvement from 69.7% in 2021. While gearing has reduced, the Board has made a conscious decision to continue tackling the housing crisis locally by leveraging the organisation's financial strength. As a result, we expect gearing to remain within a range of 55-65% over the medium to long-term providing debt service cost remain affordable. To support the current levels of investment in new and existing homes, we aim to generate annual surpluses in excess of £10m, ensuring debt growth remains sustainable and financial resilience is maintained. Our funder gearing covenant is based on security value, and at year end our performance was 49% (2025: 44%) against a covenant limit of 80%.

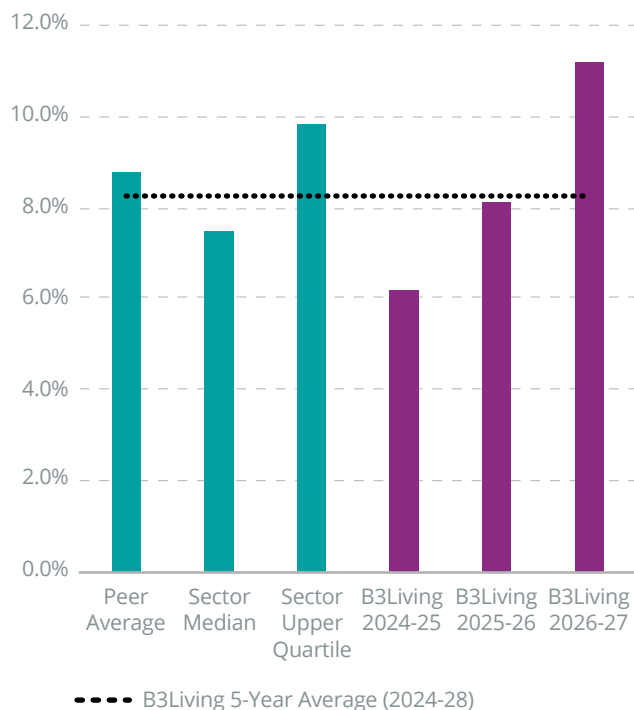


Detailed review of value for money performance

The following charts compare our historic and forecast performance against our peers, the sector median, and upper quartile from the 2025 global accounts.

Each chart also includes B3Living's rolling five-year average, covering the period from April 2024 to March 2028 – it is important to note that this a different 5-year period used in the previous section. This approach provides greater context by blending historic and forecast performance, thereby lessening the impact of annual fluctuations caused by the ebbs and flows of the development programme.

Reinvestment %



A central principle of our Value for Money Strategy is the importance of generating strong operating margins and interest cover to underpin sustained investment in both new and existing homes.

In recent years, heightened uncertainty around our cost base and a more challenging operating environment led the Board to adopt a sector-median reinvestment target, reflecting a deliberate focus on financial resilience and cost control.

The Board's challenge to the organisation in 2023-24 to better understand and manage costs has delivered tangible results. Combined with increased certainty over future rent growth, this has strengthened Board confidence and increased its appetite to take a measured level of additional risk in order to deliver more homes. This shift in risk appetite is now being reflected in higher levels of reinvestment.

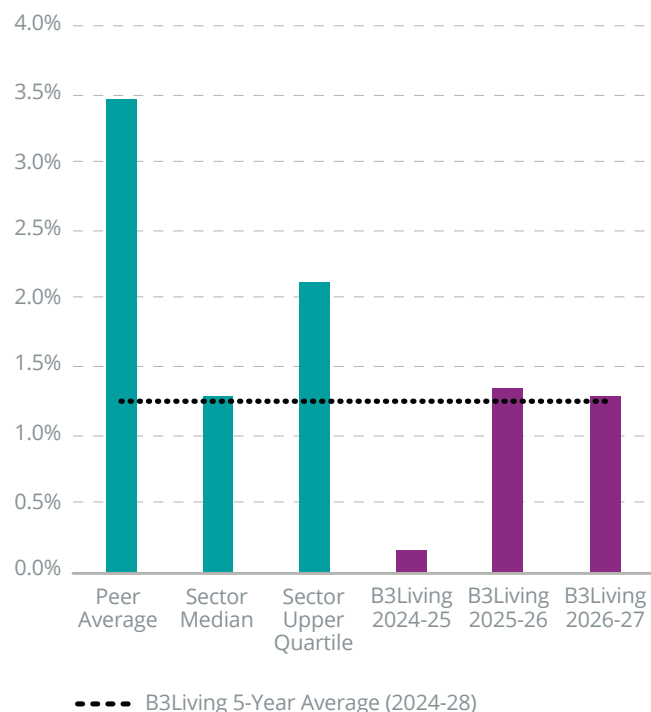
It is important to note that the reinvestment metric excludes two significant stock acquisitions completed over the last two years, with a combined value in excess of £50m, which are not captured within the reinvestment or new supply measures. If these acquisitions were included,

reinvestment would have been around 12% in 2024-25 and 13% in 2025-26, demonstrating a materially higher level of capital investment than reported by the headline metric alone.

To ensure that increased investment in new and existing homes remains sustainable, the Board and Executive team continue to focus on maintaining annual surpluses in excess of £10m, providing the financial capacity required to support higher levels of capital expenditure while protecting long-term financial resilience.

In 2025-26, the Group invested approximately £49.0m in acquiring and delivering new homes and a further £9.9m in improving existing properties. This level of investment is expected to continue into 2026-27, with around £40m allocated to new homes and £10m earmarked for investment in existing stock, reflecting the Board's ongoing commitment to balancing growth with the quality, safety and sustainability of our homes.

New supply of social housing units %



In recent years, uncertainty within the operating environment and volatility in costs led the Board to take a deliberately cautious approach to the delivery of new homes.

As a result, investment in new supply during 2022-23, 2023-24 and, to a lesser extent, 2024-25 was lower than historic levels and below that of some peers. This measured approach is reflected in our supply of new social homes during 2024-25 and 2025-26, and was a conscious decision taken to protect financial resilience while the business adjusted to a more challenging environment.

As confidence in the management of B3Living's cost base has improved, and economic conditions have begun to stabilise, the Board has increased its appetite to invest in new homes. This shift is evident in the strong progress made against our Better Futures Strategy target of 400 new starts on site between 2024-25 and 2026-27. By the end of 2025-26, 366 homes had either started on site or received Board approval, representing a significant step forward in rebuilding the development pipeline.

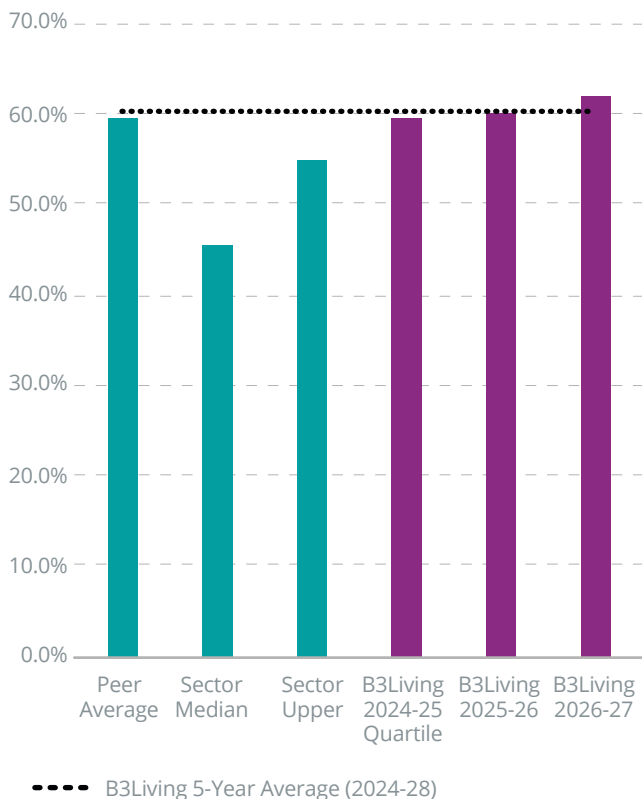
Given that the programme is being delivered from a relatively low base, the majority of capital expenditure associated with these new starts is expected to materialise in 2026-27, with around £40m set aside to support delivery as schemes progress through construction. This phasing reflects the normal lifecycle of development activity.

This level of investment is expected to translate into a material increase in the supply of new affordable homes in future years, with performance forecast to align with sector upper-quartile levels (2.1%) between 2027-28 and 2029-30. This trajectory reflects the Board's intention to grow sustainably, aligning development delivery with financial capacity and risk appetite.

While delivery of new affordable homes has been comparatively modest in the short term, it is important to recognise that B3Living has continued to grow at sector-leading levels. In 2024-25, we added 315 homes (5.7%) to our portfolio, followed by a further 402 homes (7%) in 2025-26, primarily through strategic acquisitions. This growth has strengthened our operating base and will support future efficiency and investment capacity.

Looking ahead, we recognise that many housing associations are likely to continue to divert resources away from new supply in response to the increasing need to invest in existing homes. B3Living will continue to follow a balanced approach, maintaining a strong focus on improving the quality, safety and sustainability of our existing stock, while progressing new affordable housing where this can be delivered in a financially sustainable way and in line with our strategic priorities.

Gearing %



During the year, our gearing ratio (the relationship between debt and social housing assets) increased modestly by around one percentage point to 60.3%.

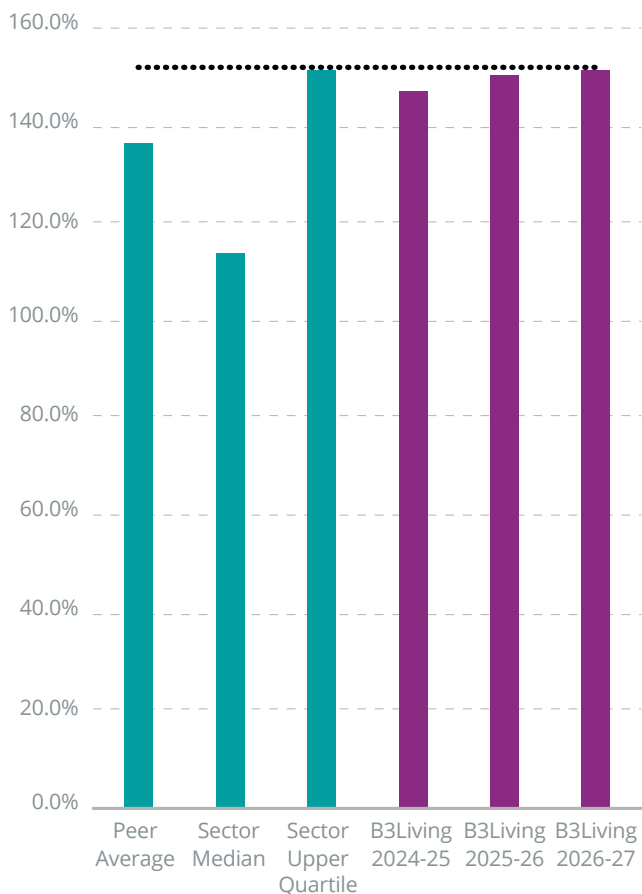
This movement reflects around £60m of capital investment made during the year, including stock acquisitions, the commencement of new development schemes, and continued investment in the quality, safety and energy efficiency of existing homes.

The Board recognises that B3Living operates towards beyond upper end of sector gearing levels. However, as a social housing provider with a clear strategic commitment to addressing housing need in our communities, the Board considers it appropriate to continue investing in new and existing homes at least at sector-median levels, and above this where capacity allows. This approach reflects a conscious balance between supporting growth and maintaining long-term financial resilience.

To sustain this level of investment while managing gearing within the Board's preferred range of 55–65%, the organisation must continue to generate annual surpluses of around £10m. In parallel, we will continue to work proactively with Homes England and other government bodies to secure grant funding, helping to reduce reliance on debt and improve scheme viability.

Alongside this, the Board has taken a strategic decision to actively review the performance of our housing stock, identifying homes that no longer meet customer needs, weigh disproportionately on financial performance, or would require significant investment to achieve acceptable energy efficiency standards. The expectation is that around 10 homes per year will be disposed of through this programme. These targeted disposals will support our gearing position, recycle capital into higher-value investment, and improve the overall quality and sustainability of the portfolio.

EBITDA MRI interest coverage %



----- B3Living 5-Year Average (2024-28)

EBITDA MRI (Earnings Before Interest, Tax, Depreciation and Amortisation, with Major Repairs Included) measures the Group's ability to meet its interest commitments from the cash generated by core operations.

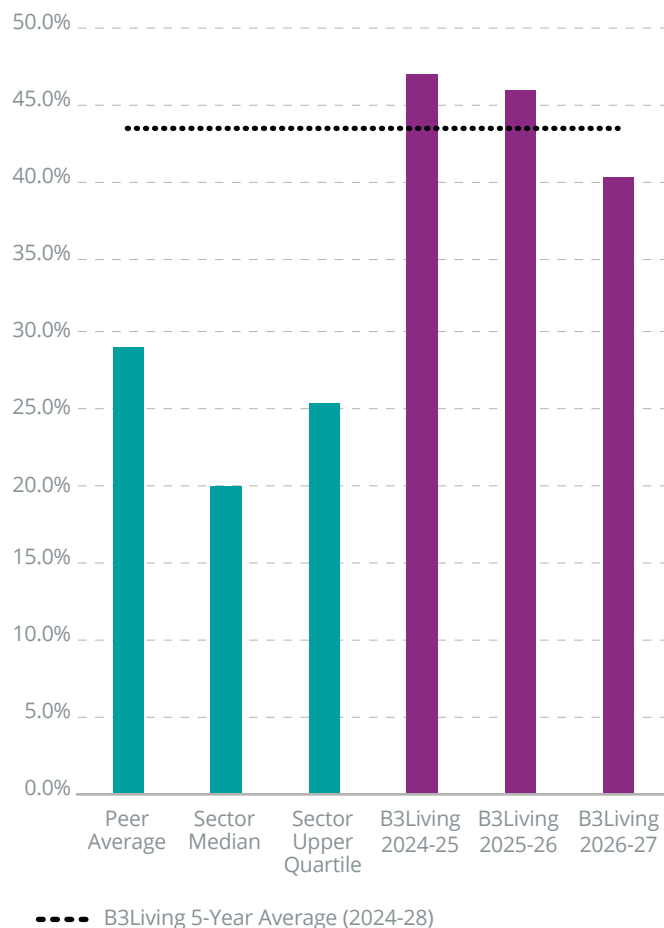
In 2025-26, B3Living's EBITDA MRI interest cover was 150%, marginally stronger than our peers' 2024-25 performance of 136%, demonstrating continued resilience in a challenging funding environment.

In previous VFM assessments, we highlighted that interest cover was expected to come under pressure as we progressed our ambitious programme of fire safety remediation and investments to bring all homes to EPC C+ by the end of 2028. Changes to the regulatory metric mean that grant associated with these programmes is now reflected within EBITDA MRI, which has helped to offset the impact of higher investment and maintain performance closer to the sector upper-quartile level (151%).

Despite debt increasing more quickly than originally forecast — driven by strategic stock acquisitions, elevated interest rates and the successful delivery of the Social Housing Decarbonisation Fund programme — we have outperformed earlier expectations and maintained interest cover at a level consistent with strong financial stewardship. This reflects disciplined cost control, strong underlying operating margins and the effective use of grant funding to support capital investment.

With interest rates and long-dated gilt yields expected to remain elevated in the near term, maintaining robust interest cover will continue to be a key priority for the Board. Strong EBITDA MRI performance is essential to preserving financial flexibility and ensuring B3Living can continue to deliver new affordable homes alongside sustained investment in the quality, safety and energy efficiency of existing stock.

Social housing operating margin %



A significant strength of B3Living's financial performance is the level of operating margins we generate, which play a critical role in supporting investment in both existing and new homes.

Around 24% of our homes are let at affordable rent, which is around twice the sector average, and our location close to London means local market rents are higher than for many comparable providers. While these factors contribute positively to income, they have been accompanied by several years of significant rent increases across the sector. Despite this, over 81% of customers continue to believe that their rent represents value for money, providing important assurance that strong margins are being delivered alongside positive customer perceptions.

Our operating margins have also benefited from sustained growth in the number of homes we manage. In 2024-25, we brought 312 new homes into management, supported by the acquisition of 250 homes from another provider.

This was followed in 2025/26 by a further 402 homes, again predominantly through the acquisition of 335 homes. This growth has increased scale and allowed fixed costs to be spread across a larger portfolio, generating efficiencies that strengthen overall financial performance.

Looking ahead, ongoing global and economic uncertainty reinforces the importance of maintaining strong operating margins and surpluses. These remain essential to preserving financial resilience and ensuring B3Living can continue to invest heavily in improving the quality, safety and sustainability of existing homes, while also supporting the delivery of new affordable housing in line with our strategic objectives.

Return on capital employed %



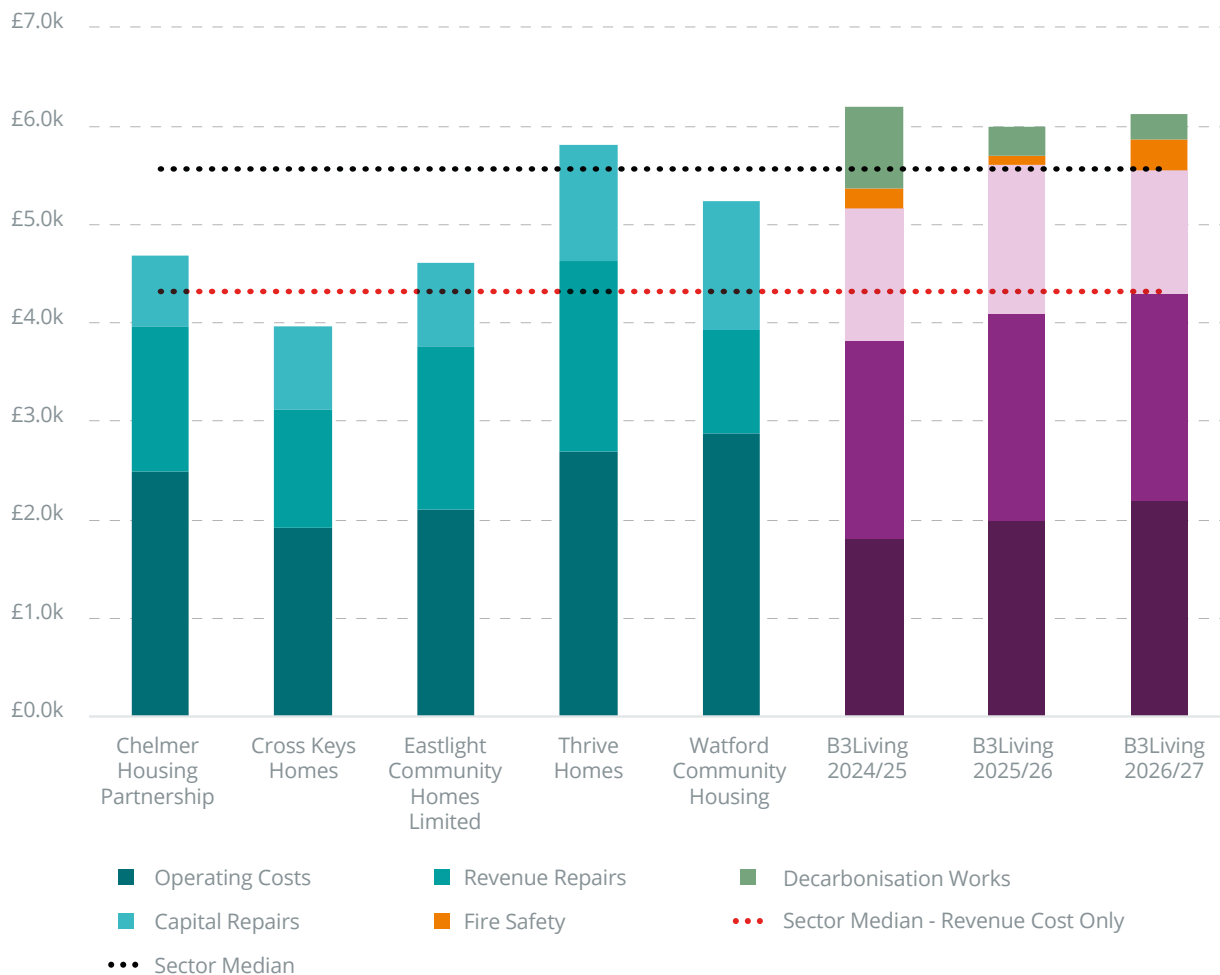
We continue to outperform both our peers and the sector upper quartile on return on capital employed (ROCE).

Given that B3Living operates with a gearing position towards the upper end of the sector, generating strong surpluses and ROCE performance is essential to ensuring that investment in new and existing homes remains financially sustainable.

Supported by our strong operating margins, we expect ROCE to remain within a range of 4–5%, comfortably exceeding the Board's value for money target of sector upper-quartile performance (3.7%). This level of return provides confidence that capital is being deployed effectively and in a way that supports long-term financial resilience.

However, the continued elevation in the cost of new debt means that bringing additional affordable homes into management will increasingly place pressure on returns. In this context, maintaining strong interest cover performance remains critical. Robust interest cover helps mitigate the impact of higher borrowing costs and provides essential financial headroom to support new development activity, particularly while market conditions remain challenging.

Cost per unit



As highlighted in the 2024 Value for Money assessment, B3Living was clear that our investments in improving the energy efficiency of our homes would result in a higher cost per unit than many of our peers in the short term. This was a deliberate and values-led decision.

Through the Better Futures strategy, we place a strong emphasis on providing good-quality, affordable homes, and in the context of sustained energy price volatility following the invasion of Ukraine, the Board was clear that it would not be fair for customers, who are often disproportionately affected by rising energy costs, to bear the burden of our poor-performing homes.

In 2024-25, B3Living spent around £4.0m (£831 per unit) delivering its Social Housing Decarbonisation Fund (SHDF) programme, improving the energy efficiency of 158 of our poorest performing homes. This programme included extensive fabric works, with external wall insulation installed in around 50 properties at an average cost of approximately £50,000 per home to achieve EPC C.

While the programme delivered important improvements in energy performance, the Board has reflected on the outcomes achieved in relation to the level of investment required. In particular, the learning from delivering external wall insulation has shown that, in some cases, the scale and cost of intervention did not deliver proportionate benefits when compared with alternative measures.

As a result, the Board has refined its approach to decarbonisation, placing greater emphasis on interventions that deliver strong customer outcomes at a lower cost. Future investment will therefore focus on measures such as internal wall insulation, roof insulation and the installation of solar panels, which have been shown to improve energy efficiency and affordability more effectively for a smaller investment.

With the SHDF wave 2 programme now complete, we expect the remaining c.400 homes to be upgraded to EPC C by the end of 2028, at an average cost of around £12,500 per property (net of grant). As this programme progresses, these works are expected to have a materially lower impact on cost per unit, estimated at between £275 and £425 per unit per annum, reflecting a more targeted, value for money led approach to investment.

While the chart does not show a material spike in fire safety expenditure in 2025-26, it does include the completion of our fire door replacement programme. This programme represented an investment of around £6.0m to replace all fire doors across the stock so that they fully meet current safety requirements. This proactive approach has had a temporary impact on cost per unit but reflects B3Living's commitment to resident safety and long-term asset stewardship. In contrast to some peers, who are replacing non-compliant doors only as they reach the end of their useful life, B3Living chose to address this risk comprehensively and at pace, ensuring customers have a safe environment in which to live.

Recognising that our investment levels are above sector and peer benchmarks, the Board has taken assurance that these decisions are supported by robust stock condition data, independently verified by Savills during 2025-26. As noted previously, we also recognise the strong relationship between customer satisfaction and the quality of the homes we provide.

B3Living has therefore maintained a long standing approach of investing in the upkeep of its homes at sector leading levels, and this remains a key driver of our cost per unit. In 2024-25 and 2025-26, we invested £1.35k and £1.51k per unit respectively on the replacement of key components within customers' homes. This represents 38% and 54% more than the peer average investment of £980 per unit in 2024-25.

While this level of investment is higher than some peers, it reflects a deliberate, evidence led approach that prioritises homes with the greatest need and poorest outcomes. In doing so, it directly supports our strategic ambition to ensure customers have homes they can be proud of, and that remain safe, sustainable and fit for the long term.

These figures exclude our investment in external decoration and communal area redecoration programmes. Spend in this area has increased in recent years, contributing to a higher cost per unit. In 2023-24, 70.9% of customers reported being satisfied with communal areas, around 14 percentage points below overall satisfaction. Following targeted investments, satisfaction increased to 73.2% in 2024-25.

In Quarter 2025-26, we completed a comprehensive inspection of all blocks and communal areas, involving the majority of staff, to provide a consistent assessment of condition and customer impact. While this work identified further investment needs, the Board has been clear that any additional spend must be prioritised and proportionate. As a result, the 2026-27 redecoration programme has been targeted at areas of greatest need and dissatisfaction rates are at their highest, rather than applying a blanket increase in expenditure. This approach ensures investment is directed where it is most likely to deliver meaningful improvements for customers and represents value for money.

This tight control over day-to-day operating costs allows a greater proportion of customers' rent to be reinvested directly into their homes and neighbourhoods. In turn, this helps to sustain customer satisfaction while ensuring that higher cost per unit is driven by deliberate, value-adding investment rather than inefficiency.



Our value for money metrics

Alongside the Regulator's metrics, our Board also monitors a set of internal value for money (VFM) performance indicators (see the table below).

These measures help ensure the Group continues to meet customers' expectations, makes effective use of its assets, and directs its limited resources to the areas that matter most. In December 2023, the Board refreshed our VFM metrics to place greater emphasis on customer experience and how customers perceive our services.

The Board has also set stretching, sector-leading targets for each metric. Progress against these targets underpins our Better Futures strategy and informs our budget-setting and business planning processes.

The table shows that since 2023-24, B3Living's overall customer satisfaction has remained consistently strong, ranging between 83% and 85%. This level of performance places us comfortably within the sector's upper quartile and is therefore in line with the Board-approved target. However, the data also highlights relative weaker performance in satisfaction with communal areas, where results sit below the sector upper-quartile benchmark.

In response, we have increased investment in external decoration and communal area redecoration programmes. In addition, during 2025-26 we completed a "Big Build Check", which involved every member of staff collectively visiting all our blocks and undertaking comprehensive surveys. This exercise identified several priority investment needs and has directly informed the largest budget for communal and external works set in recent years. This targeted, evidence-led approach ensures that investment decisions are proportionate and focused on delivering positive outcomes for our customer.

Value For Money Metrics	B3Living				Sector Median	Upper Quartile	Board VFM Target
	2023-24 Actual	2024-25 Actual	2025-26 Actual	2026-27 Forecast			
Customer Perception - B3Living Services	84.6%	84.7%	82.7%	86.0%	71.8%	79.0%	Upper Quartile
Customer Perception - Repairs Service	84.8%	84.0%	83.3%	85.0%	73.6%	79.7%	Upper Quartile
Customer Perception - Fairness & Respect	75.4%	87.7%	84.1%	87.0%	77.9%	84.0%	Upper Quartile
Customer Perception - Well Maintained	82.4%	83.0%	82.5%	80.0%	71.9%	77.8%	Upper Quartile
Customer Perception - Safe Home	83.2%	83.8%	83.5%	85.0%	77.6%	83.0%	Upper Quartile
Customer Perception - Communal Areas Home	70.9%	70.4%	73.2%	72.0%	66.7%	72.8%	Upper Quartile
Customer Perception - Rent Level	84.3%	80.0%	81.2%	85.0%	82.0%	86.0%	Upper Quartile
Overheads as a % of turnover	16.4%	16.9%	12.4%	15.0%	14.9%	12.0%	Median

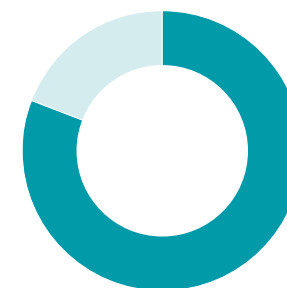
When considering our performance against the first six metrics, all of which are the Regulator's Tenant Satisfaction Measures (TSMs), B3Living is performing above the sector upper-quartile benchmarks and is therefore delivering against the Board's agreed targets. While this is strong performance and should be recognised, we are clear that there remains scope to do more. For example, at the May 2025 Board awayday, a detailed deep-dive into recent customer satisfaction survey results highlighted a strong correlation between the quality of customers' homes and overall satisfaction. The analysis also identified key drivers of dissatisfaction, particularly where repairs require repeat visits and where customers feel their complaints have not been handled effectively.

B3Living and the Board have long recognised the close link between overall customer satisfaction and the quality of customers' homes. This has informed a deliberate strategy of investing in existing homes at sector leading levels, both to improve day to day customer experience and to protect the long term viability of our housing stock. As a result, we have an established track record of prioritising investment in stock condition, which remains a key driver of our cost per unit. In 2024-25 and 2025-26, we invested £1.35k and £1.51k per unit respectively in replacing key components within customers' homes, representing 38% and 54% more than the peer average investment of £980 per unit in 2024-25. This sustained, proactive investment supports our ambition to provide homes customers can be proud of, while also safeguarding the long term viability of the business and maintaining compliance with the Regulator's Economic and Financial Viability and Consumer Standards.

We have also taken steps to address key drivers of dissatisfaction, including repeat repairs and how we handle complaints. In 2024-25, we completed the first

full year of our in-house repairs restructure, introducing additional management capacity to strengthen operational oversight, embed a more customer-focused culture and improve how we allocate resources. This has created a stronger platform for service delivery. However, we recognise that a poor repairs experience remains a key driver of customer dissatisfaction and complaints, particularly when repairs are not resolved first time and operatives need to return for repeat visits. In 2025-26, the Board approved the Three-Year Repair Team Strategy, which addresses these issues by improving diagnosis, increasing first-time-fix rates and reducing follow-on works through better scheduling, enhanced van stock, improved systems and data-led decision-making. The strategy also prioritises targeted, proactive investment to reduce future demand for responsive repairs, with a particular focus on damp and mould and drainage interventions. Together, these measures are intended to improve repair outcomes, reduce repeat failures and, in turn, lower the number of repairs-related complaints.

While our complaints service performs relatively well compared with the wider sector, satisfaction in 2025-26 that complaints were handled well was 52%, placing B3Living comfortably within the sector's top decile. However, we recognise there is still room for improvement. To support this, in 2025-26 we commissioned Housing Quality Network (HQN) to provide independent assurance over the effectiveness, resilience and resourcing of our complaints service. The review concluded that our underlying complaints framework is sound and that complaints are appropriately recognised as an important source of customer feedback. However, HQN identified sustained pressure on the service, driven by increased caseloads, long working hours and the recent loss of a permanent caseworker.



81% of our customers feel their rent represents value for money

This has reduced team resilience and increased the risk of service slippage. The review also highlighted opportunities to streamline processes and remove system and cultural blockages. In response, we are implementing the review's recommendations, including increasing dedicated complaints resource, to strengthen resilience and maintain high service standards.

We are pleased that over 81% of our customers feel their rent represents value for money, although this is lower than the 84.3% achieved in 2023-24. We believe this downward movement is driven by several factors. First, around 24% of our rented homes are let at affordable rent, which is typically higher than social rent. Second, in the context of the cost-of-living crisis, our rents increased by 7% and 7.7% in 2023-24 and 2024-25 respectively. During our annual rent consultation on the 2025-26 increase, customers were clear that, if rents needed to rise at these rates, they wanted to see B3Living investing that income in their homes. Through our continued sector-leading investment in replacing key components, alongside the Board's commitment to bring all our homes to EPC C by the end of 2028 (two years ahead of schedule), we believe we are responding to those expectations.

Value for money risks and sensitivities

The risks and sensitivities set out below provide important context for the Board's assessment of future value for money delivery.

The Board recognises that delivering value for money is influenced by a range of internal and external risks, and that strong headline financial results do not remove the need for continued challenge and financial discipline. In line with the Governance and Financial Viability Standard, the Board therefore considers both opportunities and risks when assessing VfM outcomes.

A key sensitivity remains interest rate and funding risk. While B3Living continues to deliver strong operating margins and interest cover, the sustained period of higher interest rates and gilt yields could affect future affordability, particularly as debt increases to support investment in new homes. This risk is managed through prudent treasury practices, a preference for long-term fixed-rate borrowing, and regular stress testing of the business plan to ensure we maintain appropriate covenant compliance and liquidity headroom.

The Board is also mindful of delivery and cost risk associated with major capital programmes, particularly fire safety remediation and decarbonisation works.

While we assume grant funding will support a significant proportion of these programmes, there is a risk that grant availability, eligibility or timing differs from our assumptions. To manage this, the Board takes a prudent approach to forecasting, closely monitors financial performance and the external operational environment, and retains the ability to re-phase or prioritise investment should cost or funding assumptions change.

Development and growth delivery risk is another important consideration. While the current pipeline supports a forecast increase in reinvestment and new supply metrics, delays in planning, constraints on contractor capacity or changes in market conditions could defer expenditure and affect short-term VfM results. The Board therefore places greater emphasis on medium-term trends and five-year averages than on single-year movements.

Finally, the Board recognises that higher levels of investment do not always translate into proportionate customer benefit. For this reason, VfM is assessed not only through financial metrics, but also through customer satisfaction, service outcomes and independent assurance. Where evidence suggests diminishing returns, the Board expects the Executive to challenge, and where necessary revise, the scope, pace or specification of activity to ensure value for money is maintained.

Value for money into the future

The 2025-26 financial results reflect our commitment to value for money with our core operating margins over 40% and healthy interest coverage.

Our Better Futures strategy recognises that cost management is key to us protecting financial resilience whilst doing more for our existing and future customers. The Board understand that reductions in spend in certain areas could adversely impact on customer experiences, therefore we expect to need to tweak or reallocate our expenditure to achieve our cost forecasts to ensure all spend is effective and proactively contributes to our strategic objectives. That said, we will aim to increase efficiency to generate costs savings, but we expect these savings to be reinvested in improving frontline services and existing homes. We expect to deliver savings through:

- ✓ Challenging how we work to improve performance and reduce wastage.
- ✓ Utilising IT to improve services, data quality and communication.
- ✓ The delivery of our new Asset Management Strategy, including disposing of underperforming homes.
- ✓ The delivery of our improved approach to procurement.
- ✓ The provision of new homes and acquiring, when advantageous, homes from other Housing Associations.

The table below shows B3Living's performance against the Regulator's Value for Money metrics, benchmarked against the sector and selected peers. Our reinvestment levels in 2024/25 and 2025/26 were lower than originally anticipated, reflecting the challenge of rebuilding our development programme following a period of reduced activity. This slowdown was driven by a combination of wider economic pressures following the invasion of Ukraine and a significantly more demanding operating environment for housing associations, be it from increased regulation and legislation, including the strengthened consumer regulatory regime, the Housing

Ombudsman's expanded role, Awaab's Law, and more stringent fire and building safety requirements. Together, these changes have increased compliance costs and redirected capacity and investment towards ensuring existing homes are safe, decent and compliant, while also responding to rising customer expectations around service quality and accountability.

With increased confidence in our ability to meet the expectations placed on us while keeping costs under control, the Board has increased its investment in new homes. For example, during 2025-26 the development

team either started on site, or secured approval for, 366 new affordable homes, representing 91.5% of the Board's target of 400 homes set out in the 2024-27 strategy. As many of these homes are at an early stage of construction, we expect most delivery costs to be incurred in 2026-27 and 2027-28. This phasing is reflected in the higher reinvestment levels in those years and an increased supply of new affordable homes.

	Peer average	Sector median	Sector upper quartile	Board VFM target	B3Living Actual	B3Living Actual	B3Living Forecast	B3Living Forecast	B3Living Forecast
Value For Money Metrics	2024/25	2024/25	2024/25		2024/25	2025/26	2026/27	2027/28	2028/29
Reinvestment	8.70%	7.51%	9.83%	Sector Median	6.19%	8.13%	11.18%	10.20%	10.74%
New Supply (Social)	2.90%	1.29%	2.12%	Sector Median	0.16%	1.34%	1.29%	2.45%	1.92%
Gearing	59.80%	45.52%	55.13%	Upper Quartile	59.68%	60.28%	61.87%	60.23%	59.05%
EBITDA MRI Interest Rate Cover	136.80%	113.27%	151.72%	Sector Median	147.42%	150.51%	151.65%	134.03%	125.41%
Headline Social Housing Cost per unit (£k)	4.86	5.73	7.18	Sector Median	6.19	5.98	6.12	7.56	9.30
Operating Margin (SHL)	29.30%	20.00%	25.51%	Upper Quartile	47.10%	45.90%	40.12%	39.85%	39.72%
Operating Margin (Overall)	26.00%	17.28%	22.55%	Upper Quartile	39.87%	37.97%	39.67%	39.39%	39.57%
ROCE	3.30%	3.01%	3.55%	Upper Quartile	4.95%	4.41%	4.78%	5.02%	4.71%



It is also important to note that, during 2024-25 and 2025-26, B3Living completed the purchase of 250 and 335 homes respectively from two different housing associations.

These large-scale, one-off investments are excluded from the Regulator's metrics. Even so, they have contributed to B3Living being one of the sector's fastest-growing housing associations, despite comparatively lower levels of new affordable homes being delivered over the period.

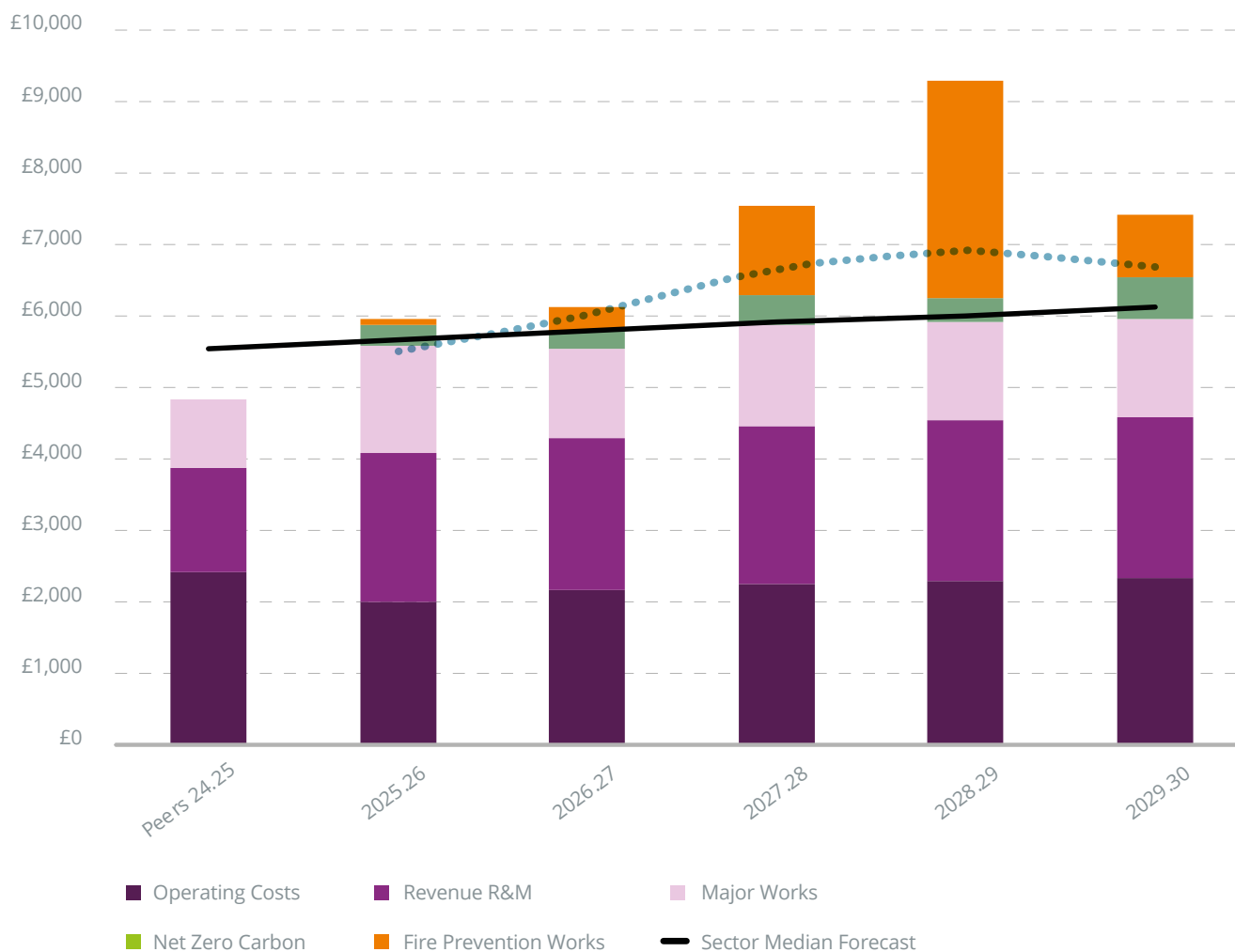
However, it is important to recognise that this level of investment is only sustainable if we continue to manage our cost base effectively and deliver strong operating margins and interest cover.

As we deliver our energy efficiency upgrades alongside essential fire safety remediation works, our EBITDA MRI performance is temporarily expected to be suppressed, falling to around 125% in 2028-29. However, once the programme has been completed, performance is expected to return to a level well above the sector median and our peer average. Strong interest cover performance is essential to support the financial viability of our new homes, especially as interest rates and long-term gilts remain elevated.

A key efficiency metric is operating cost per unit. The table below shows the cost per unit increasing from approximately £5,980 per unit in 2025-26 to around £9,300 per unit in 2028-29. The chart below breaks down the five key cost components and compares them with the sector median forecast, based on the 2024-25 outturn increasing by 2% per annum, and our peers.

The chart below shows that, over the medium term, our cost per unit is forecast to rise significantly above the sector median target. The main driver is the investment required to remediate a number of blocks within our portfolio. Most of the affected blocks are of a size and type of remediation that means the works qualify for government grant funding. For prudence, we have assumed that grant will cover only 75% of eligible works, although there is potential for coverage to be up to 100%. The chart also includes a blue dashed line, which illustrates what the cost per unit would be if the supporting grant is reflected; this results in a less pronounced increase. Looking specifically at “core” costs (including operating costs, revenue repairs and major works), we expect to remain within the Board’s sector median target.

Cost per unit breakdown



5





Governance & controls

Responsibilities of the Board	88
Internal controls	89
Governance and viability compliance	92

Responsibilities of the Board

The Board is responsible for preparing the Strategic Report, the Board's Report and the financial statements for both the Group and the Association in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (UK GAAP).

The Co operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008 require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of B3Living at the end of the year, and of the surplus of the Group and the Association for the year then ended.

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

- select suitable accounting policies and 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 the Association will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Association's transactions, disclose with reasonable accuracy at any time the financial position of the Group and the Association, and enable it to ensure that the financial statements comply with the Co operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing.

The Board has overall responsibility for taking reasonable steps to safeguard the assets of the Group and the Association and for establishing and maintaining systems of internal control designed to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of B3Living's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Compliance

The Board confirms that the Strategic Report has been prepared in accordance with the principles set out in the Statement of Recommended Practice for Registered Social Housing Providers, as issued by the National Housing Federation, and in compliance with applicable legal and regulatory requirements.

The Strategic Report was approved on 13 July 2026 and signed on its behalf by:

Andy Walder

Chair of the Board of B3 Living Limited

Dated: 13 July 2026

Registered with the Mutuals Public Register of the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 (Number 29876R).

Registered with the Regulator of Social Housing (Number L4455).

Internal controls

Scope and responsibilities

The Board has ultimate responsibility for establishing, maintaining and reviewing the effectiveness of B3Living's system of internal control. This system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's objectives. Controls cover risk management, financial and operational control, regulatory compliance (including rent, health and safety and consumer standards), data governance, treasury management, counter-fraud arrangements and cyber security. The Audit & Risk Committee supports the Board by providing independent oversight and reporting annually on the assurance received.

Operating context

The Board recognises that the sector continues to operate within a volatile and financially constrained landscape, with landlords facing sustained cost inflation, higher refinancing costs, and a weaker housing market. The Regulator of Social Housing (RSH) has reported that sector wide EBITDA MRI interest cover fell to 91% in 2024-25 and is not expected to rise above 100% until 2027-28. This underlines the need for credible stress testing, high quality data and strong governance to protect our long term viability.

Within this context, B3Living's Financial Golden Rules (FGRs) have remained central to navigating uncertainty. They provide a disciplined framework for evaluating financial resilience, defining investment capacity, and offering early

warning triggers where performance begins to deteriorate. Stress testing undertaken during the year indicates that, although the amended loan covenants provide headroom, covenant compliance alone does not provide sufficient protection for the business. However, the stress testing also confirmed that compliance with the FGRs provides vital additional headroom to safeguard our long term viability.

Internal control framework and assurance

B3Living's internal control environment operates as a continuous, end-to-end assurance cycle designed to provide the Board with clear and timely oversight of risks, performance and compliance. This begins with the Board setting the organisation's risk appetite and FGRs, which define our tolerance boundaries and act as early-warning triggers for corrective action. The Executive, working closely with the ARC, maintains the combined strategic and operational risk register, ensuring risks are clearly identified, monitored and evaluated in line with key stakeholder expectations, including the Regulator of Social Housing. Performance and compliance data are presented through monthly dashboards and exception reporting, enabling emerging issues to be addressed promptly.

This information is triangulated across the Long-Term Financial Plan (LTFP), our stress-testing scenarios, the Asset & Liabilities Register, and the latest Sector Risk Profile (2025), ensuring Board decisions are predicated on good quality, cross-verified – where possible - evidence.

Our assurance arrangements follow the established Three Lines of Defence model, providing clarity of roles and reinforcing accountability across the organisation.

- i. first line of defence comprises management and operational teams who own day-to-day controls, applying policies, procedures, KPIs and delegated authorities to deliver services safely and consistently.
- ii. second line of defence involves independent internal assurance functions, including quality checks, validated KPIs, compliance monitoring and risk oversight, which provide challenge and strengthen organisational control.
- iii. third line of defence is delivered through fully independent external assurance—most notably internal audit provided by TIAA and our external auditors—both of whom assess the effectiveness of key controls and provide the Board with additional confidence in the robustness of our framework.

Audit and Risk Committee receives and scrutinises the outputs from all three lines of defence, providing constructive challenge and escalating material issues to the Board where further action is required. This layered approach creates a dynamic and forward looking control environment that supports strong governance, early intervention and continuous learning - ensuring that B3Living remains resilient and well governed in a challenging operating environment.

Internal audit coverage

During the year, TIAA delivered a 55-day internal audit programme covering a wide range of business areas. This work was aligned directly to both the operational and strategic risk registers and supported delivery of the corporate strategy. The table below summarises the internal audits completed during the year, the assurance levels provided by TIAA, and the number of improvement actions identified. As shown, the lowest assurance rating issued was 'reasonable', and no priority 1 recommendations were made during the year.

Data integrity and governance

Data integrity and governance are recognised as key enablers of effective decision making, regulatory compliance and assurance. The Board approved a new Data Strategy in December 2024, setting out a phased programme to strengthen data quality, governance, skills and systems, and to address historic weaknesses in ownership, consistency and assurance. Work is already well underway to develop a Data Governance Framework, which will establish clear ownership and accountability through named data owners and data stewards. In addition, a data quality framework is being put in place to support a systematic approach to maintaining standards, including regular data audits, data cleansing activity, and clear guidance and support for data entry personnel and users.

Progress and delivery are overseen by Audit and Risk Committee. In November 2025, Audit and Risk Committee received a detailed deep dive on the Data Strategy, and "data integrity" is a standing consideration in Board and Committee reports. This ensures that the quality and reliability of the data underpinning decisions is explicitly tested and challenged. Specialist consultancy support has also provided independent challenge and has supported delivery of the Data Strategy.

Area of Review	Assurance Level	Priority Level Recommendation			
		1	2	3	OEM*
Development	Substantial				
Anti-Social Behaviours	Reasonable	-	3	2	-
Core Compliance Review	n/a	-	-	-	1
Void & Allocation Management	Reasonable	-	2	1	-
Landlord H&S Compliance (D&M)	Substantial	-	-	2	1
DLO Operations	Reasonable	-	2	-	-
Stock Condition & Asset Man.	Substantial	-	-	-	-

Tenant safety, quality and compliance

Tenant safety, stock quality and full regulatory compliance remain among the Board's highest priorities and form a core pillar of our Better Futures Strategy, which commits B3Living to providing safe, well-maintained and sustainable homes for our customers. This strategic focus reflects both our social purpose and the Regulator of Social Housing's expectations around building safety, decent homes, damp and mould, and timely remediation.

During the year, we strengthened our assurance arrangements further. We completed a stock condition survey programme covering 92% of our homes, which was independently validated by Savills. This has enabled us to produce detailed five and thirty year investment plans, giving the Board confidence in our long term planning and assurance that our homes will continue to be well maintained. Our compliance framework is comprehensive and transparent, with statutory safety KPIs monitored through the Executive Team, Operations Committee, Audit and Risk Committee and the Board. This is supported by internal audits of key compliance areas, including Damp & Mould this year, which have identified opportunities for further improvement.

Where we need additional assurance, we draw on external specialists, for example, to validate external wall systems or to provide technical fire safety expertise. These activities align with our Three Lines of Defence model and provide a high level of assurance that risks are identified early and managed effectively, helping to ensure our homes remain safe, compliant and aligned with consumer standards.



Cyber and data security

Cyber and data security remains a key strategic risk for the organisation, reflecting the fast-evolving threat landscape faced by all modern businesses. We recognise that a cyber incident could result in service disruption, financial loss, regulatory scrutiny and reputational damage, including potential action by the ICO. The Board and Executive therefore maintain a minimal risk appetite and a strong focus on prevention, detection and resilience.

A comprehensive suite of controls is in place and continues to be actively reviewed. These include Cyber Essentials Plus accreditation, 24/7 managed detection and response, continuous monitoring of external threats, and annual independent security and penetration testing. Resilience is strengthened through immutable backups, a tested IT disaster recovery framework, and a structured approach to patch and vulnerability management. Clear policies govern data protection, access control, acceptable use and password management, supported by role-based system controls.

People and culture are a critical line of defence. All staff receive mandatory cyber security and phishing awareness training, reinforced through ongoing what-if scenario-based exercises. Governance and oversight are supported with regular cyber performance updates to the Executive and a formal annual cyber security assurance report to the Audit and Risk Committee. Furthermore, cyber security internal and external audits were conducted during the year, alongside further work to strengthen assurance over third-party and contractor cyber risk.

Fraud, bribery and corruption

Fraud, bribery and corruption are recognised as key governance risks, and the organisation maintains a zero-tolerance approach. A comprehensive suite of anti-fraud and anti-bribery policies are in place, including the Anti-Fraud Policy and Anti-Bribery and Corruption

Policy, all approved by the Board in July 2025 and owned by the Executive Director (Finance). These policies were reviewed with external support from internal auditors, TIAA, and updated to reflect current legislative and regulatory expectations.

To support robust oversight, a Fraud Register is presented to every Audit and Risk Committee meeting, recording both successful and unsuccessful incidents. During the year, no successful frauds were identified, with one attempted incident detected early and prevented through established controls.

The organisation is also responding to the Economic Crime and Corporate Transparency Act, which introduces a new Failure to Prevent Fraud offence and significantly heightens expectations around fraud-prevention procedures, including third-party due diligence and supply-chain assurance. Fraud awareness has been promoted across the business by the Executive Director (Finance), and the internal auditors supported a fraud maturity review during 2024-25, providing further assurance and identifying opportunities for continuous improvement.

External audit assurance

As part of their annual audit, the external auditors reviewed the effectiveness of our financial controls. They issued their management letter with no material concerns, confirming that the Group's internal financial controls were operating effectively. The external auditors also have a direct line of communication with the Chair of Audit and Risk Committee and meet in a private session with Audit and Risk Committee members, without management present, at least once each year

Governance maturity and Board effectiveness

The Audit and Risk Committee received the Annual Report on Internal Controls, TIAA's Head of Audit Opinion, and

external audit findings. The Board undertook horizon scanning and considered emerging regulatory and policy developments - including Awaab's Law, electrical safety changes, fire cladding risk, and the new RSH inspection regime - ensuring strategies remain aligned to future expectations.

Forward look

The Board has approved a programme of continuous improvement for 2026-27. This includes further embedding our Data Strategy, on-boarding new external auditors, continuing to strengthen our cyber security maturity, enhancing monitoring of building safety compliance, responding to the Economic Crime and Corporate Transparency Act, and further strengthening our governance so that the voice of our customers is heard and acted upon. We will also continue to refine our stress-testing approach and proactively manage our exposure to development and housing market risk, helping to ensure B3Living remains resilient, well-governed and financially strong enough to deliver safe, secure and high-quality homes for the long term.

Conclusion and compliance affirmation

Based on assurance from management, internal and external auditors, and oversight by Audit and Risk Committee, the Board is satisfied that B3Living's system of internal controls was effective throughout 2025-26 and provided reasonable assurance over the safeguarding of assets, compliance with legal and regulatory requirements, and the achievement of strategic objectives. The Board further confirms that B3Living complied with the Governance and Financial Viability Standard and Consumer Standards, meeting the expectations of the Regulator, funders, partners and most importantly our customers.

Governance and viability compliance

Statements of compliance with the Regulator's Governance and Financial Viability Standard

The Board confirms that the Strategic Report has been prepared in accordance with the principles set out in paragraphs 4.6 and 4.7 of the 2018 Housing SORP for registered social landlords. As required by the Accounting Direction for Social Housing in England 2022, B3Living has undertaken an assessment of its compliance with the Regulator of Social Housing's Governance and Financial Viability Standard for the year ended 31 March 2026.

During the year, B3Living was subject to a regulatory inspection and was awarded the highest regulatory grades of G1 (governance), V1 (financial viability) and C1 (consumer standards). This judgement provides strong independent assurance that the Group's governance arrangements are effective, that it is financially resilient, and that it is delivering good quality services in line with regulatory expectations across all four consumer standards.

The Board also completed its annual internal review of compliance with the Governance and Financial Viability Standard during the year. This review was reported to the Board and confirmed that B3Living remained fully compliant and that its governance and assurance framework continues to operate effectively.

The Board maintains a strong focus on long-term financial sustainability through the application of robust financial "golden rules", prudent liquidity management and active treasury oversight. These arrangements ensure that the

Group maintains sufficient liquidity headroom, operates within agreed risk appetite and covenant limits, and takes investment and development decisions within a sustainable long-term financial framework. The Board is supported by the Treasury Committee and receives regular assurance on financial performance, funding capacity, stress-testing outcomes and treasury risk, supporting continued financial resilience and the maintenance of the Group's V1 viability rating.

Governance

B3 Living Limited is a public benefit entity registered with the Regulator of Social Housing as a registered provider of social housing. The Group Board is responsible for setting the Group's strategy, overseeing performance, managing risk and ensuring the effective stewardship of social housing assets and long-term viability.

The Board comprises up to twelve non-executive members with a broad mix of skills, experience and backgrounds, supported by a formal skills matrix and structured succession planning arrangements.

Our appointed Chair Designate assumed his role as Chair of the Board in September 2025. Following a successful recruitment campaign designed to fill gaps in our board skills profile, we also appointed two new members to our Board at the same time.

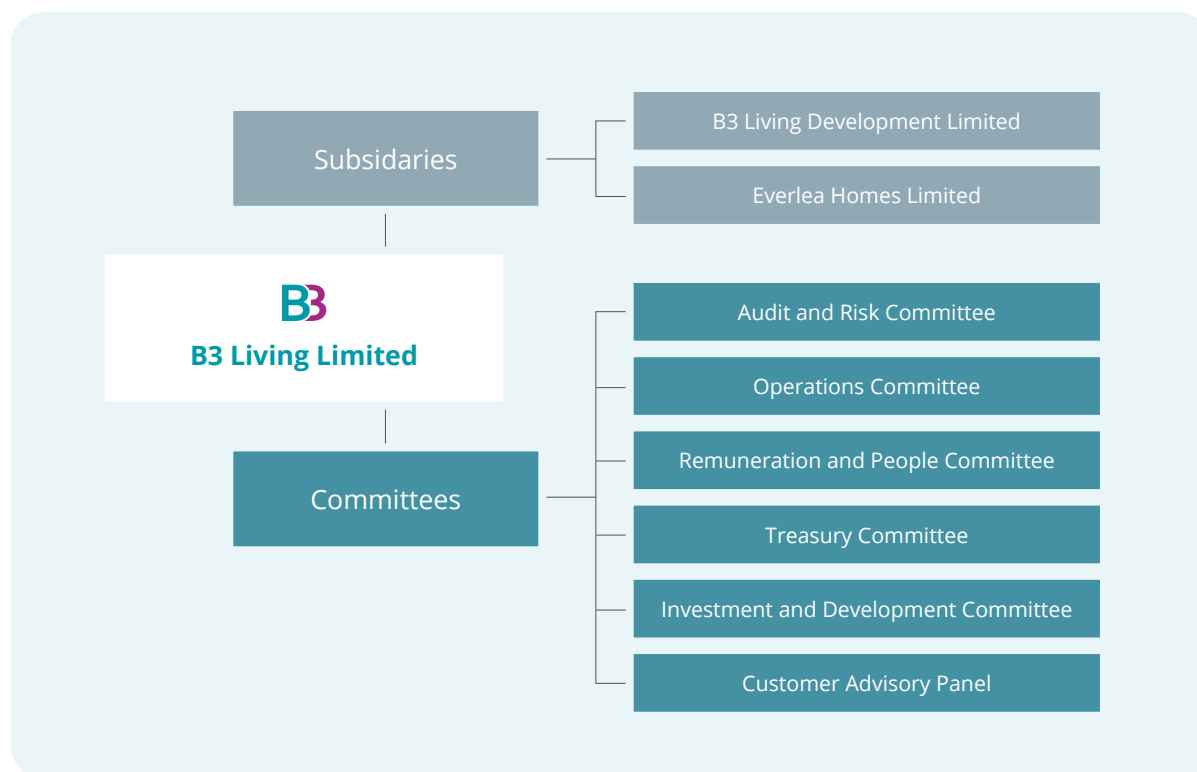
Despite member changes, B3Living has made efforts to continue to expand the diversity of our Group Board, and we are pleased to report that our board demographic profile is broadly representative of our local community,

except for the age profile and individuals with a disability. Details of the skills, attributes and the profiles of individual members are available on pages 143 to 145 (see Board profiles at the end) of this report.

Responsibility for specific areas is delegated to committees, including Audit and Risk, Treasury, Remuneration and People, Operations, and Investment and Development, while the Board retains overall accountability. Clearly defined governance frameworks and delegations operate across the Group, including for subsidiary boards.

During the year, the Board commissioned support for their annual appraisals and review of effectiveness to ensure that its governance arrangements remain fit for purpose.

The review considered Board and committee effectiveness, skills and behaviours, governance processes and the quality of assurance supporting decision-making. The review concluded that governance arrangements were operating effectively and identified a small number of areas for continuous improvement, which have been incorporated into an agreed Board action plan.



National Housing Federation (NHF) Code of Governance

B3Living has adopted the National Housing Federation Code of Governance 2020 and undertook a formal review of compliance during the year. The Board confirms that it remains compliant with the Code.

As part of its agreed succession planning arrangements, and in line with the flexibility permitted within the Code, the Board exercised limited extensions to the tenure of a small number of Board members beyond six years to ensure continuity and stability during a period of significant Board transition. These arrangements are temporary and will be resolved through ongoing recruitment and succession planning.

All other provisions of the Code were complied with throughout the year.

	Our board profile	Broxbourne profile
Female	33%	52%
Disabled	8%	15%
From Ethnic Minority Backgrounds	17%	19%
LGBTQ+	11%	2%
Minority religion	8%	8%
Median Age	61.5 years	40 years

6



Independent Auditors' Report

Independent Auditors' Report

Opinion

We have audited the financial statements of B3 Living Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2026 which comprise the Group and Association Statement of Comprehensive Income, the Group and Association Statement of Financial Position, the Group and Association Statement of Changes in Equity, the consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 2(a) and 2(b). 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 surplus and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit and Risk Committee.

We were first appointed as auditor of B3 Living Limited by the Board for the period ending 31 March 2007. The period of total uninterrupted engagement for the Group is for 20 financial years ending 31 March 2026. 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.

Application of Materiality

Materiality for the Group financial statements as a whole was set at £964,296, determined with reference to a benchmark of Group turnover (of which it represents 2%). We consider group turnover to be the most appropriate benchmark, and more appropriate than a profit-based benchmark, as the Group is a not-for-profit organisation that reinvests all surpluses generated from its activities within the Group and does not make any distributions of profit to external parties.

Materiality for the parent Association financial statements as a whole was set at £843,759, determined with reference to a benchmark of Association turnover (of which it represents 1.75%), based on the same rationale as above.

Performance materiality was set at 75% (2025: 75%) of materiality for the financial statements as a whole, which equates to £723,222 (2025: £655,140) for the Group and £632,819 (2025: £573,248) for the parent Association. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £48,215 (2025: £43,676) for the group and £42,188 (2025: £38,217) for the parent Association, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's three reporting components, we subjected all three to full scope audits for group purposes. The work on all components including the audit of the parent Association, was performed by the Group team.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

We summarise below the key audit matters in arriving at our audit opinion above, together with our key audit procedures to address these matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

1. Sales risk and exposure to the property market

The risk of new development costs being overstated on the Statement of Financial Position was considered to represent a significant audit risk, because, in addition to it being high value, consideration of impairment is a significant management judgement

The Group recorded turnover from properties developed for first tranche shared ownership sale of £3.2m (2025: £2.4m). Other property sales (such as staircasing, RTB and asset disposals) generated a further surplus of £753k (2025: £1,485k). At 31 March 2026, the balance of work in progress relating to completed unsold properties was £6.1m (2025: £3.4m), with work in progress of £2.9m (2025: £1.9m) relating to properties for sale under construction.

Refer to page 108 (accounting policies) and page 104 to 105 (financial disclosures).

OUR RESPONSE

Our procedures included the following tests of detail:

- **Test of detail:**
Tested surplus on sale for a sample of property sales in the period.
- **Assessment of recoverability:**
Reviewed the carrying value of the Group's stock and work-in-progress at the year-end to ensure it is stated at its selling price less costs to complete and sell. This included an assessment of the profitability on the current schemes.

OUR RESULTS

We found no errors in the calculation of surplus on sale of properties. We agreed a sample of property sales in the year against completion statements and other documentation and agreed the cost of sales against the costs capitalised and found that they had been treated appropriately.

We also reviewed the latest forecast costs for each development and found that there were no significant cost overruns to the approved budgets and no indication that the carrying value of the properties is overstated at the year end.

To consider the risk that management have overstated the work in progress, we reviewed the stress testing on the business plan to assess the impact on the change in value of stock and work in progress. The Group has stress tested a range of scenarios, including house price fall of 30%, the sales programme being delayed by one year, and having to convert all shared ownership properties in development to affordable rent, and in these scenarios the Group remained able to meet all funders' covenants.

2. Housing Properties – capitalisation of new build development costs

The risk of new development costs being overstated on the Statement of Financial Position was considered to represent a significant audit risk, because, in addition to it being high value there are management estimates applied

The parent Association capitalised new build development costs of £22.3m (2025: £10.9m).

Refer to pages 108 to 146 (accounting policies and notes to the accounts) and pages 104 to 105 (financial disclosures).

OUR RESPONSE

Our procedures included the following tests of detail:

- **Test of detail:**
We agreed a sample of development additions in the year to invoice or certificate.
- **Test of detail:**
We reviewed and agreed workings for capitalised interest in the year.
This included a comparison of the Association's weighted average interest rate applied versus the actual paid for its borrowing and to ensure that capitalisation of interest ends when a development reaches practical completion.
- **Test of detail:**
We checked the costs directly related to the development programme. We note that the majority of costs in this regard are the salaries of the development team. We reviewed amounts capitalised in our sample testing to confirm the treatment adopted accords with guidance in FRS 102 and the SORP 2018.

OUR RESULTS

Based on the audit procedures performed, we found the capitalisation of new build development costs to be recorded accurately and in line with FRS 102 and the SORP.

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. Our evaluation of the Board's assessment of the entity's ability to continue to adopt the going concern basis of accounting included carrying out the following:

- We obtained management's assessment that supports the Board's conclusions with respect to the disclosures around going concern
- We considered the appropriateness of management's forecasts by reviewing and assessing assumptions applied by management, assessing historical forecasting accuracy and considered the reasonableness of the range of scenarios included in management's consideration of downside sensitivity analysis
- We challenged management on the suitability of the mitigating actions identified in their downside assessment, including the quantum and period ascribed to these mitigating actions
- We obtained an understanding of the financing facilities from the finance agreements, including the nature of the facilities and covenant headroom calculations. We assessed the facilities and covenant headroom calculations
- We reviewed the wording of the going concern disclosures and assessed its consistency with management forecasts

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 the information included in the Report of the Board including Strategic Report, 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, except to the extent otherwise explicitly stated in our report, 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:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept adequate accounting records; or
- the Association's financial statements are not in agreement with accounting records and returns; 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 88, 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 Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern

and using the going concern basis of accounting unless the Board either intends to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, 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 2022, 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 as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Menzies LLP

One Express
1 George Leigh Street
Manchester
M4 5DL

Date:

7





Financial statements

Statement of comprehensive income	104
Statement of financial position	105
Statement of changes in equity	106
Consolidated statement of cash flows	107
Legal status, accounting policies, and notes to the Financial Statements	108
Board members, executive directors, funders, advisors and auditors	143

Statement of comprehensive income

For the year ended 31 March 2026

	Notes	GROUP		ASSOCIATION	
		2026	2025	2026	2025
		£000	£000	£000	£000
Turnover	3	48,214	43,676	48,214	43,676
Cost of sales	3	(2,511)	(2,146)	(2,586)	(2,205)
Operating expenditure	3	(27,394)	(24,116)	(27,699)	(24,225)
Gains on disposal of housing properties	3	753	1,485	753	1,485
Changes in valuation of investment properties	10c	5	(23)	5	(23)
Operating surplus	5	19,067	18,876	18,687	18,708
Gift Aid		-	-	145	61
Interest receivable	6	245	203	217	179
Interest and financing costs	7	(9,000)	(8,059)	(9,000)	(8,059)
Financial asset impairment		-	-	-	-
Surplus/(deficit) before tax		10,312	11,020	10,049	10,889
Taxation		-	-	-	-
Surplus/(deficit) for the year		10,312	11,020	10,049	10,889
Actuarial (losses)/gains in respect of pension schemes	27	17	69	17	69
Comprehensive income for the year		10,329	11,089	10,066	10,958

The Financial Statements were approved and authorised for issue by the Board on 13 July 2026 and were signed on its behalf by:

Andy Walder
Chair of Board

Stephen Glover
Board Member

Paul Tyrrell
Board Member

Claire Howe
Company Secretary

The notes on pages 108 to 146 form an integral part of the Financial Statements.

Registered with the Mutuals Public Register of the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 (Number 29876R).

Registered with the Regulator of Social Housing (Number L4455).

Statement of financial position

As at 31 March 2026

	Notes	GROUP		ASSOCIATION	
		2026	2025	2026	2025
		£000	£000	£000	£000
Fixed Assets					
Housing Properties at costs	10a	421,839	372,561	422,064	372,817
Other Fixed Assets	10b	2,366	3,691	2,366	3,691
Investment properties	10c	2,290	3,648	2,290	3,648
Investment in subsidiaries	10d	-	-	-	-
Tangible fixed Assets		424,612	379,900	425,256	380,156
Current assets					
Stock	11	6,141	3,436	6,141	3,436
Trade and other debtors	12	2,340	2,221	2,331	2,229
Agreement to improve existing properties	25	1,111	1,226	1,111	1,226
Cash and cash equivalents	13	8,287	5,609	8,277	5,594
		17,879	12,492	17,860	12,485
Less: Creditors falling due within one year	14	(12,223)	(10,815)	(12,916)	(11,288)
Net current assets		5,656	1,677	4,944	1,197
Total assets less current liabilities		432,151	381,577	431,664	381,353
Creditors falling due after more than one year	15	(306,575)	(266,131)	(306,575)	(266,131)
Provisions for liabilities					
Agreement to improve existing properties	25	(1,111)	(1,226)	(1,111)	(1,226)
Pension provision	29	(109)	(193)	(109)	(193)
		(1,220)	(1,419)	(1,220)	(1,419)
Total net assets		124,356	114,027	123,869	113,803
Reserves					
Share capital	26	-	-	-	-
Income and expenditure reserve		124,356	114,027	123,869	113,803
Total reserves		124,356	114,027	123,869	113,803

The Financial Statements were approved and authorised for issue by the Board on 13 July 2026 and were signed on its behalf by:

Andy Walder
Chair of Board

Stephen Glover
Board Member

Paul Tyrrell
Board Member

Claire Howe
Company Secretary

The notes on pages 108 to 146 form an integral part of the Financial Statements.

Registered with the Mutuals Public Register of the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 (Number 29876R). Registered with the Regulator of Social Housing (Number L4455).

Statement of changes in equity

As at 31 March 2026

	GROUP		ASSOCIATION	
	Share Capital*	Income & Expenditure	Share Capital*	Income & Expenditure
	£000	£000	£000	£000
Balance as at 1 April 2024	-	102,938	-	102,845
Surplus for the year	-	11,020	-	10,889
Actuarial (losses)/gains in respect of pension schemes	-	69	-	69
Balance as at 31 March 2025	-	114,027	-	113,803
Surplus for the year	-	10,312	-	10,049
Actuarial (losses)/gains in respect of pension schemes	-	17	-	17
Balance as at 31 March 2026	-	124,356	-	123,869

*The Group and Association have issued share capital of £10 (2025: £10).

The Group and Association had equity at the reporting date of £124,356k (2025: £114,027k) and £123,869k (2025: £113,803k) respectively.

The notes on pages 108 to 146 form an integral part of the Financial Statements.

Consolidated statement of cash flows

For the year ending 31 March 2026

	MARCH 2026	MARCH 2025
	£000	£000
Net cash generated from operating activities (Note 21)	27,779	24,589
Cash flow from investing activities		
Purchase of tangible fixed assets (social housing)	(58,298)	(51,304)
Purchase of other fixed assets	(1,195)	(480)
Change to sale of other investment properties	490	-
Proceeds from sale of tangible fixed assets	3,177	3,824
Grants received	5,923	4,543
Investment income received	245	203
	(49,658)	(43,214)
Taxation	-	-
Cash flow from financing activities		
Interest paid	(10,443)	(8,411)
New secured loans	35,000	25,000
Repayments of borrowings	-	-
	24,557	16,589
Net change in cash and cash equivalents	2,678	(2,036)
Cash and cash equivalents at beginning of the year	5,609	7,645
Cash and cash equivalents at end of the year	8,287	5,609
	2,678	(2,036)

The notes on pages 108 to 146 form an integral part of the Consolidated Financial Statements.

Legal status, accounting policies, and notes to the Financial Statements

1. Legal status

B3Living is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 with the registration number 29876R and is also registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing with the registration number L4455. B3Living's registered office is Part First Floor, Building A, Turnford Place, Great Cambridge Road, Turnford, Herts, EN10 6NH.

The Group is a public benefit entity as defined in FRS 102, section 34.

2. (a) Principal accounting policies

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with Regulator of Social Housing with effect from 1 April 2012 as a registered provider of social housing.

Basis of accounting

The 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"); the 2018 Statement of Recommended Practice (SORP): Accounting by Registered Social Landlords and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The accounts are prepared on the historical cost basis of accounting as modified by valuation of investment properties and are presented in £'000, except where specifically stated otherwise. The Group and Association meet the definition of a public benefit entity (PBE).

Basis of consolidation

The Group Consolidated Financial Statements include the financial statements of the Association, all its subsidiary undertakings, and its joint ventures. A subsidiary is an entity controlled by the Group. Control is construed as the power to govern the financial and operating policies of an entity to obtain benefits from its activities.

The Financial Statements have been prepared using the line-by-line consolidation for subsidiaries and the equity method for joint venture entities as appropriate. Group entities are detailed within note 28 to the Financial Statements. The results of joint ventures have been incorporated into the Financial Statements, consolidated from management accounts, as they do not share the same reporting date with the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Exemptions for qualifying entities under FRS 102

The Association has elected to apply the following reduced disclosures, which are permitted in accordance with FRS 102:

- The exemption to not disclose a separate cash-flow statement in accordance with FRS 102 1.12(b) as the Association is a qualifying entity and the Group prepares a consolidated cash-flow statement.
- The exemption under FRS 102 Paragraph 33.1A to not disclose the details of related party transactions with wholly owned subsidiaries.

Turnover and revenue recognition

Turnover represents rental income receivable, service charge receivable income, amortised capital grants from government sources, revenue grants from local authorities and Homes England, income from the sale of the first tranche of low-cost home ownership, outright property sales, and other income. Turnover is recognised in relation to the period when the goods or services have been supplied and when the risks and rewards of ownership have transferred from B3Living to the counterparty.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Supporting People Income is recognised under the contractual arrangements.

Value Added Tax

The Association charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The Financial Statements include VAT to the extent that it is suffered by the Association and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

The Association operates a VAT shelter arrangement on 91 properties which are part of the stock transfer from the London Borough of Haringey. This was agreed with HM Revenue and Customs, and this facilitates the full recovery of VAT on expenditure falling within the agreed definition of "improvements" to the properties.

At the reporting date only the VAT shelter that was agreed in 2013 and relates to the refurbishment of properties acquired from London Borough of Haringey, was in operation. The Association retains the full VAT recoveries from this VAT shelter agreement.

Related party transactions

The Group and Association have taken advantage of the exemptions in FRS 102 and have decided not to disclose transactions between regulated entities or between non-regulated entities, except as required by the Accounting Direction 2022. Disclosure requirements for transactions between regulated entities and non-regulated entities are provided in note 28.

Tangible fixed assets

Tangible fixed assets are made up of housing properties held for social housing, housing and commercial properties classified as investment properties, and other fixed assets such as leasehold offices, freehold offices, furniture, fixtures and fittings, IT and office equipment, motor vehicles, and plant and equipment.

Tangible fixed assets other than investment properties are stated at cost, less accumulated depreciation, less impairment where applicable. Investment properties are carried at their fair value at the reporting date.

Other than investment properties which are not depreciated, tangible fixed assets are depreciated over their useful lives, taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles, and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Housing properties

Housing properties are principally properties available for rent and low-cost home ownership. They are held for social benefit purposes and are stated at net historic cost after

accumulated depreciation and accumulated impairment. Historic costs are made up of the acquisition costs of the housing assets, plus unavoidable costs of acquisition when the asset is bought outright by B3Living. Where B3Living develops the property, costs include the cost of acquiring land and buildings, construction costs, capitalised interest charges incurred during the development period, and directly attributable development overhead costs.

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

Improvements are works which either fall within the definition of the VAT shelter works or result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business. Only the direct overhead costs associated with new developments or improvements are capitalised.

Low-cost home ownership properties are split between current and tangible fixed assets based on the anticipated first tranche sale proportion. The first tranche proportion is recognised in the current assets as stock. The remaining fixed asset proportion of low-cost home ownership properties is included in housing properties at cost, less any accumulated impairment. Low-cost home ownership properties are not depreciated.

Impairment of housing properties

Housing properties and other assets are subject to impairment reviews when a potential trigger for impairment has occurred. Where there are no impairment triggers, no impairment is recognised. Any impairment will be recognised in the Statement of Comprehensive Income in the year it materialises.

Where there is evidence of impairment, the fixed assets are written down to their recoverable amount. Any such write down is charged to the operating surplus. The recoverable amount is the higher of the fair value or value in use (VIU), or value in use – service potential (VIU-SP). The fair value for social housing units is the existing use value for social housing (EUV-SH). VIU is the discounted future cash flow from the housing asset. B3Living assesses VIU-SP as the amount it will cost to replace the housing asset. Impairment is assessed at income generating unit, and B3Living has judged the scheme level to be its income generating unit level.

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

Interest is capitalised based on the weighted average cost of capital and the costs incurred until practical completion. Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

Depreciation of housing properties

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual useful economic life. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Group and Association depreciate freehold housing properties by component on a straight-line basis over the estimated useful economic lives of the component categories. Useful economic lives for identified components are as follows:

	Years
Structure – houses	100
Structure – flats	100
Roofs	60
Windows and doors	30
Bathrooms	30
Electrics	30
Lift	30
Adaptations	15
Kitchens	20
Heating	15
Other	15

Land is not depreciated

The Group and Association depreciate housing properties held on long leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Other fixed tangible assets

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. A full year's depreciation is charged in the year of acquisition of the asset. No depreciation is charged in the year of disposal. The principal annual rates used for other assets are:

	Years
Freehold offices	30
Furniture, fixtures and fittings	10
Plant and equipment	10
IT and office equipment	5
Motor vehicles	5

Long leasehold properties

Long leasehold properties are depreciated over the life of the lease.

Investment properties

The Group and the Association have properties that have been classified within the scope of FRS 102, section 16, such as market rented properties and commercial buildings. These are carried in the Statement of Financial Position at their fair values, with the changes in fair value being recognised in the Statement of Comprehensive Income, if they are completed properties.

Where investment properties are work in progress, they are carried at cost less impairment. Cost includes the purchase price plus any other acquisition costs, construction costs to date, plus directly attributable development overheads and capitalised interest.

The Group and Association engage an independent valuer to determine the fair value at each reporting date. The independent valuer uses a valuation technique based on a discounted cash-flow model. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long-term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in note 10c.

Donated land

Donated land from government sources, such as local authorities, is included in the cost at the valuation on donation, which reflects how the land will be used, with the donation treated as a capital grant. Land donated for social housing is valued on donation at the EUV+SH and land donated for non-social housing purposes is valued at the open market value. In the case of Section 106 land, the valuation takes into account all the conditions of sale imposed by the local authority and its value in use to the Association. Where land is donated by a non-government source, it is recognised as income using the performance approach.

When housing properties are to be transferred to another registered provider, the net costs, after Social Housing Grant (SHG), are dealt with in the current assets. In this instance, the SHG follows the property to the association said property is being transferred to.

Social housing and other government grants

Where developments have been financed wholly or partly by Social Housing grants (SHG) and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model.

SHG received for items of cost written off in the Statement of Comprehensive Income is included as part of turnover. The grant amortisation only commences when the housing asset is practically complete; therefore, grants relating to properties under construction are not amortised.

The accumulated amortised government grants recognised through the Statement of Comprehensive Income represent contingent liabilities to the Group and Association. The grant contingent liability materialises when the relevant property to which the amortised grant relates to ceases to be used for social housing purposes. This is usually due to events such as the disposal of the relevant housing property or change in use of the property from social housing to open market activity. If the property is disposed of or there is a change in use, the grant for the asset needs to be recycled.

Recycled Capital Grant Fund (RCGF)

RCGF arises when a property funded or part funded by SHG, or a property from a stock transfer which was grant funded, ceases to be used for social housing purposes. Where SHG is recycled, it is credited to a fund which appears as a creditor until it is used to fund the acquisition or construction of new properties. Where recycled grant is known to be repayable, it is shown as a creditor within one year.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement and thus accrued at the year-end date.

Pensions

The Group and Association participate in two defined contribution schemes: The Social Housing Pension Scheme (SHPS) and the Group Personal Pension Scheme (GPPS). The Group and Association do not have further future obligations falling due within one year which are paid a month following deductions on each payroll processing, other than those disclosed in the Statement of Financial Position within the creditors.

Supported housing managed by agencies

Income and expenditure in respect of supported housing projects depend on the nature of the partnership arrangements between the Group and Association, and any managing agents, and on whether the Group and Association carry the financial risk. Where the Group and Association carry the financial risk, these transactions are recognised in the Statement of Comprehensive Income. The assets and associated liabilities are included in the Group and Association's Statement of Financial Position.

Property managed by agents

Where the Group and Association carry the majority of the financial risk on property managed by agents, all the income and expenditure arising from that property is included in the Statement of Comprehensive Income.

The assets and associated liabilities are included in the Group and Association's Statement of Financial Position.

Service charges

The Association operates both fixed and variable service charges on a scheme-by-scheme basis in full consultation with its customers. Where variable service charges are used, the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents through a reduced charge, and a deficit being recovered via a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the Statement of Financial Position.

Support income and costs, including Supporting People income and costs

Supporting People (SP) contract income received from any administering local authorities is accounted for as SP income in the turnover, note 3. The related support costs are matched against this income in the same note.

Support charges included in the rent are included in the Statement of Comprehensive Income from social housing lettings, note 3, and matched against the relevant costs.

Interest receivable and similar income

Interest receivable income is recognised on an accrual basis in the period it relates to using the effective interest rate method. It is included as income in the Statement of Comprehensive Income.

Interest payable and similar charges

Interest payable is recognised on an accrual basis using the effective interest method. It is included as an expense in the Statement of Comprehensive Income. The Association has elected to capitalise interest on developments under construction.

Financial instruments

FRS 102 provides for three accounting choices for accounting for financial instruments. The Association has elected to use the option to apply the requirements of FRS 102, sections 11 and 12 when accounting for financial instruments. FRS 102 classifies financial instruments into two classes: basic financial instruments and other financial instruments.

Basic financial instruments are recognised at the transaction price plus transaction costs on initial recognition and subsequently they are accounted at carrying value, which is the amortised cost. Other financial instruments are recognised at the transaction price plus transaction costs on initial recognition and subsequently at their fair value at each reporting date. The Association's financial instruments are classified into either financial assets or financial liabilities.

The Association recognises financial instruments when it becomes party to them and when the risks and rewards of the financial instruments transfer to the Association. Financial instruments are derecognised when an extinguishment event occurs. An extinguishment event occurs when the Association is no longer party to the financial instruments and ceases to have risks or rewards associated with the financial instrument or when there are significant changes to the terms of the financial instrument. Below are the Association's accounting policies for accounting for the following financial instruments:

Basic financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and short-term investments, which can be liquidated at short notice with no loss of capital. 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 of the cash-flow statement.

The Group and Association have identified some investments, which meet the definition of cash and cash equivalents but are restricted in their use. These investments have been classified as cash equivalents.

Trade debtors, other debtors, trade creditors and other creditors

Trade debtors, including rent arrears and other debtors, are recognised initially at their transaction price less transaction costs. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method, less any impairment losses.

In the case of debtors where any arrangement constitutes a financing transaction that ceases to be a normal trading transaction, for example, if a 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.

Trade and other creditors are recognised initially at their transaction price plus transaction costs. Subsequent to initial recognition these financial instruments are measured at an amortised cost.

Impairment of debtors

A provision for doubtful bad debt is made for the impairment of current rent debtors based on the average age profile of the relevant rent arrears. The bad debts provision is calculated to reflect the risk of default of the relative tenant arrears or trade debtor. The longer the amount remains due, the higher the provision will be made for the amount owed.

Bond issues and housing loans

Bond issues and other interest-bearing borrowings, such as housing loans from lenders, are recognised initially at the transaction price less transaction costs. Subsequent to initial recognition, bond issues and housing loans are stated at the amortised cost using the effective interest method, less any impairment losses where applicable.

Concessionary loans

The Association is party to interest-free arrangements or financing arrangements that are not subject to paying or receiving market interest rates: for example, with some customers who are over the normal payment terms, or where the Association is party to a joint arrangement agreement with a development partner.

Where an entity is a public entity member such as the Association, it can elect, in line with FRS 102, section 34, to account for transactions that are not at market interest rates as concessionary loans. The Association has accounted for some tenant arrears and the interest-free loan in the joint arrangement as concessionary loans, and these are, therefore, being carried in the Statement of Financial Position at amortised cost.

Liquid resources

Liquid resources are readily disposable current asset investments. This policy is defined in the treasury policy. Liquid resources are accounted under FRS 102, section 11 at an amortised cost less transaction costs using an effective interest rate.

Other financial instruments

Other financial instruments are financial instruments that do not meet the definition of basic financial instruments in FRS 102, section 11 and are recognised initially at a transaction price less their transaction costs. Subsequent to initial recognition, other financial instruments are measured at fair value with changes recognised through the Statement of Comprehensive Income. At the reporting date all of the Association's financial assets and financial liabilities met the definition of basic financial instruments under FRS 102, section 11.

Loan finance issue costs

The costs relating to the raising of finance are amortised over the life of the related debt financial instrument, such as a bond issue or housing loan. Debt financial instruments are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts of the issue costs written off. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income in the year in which the redemption took place.

Corporation taxation

B3 Living Limited has charitable status and provides services that are exempt from corporation tax; therefore, it has no taxation liability for corporation tax. The subsidiaries are non-charitable and, as such, are subject to corporation tax.

The subsidiaries sometimes elect to gift aid to the charitable parent. When that happens, gift aid is not accrued in the financial year but in the year when the cash is actually paid to the parent; however, the corporation tax implications are recognised in the year the subsidiary elects to gift aid.

Stock – properties for sale

Stock – properties for sale include the first tranche element of low-cost home ownership units and properties developed for outright sale. These are accounted for as current assets in the Statement of Financial Position, and they are stated at the lower of cost and fair value, less costs to complete and sell. Costs include the cost of land, construction costs, directly attributable costs, capitalised interest and direct overheads. Fair value reflects the market value of the stock at the reporting date.

Under the terms of the transfer agreement with the Borough of Broxbourne Council, proceeds from right to buy and low-cost home ownership staircasing sales are shared with the Borough of Broxbourne Council. On completion of a right to buy or relevant low-cost home ownership sale contract, only proceeds attributable to the Association are credited to the Statement of Comprehensive Income.

Agreements to improve existing properties

Where the Association has entered into agreements to purchase property from a third party and subsequently enters into a subcontracting agreement to carry out improvement works to the properties, the related assets and liabilities are shown at their gross values unless the right of net settlement exists.

Provisions

Provisions are recognised when the Group and Association have a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources from the Association will be required to settle the obligation, and the amount of the obligation can be estimated reliably at the reporting date.

Segmental reporting

As the Group has issued a listed bond debt which is publicly traded, it is required to disclose information about its operating segments in accordance with IFRS 8. The Chief Operating Decision Makers (CODM) have been identified as the Executive Directors.

The Executive Directors have identified the operating segments as: general needs, sheltered housing, low-cost home ownership, and other, reflecting the way in which the organisation is operated and managed. As the Group has no activities outside of the UK, segment reporting is not required by geographical region.

General needs and sheltered housing segments incorporate all of the Group's social rented housing provision activities, including both social rent and affordable rent properties. Income is derived primarily from rental income and service charges.

Low-cost home ownership is comprised of those properties where the Group has sold a proportion of the equity share to the occupier, while retaining the remaining equity and the freehold of the property. Income is derived from the service charges in respect of the properties and from rent charged on the unsold equity element of the properties.

Other incorporates all income and costs from overhead departments, one commercial property and market rented properties.

The analysis of the Statement of Comprehensive Income by segment is provided in note 3c to these Financial Statements. The management reporting structure does not require analysis of assets and liabilities by segment, and these are, therefore, not included in the analysis of segmental reporting.

2. (b) Principal accounting policies, judgements, and accounting estimates

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on the amounts recognised in the Financial Statements.

i) Critical judgements in applying the Association's accounting policies

The following are the significant management judgements made in applying the accounting policies of the Association which have the most significant effect on the Financial Statements:

Classification of housing properties (notes 10a and 10c)

The Association has undertaken a detailed review of the intended use of its housing property portfolio. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals. Where the Association has determined that its housing portfolio is held for social benefit purposes, it has been accounted for under the requirements of FRS 102, section 17. Where the Association has deemed that the properties are not held for social benefit purposes, these properties have been classified as investment properties and therefore have been accounted for under FRS 102, section 16.

Capitalisation of property development costs (notes 10a and 10c)

Distinguishing the point at which a project is considered to be more likely to continue and therefore recognised as an asset, thus allowing capitalisation of development costs, requires judgement. After capitalisation, management monitors the project and considers whether events indicate that an impairment review is required. Where a project is considered not to continue and therefore is aborted, the costs relating to that project are expensed within the Statement of Comprehensive Income.

Determining whether an impairment review is required (notes 10a and 10e)

Indicators of impairment are applied in determining whether there is impairment in respect of an asset, or association of assets, owned by the Association. Indicators include: changes in government policy, a reduction in the market value of properties where the occupant has the right to acquire, a reduction in the demand for a property, obsolescence of a property, or contamination of a site. Impairment is tested at income generating unit (IGU) level, which is at scheme level.

Impairment on housing properties is assessed by comparing the carrying value of the asset against its recoverable amount. The recoverable amount is the higher of value in use or fair value as represented by existing use value social housing (EUV-SH), value in use (VIU) or value in use service potential (VIU-SP). Determining the EUV-SH, VIU and VIU-SP to be used requires management judgement.

Determining whether a debt instrument satisfies the requirement to be treated as basic (note 15)

Judgement is required to determine whether a debt instrument satisfies the requirements in FRS 102, paragraph 11.9 to be treated as basic. For debt instruments to be classified as basic financial instruments, the interest must be a positive amount or positive rate, at market rates. They should not be index linked, excluding RPI, and the lender cannot unilaterally amend interest rates. Debt instruments are used to provide long-term funding for the Association's operations and not used for speculative trading. Facilities with two-way break clauses are judged to be basic. The capital structure of the Association includes bond and loan funding from lenders which are judged to be basic financial instruments.

Determining the fair value of other debt instruments (note 15)

Financial instruments that do not meet the definition of being basic under FRS 102 have to be measured at fair value using a hierarchy of estimates which prioritises quoted prices in an active market, then recent transactions of identical assets and finally the use of valuation techniques. In applying this hierarchy, management has to apply a significant amount of judgement and, where applicable, deem the best estimate of fair value of any one debt instrument to be the exit prices quoted by the respective counterparty.

ii) Key accounting estimates and assumptions

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Housing property impairment

Housing properties are reviewed for impairment to determine whether an impairment trigger is deemed to have occurred. Where there is an impairment trigger and evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down is charged to the operating surplus. Impairment is assessed by comparing the carrying value to the recoverable amount.

The recoverable amount is the higher of fair value less costs to sell as represented by EUV-SH, VIU, and VIU-SP. If the carrying value is greater than the recoverable amount, then an impairment charge is made. VIU and VIU-SP require management estimates of the timing of cash flows, discount rate and life of the asset and EUV-SH is underpinned by judgements and estimates made by independent valuers (see note 10a).

Depreciation of housing properties

Components of housing properties are depreciated over their useful economic life, which is determined by the length of time the individual component will be used before it is replaced. Management judges the estimates of the economic lives of components based on the historic replacement cycles and the historic component performance. Components are determined by management using the largest elements of the properties by cost which can be separately identified as assets in their own right (see note 10a).

Housing property cost allocation

Where a scheme under construction is a mixed tenure scheme, the total costs of the scheme are split using a suitable method, such as floor area or rental yield between the various elements, which may include tangible housing asset, investment property and stock. The allocation of the cost of low-cost home ownership schemes under construction between stock and housing properties is determined by looking at the predicted amount to be sold as a first tranche sale. This predicted amount is based on the likely demand for the scheme (see note 10a).

Investment properties fair value estimation

The independent valuer uses a valuation technique based on a discounted cash-flow model to ascertain the fair value. The fair value of the investment property is sensitive to annual inflation rates, the level of rent increases, the estimated yield, and long-term vacancy rates. This means that there is a level of volatility in both the carrying amounts disclosed in Statement of Financial Position and the fair value gains or losses disclosed in the Statement of Comprehensive Income. The key assumptions used to determine the fair value of investment property are further explained (see note 10c).

Other fixed assets

Other fixed assets are depreciated over their useful economic lives, which are determined by the length of time the asset is expected to be in use (see note 10b).

Stock – properties for sale

Stock is carried in the Statement of Financial Position at the lower of cost and fair value less costs to complete to sell. Fair value less costs to sell is based on the estimated selling price, less selling costs such as marketing. Estimated selling prices are based on estimates of similar properties in the same location and traded in an optimum market where demand and supply assume perfect market conditions.

3.(a) Group turnover, cost of sales, operating costs, and operating surplus

	Turnover	Cost of Sales	Operating expenditure	Operating surplus 2026	Operating surplus 2025
	£000	£000	£000	£000	£000
Social housing lettings (note 3c)	43,123	-	(23,329)	19,794	18,586
Other social housing activities:					
First tranche home ownership sales	3,223	(2,511)	-	712	352
Supporting people	64	-	(64)	-	-
Leaseholders	645	-	(404)	241	128
Impairment	-	-	(2,597)	(2,597)	(1,699)
Other	253	-	(395)	(142)	(390)
Total other social housing activities	47,308	(2,511)	(26,789)	18,008	16,977
Activities other than social housing					
Commercial rent	-	-	(12)	(12)	(22)
Market rent	51	-	(50)	1	9
Other	855	-	(543)	312	450
Total non-social housing activities	906	-	(605)	301	437
Total	48,214	(2,511)	(27,394)	18,309	17,414
Gains on disposal of housing properties	-	-	-	753	1,485
Changes in fair value of investment properties	-	-	-	5	(23)
Total	48,214	(2,511)	(27,394)	19,067	18,876

3.(a) Association turnover, cost of sales, operating costs, and operating surplus

	Turnover	Cost of Sales	Operating expenditure	Operating surplus 2026	Operating surplus 2025
	£000	£000	£000	£000	£000
Social housing lettings (note 3c)	43,123	-	(23,329)	19,794	18,586
Other social housing activities:					
First tranche home ownership sales	3,223	(2,586)	-	637	293
Supporting people	64	-	(64)	-	2
Leaseholders	645	-	(761)	(116)	-
Impairment			(2,597)	(2,597)	(1,699)
Other	253	-	(354)	(101)	(382)
Total social housing activities	47,308	(2,586)	(27,105)	17,617	16,800
Activities other than social housing					
Commercial rent	-	-	(12)	(12)	(22)
Market rent	51	-	(50)	1	9
Other	855	-	(532)	323	459
Total non-social housing activities	906	-	(594)	312	446
	48,214	(2,586)	(27,699)	17,929	17,246
Gains on disposal of housing properties	-	-	-	753	1,485
Changes in fair value of investment properties	-	-	-	5	(23)
Operating surplus	48,214	(2,586)	(27,699)	18,687	18,708

3.(b) Income and expenditure from social housing lettings – Group

Particulars of income and expenditure	General Housing	Sheltered Housing	Low cost Home ownership	Total 2026	Total 2025
	£000	£000	£000	£000	£000
Income					
Rent receivable net of identifiable service charge	35,740	2,349	2,298	40,387	37,002
Service charge income	1,311	996	71	2,378	2,072
Net rental income	37,051	3,345	2,369	42,765	39,074
Amortised government grants	257	-	101	358	387
Turnover	37,308	3,345	2,470	43,123	39,461
Operating expenditure					
Management Costs	(2,872)	(802)	(298)	(3,967)	(3,717)
Service charge costs	(1,669)	(637)	(185)	(2,491)	(2,168)
Responsive	(5,304)	(78)	-	(5,382)	(5,650)
Planned cyclical maintenance	(5,437)	(54)	-	(5,491)	(4,048)
Bad debts	(57)	-	(1)	(58)	(92)
Depreciation	(5,744)	-	-	(5,744)	(5,104)
Other costs	(189)	-	(2)	(191)	(96)
Operating expenditure	(21,272)	(1,571)	(486)	(23,329)	(20,875)
Operating surplus	16,036	1,774	1,984	19,794	18,586
Prior period operating surplus	15,098	1,643	1,845	18,586	
Voids	(286)	(87)	(13)	(386)	(299)

3.(b) Income and expenditure from social housing lettings – Association

Particulars of income and expenditure	General Housing	Sheltered Housing	Low cost Home ownership	Total 2026	Total 2025
	£000	£000	£000	£000	£000
Income					
Rent receivable net of identifiable service charge	35,740	2,349	2,298	40,387	37,002
Service charge income	1,311	996	71	2,378	2,072
Net rental income	37,051	3,345	2,369	42,765	39,074
Amortised government grants	257	-	101	358	387
Turnover	37,308	3,345	2,470	43,123	39,461
Operating expenditure					
Management Costs	(2,872)	(802)	(298)	(3,972)	(3,717)
Service charge costs	(1,669)	(637)	(185)	(2,491)	(2,168)
Responsive	(5,304)	(78)	-	(5,382)	(5,650)
Planned cyclical maintenance	(5,437)	(54)	-	(5,491)	(4,048)
Bad debts	(57)	-	(1)	(58)	(92)
Depreciation	(5,744)	-	-	(5,744)	(5,104)
Other costs	(189)	-	(2)	(191)	(96)
Operating expenditure	(21,272)	(1,571)	(486)	(23,329)	(20,875)
	16,036	1,774	1,984	19,794	18,586
Prior period operating surplus	15,098	1,643	1,845	18,586	
VOIDS	(286)	(87)	(13)	(386)	(299)

3.(c)

Group
segmental
report

	General Housing	Sheltered Housing	Low cost Home ownership	Other	Total 2026	Total 2025
	£000	£000	£000	£000	£000	£000
Income						
Rent receivable net off service charges	35,740	2,349	2,298	-	40,387	37,002
Service charge income	1,311	996	71	-	2,378	2,072
Net rental income	37,051	3,345	2,369	-	42,765	39,074
Amortised government grants	257	-	101	-	358	387
Market rent	-	-	-	51	51	65
Management fees	-	-	-	1,108	1,108	923
Supporting people income	-	-	-	64	64	95
Leaseholders	-	-	-	645	645	634
First tranche home ownership sales	-	-	3,223	-	3,223	2,498
Turnover	37,308	3,345	5,693	1,868	48,214	43,676
Operating expenditure						
Cost of Sales - Stock	-	-	(2,511)	-	(2,511)	(2,146)
Management Costs	(2,872)	(802)	(298)	(543)	(4,515)	(4,171)
Service charge costs	(1,669)	(637)	(185)	-	(2,491)	(2,168)
Responsive	(5,304)	(78)	-	-	(5,382)	(5,650)
Planned cyclical maintenance	(5,437)	(54)	-	-	(5,491)	(4,048)
Bad debts	(62)	5	(1)	-	(58)	(92)
Depreciation	(5,744)	-	-	-	(5,744)	(5,104)
Supporting people costs	-	-	-	(64)	(64)	(95)
Impairment	-	-	-	(2,597)	(2,597)	(1,699)
Other costs	(189)	-	(2)	(861)	(1,052)	(1,089)
Operating expenditure	(21,277)	(1,566)	(2,997)	(4,065)	(29,905)	(26,262)
Gains on disposal of housing properties	377	-	376	-	753	1,485
Change in valuation of investment properties	-	-	-	5.00	5	(23)
Segmental Operating Surplus	16,408	1,779	3,072	(2,192)	19,067	18,876
Interest receivable	-	-	-	245	245	203
Interest and financing costs	(7,271)	(656)	(1,073)	-	(9,000)	(8,059)
Operating surplus	9,137	1,123	1,999	(1,947)	10,312	11,020
Social housing properties	340,795	30,767	50,277	-	421,839	372,561
Other fixed assets	1,901	172	280	13	2,366	3,691
Investment properties	-	-	-	2,290	2,290	3,648
	342,696	30,939	50,557	2,303	426,495	379,900

3.(d) Accommodation owned and in management

	At start of period	Units acquired or developed	Units sold / demolished	Other movements	Period to 31 March 2026
Social housing units					
General Needs	2,901	199	(9)	1	3,092
Affordable rental tenure	1,155	82	-	-	1,237
Supported Housing	275	-	-	(2)	273
Specialist Supported	55	-	-	(3)	52
Intermediate Rent	9	6	-	2	17
Social - Managed by others	49	-	-	3	52
Low Cost Home Ownership	439	64	(6)	(4)	493
Leaseholders (social managed)	656	21	-	11	688
Total social housing units owned and /or managed	5,539	372	(15)	8	5,904
Leased to others - Associations	56	-	-	-	56
Total social housing units	5,595	372	(15)	8	5,960
Leaseholders (non-social)	105	30	-	(2)	133
Market rented	4	-	(1)	-	3
Total non-social units	109	30	(1)	(2)	136
Total	5,704	402	(16)	6	6,096

The Group owns and/or manages 5,904 units (2025: 5,539) and the per unit cost of these properties are;

	2026	2025
Remuneration payable to the highest paid Director per unit (£)	32	33
Aggregate amount of remuneration paid to Directors per unit (£)	153	124
Management costs per unit (£)	657	657

4. Gains on disposals of property, plant and equipment – Group and Association

	Group and Association	
	2026	2025
	£000	£000
Right to buy and acquire		
Proceeds	1,265	1,591
Cost of sales	(984)	(1,134)
	281	457
Staircasing		
Proceeds	1,804	1,684
Cost of sales	(1,428)	(1,083)
	376	601
Other Disposals		
Proceeds	598	549
Cost of sales	(502)	(122)
	96	427
Total surplus	753	1,485

5. Operating surplus

	Group and Association			
	2026	2025	2026	2025
	£000	£000	£000	£000
Operating surplus is stated after charging/(crediting):				
Auditors' remuneration (excluding VAT):				
In their capacity as auditors	80	77	68	65
Operating lease payments	230	211	230	211
Depreciation:				
Tangible Fixed Assets - housing properties	5,353	4,802	5,353	4,802
Accelerated depreciation on component	390	302	390	302
Other fixed assets	383	405	383	405
Amortisation of grant funding	358	387	358	387
Surplus on sale of fixed assets	753	1,485	753	1,485

6. Interest receivable and similar income

	Group and Association			
	2026	2025	2026	2025
	£000	£000	£000	£000
Interest receivable and similar income	245	203	217	179

Interest receivable is from cash held in bank accounts and from the Liquid reserve fund.

7. Interest and financing costs

	Group and Association			
	2026	2025	2026	2025
	£000	£000	£000	£000
On loans repayable in more than five years	9,775	8,390	9,775	8,390
Costs associated with financing	276	247	276	247
On recycled capital grant fund and disposable proceeds funds	5	5	5	5
Less: Interest capitalised*	(1,065)	(598)	(1,065)	(598)
	8,991	8,044	8,991	8,044
Deferred benefit pension charge (Note 29)				
Interest on pension scheme liabilities	-	-	-	-
Expected return on employer assets	9	15	9	15
	9	15	9	15
Total interest payable and similar charges	9,000	8,059	9,000	8,059

*The weighted average rate of interest on borrowing of 3.94% (2025: 5.5%) was used for calculating capitalised interest.

8. Tax on surplus

	Group and Association			
	2026	2025	2026	2025
	£000	£000	£000	£000
(a) Analysis of tax charge in year				
UK corporation tax on surplus	-	-	-	-
(b) Factors affecting tax charge for the year				
Surplus before tax	10,312	11,020	10,049	10,889
Corporation tax rate in the UK of 25%	2,578	2,755	2,512	2,722
Effects of:				
Non-taxable charitable activities	(2,578)	(2,755)	(2,512)	(2,722)
Unallowable capital losses	-	-	-	-
Total tax charge	-	-	-	-

9.(a) Employee information

Average monthly number of employees expressed in full time equivalents of 37 hours per week:

	Group and Association	
	2026	2025
	No.	No.
Executive	5	5
Development and sales	6	6
Finance and Data	11	8
Corporate services	26	25
Service delivery	127	125
	175	169

Employee costs

	Group and Association	
	2026	2025
	£000	£000
Wages and salaries	7,540	7,150
Social security costs	971	704
Pension costs	549	587
Termination payment	9	92
	9,069	8,533

Aggregate number of full-time equivalent staff whose remuneration exceeded £60k (including pension) for Group and Association

	Group and Association	
	2026	2025
	£000	£000
£60,000 to £70,000	7	1
£70,000 to £80,000	2	3
£80,000 to £90,000	1	-
£90,000 to £100,000	3	1
£100,000 to £110,000	1	2
£130,000 to £140,000	1	1
£150,000 to £160,000	1	1
£160,000 to £170,000	2	-
£170,000 to £180,000	1	2
£180,000 to £190,000	1	-
£200,000 to £210,000	-	1
£210,000 to £220,000	1	-
	21	12

The Association's employees are members of the various pension schemes as detailed in note 29.

9.(b) Board members and Executive Directors

Key management personnel remuneration for Group and Association

Key management personnel comprise of the Executive and Non-executive Directors. Total remuneration amounted to £1,101k (2025: £877k).

	Group and Association	
	2026	2025
	£000	£000
Wages and salaries (including performance related pay for period)	926	748
Pension contributions	96	76
Total emoluments paid to executive officers	1,022	824

Non-executive Board member remuneration for the year ended 31 March 2026

Non-executive Board Member	Group and Association	
	2026	2025
	£000	£000
Andy Walder (Chair)	15	3
David Biggs	6	12
Paul Tyrrell	8	7
Trudi Kleanthous	4	6
Stephen Nunn	8	6
Caroline Abomeli	7	5
Vipul Thacker	5	4
Marianne Davies	6	4
Stephen Glover	8	5
Amanda Tomlinson	5	1
Paul Newbold	3	-
Vishal Shah	3	-
	78	53

The Chief Executive is the highest paid director, and his remuneration amounted to £191k (2025: £187k) excluding pension contributions.

The Chief Executive is a member of the Group Personal Pension Plan. He is an ordinary member of the pension scheme, and no enhanced or special terms apply. The Association did not make any further contribution to an individual pension arrangement for the Chief Executive.

10.(a) Tangible fixed assets - housing properties - Group

	Completed Social housing properties held for letting	Social Housing properties under construction	Shared Ownership properties under construction	Completed Shared Ownership housing properties	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2025	344,874	20,964	2,697	47,580	416,115
Additions during year	22,465	19,124	4,205	2,414	48,208
Improvements	7,883	-	-	-	7,883
Net-zero carbon	1,460	-	-	-	1,460
Building Safety	568	-	-	-	568
Interest capitalised	-	989	76	-	1,065
Schemes completed in year	18,404	(18,404)	(2,400)	2,400	-
Transfers to Stock*	-	(1,819)	-	-	(1,819)
Impairment*	-	(460)	-	-	(460)
Transfers	-	(1,699)	-	-	(1,699)
Disposals	(258)	-	-	(1,675)	(1,933)
Component Disposals	(1,266)	-	-	-	(1,266)
At 31 March 2026	394,130	18,695	4,578	50,719	468,122
Depreciation					
At 1 April 2025	(41,855)	(1,699)	-	-	(43,554)
Charged in year	(5,743)	-	-	-	(5,743)
Transfers	-	1,699	-	-	1,699
Component Disposals	1,266	-	-	-	1,266
Disposals	49	-	-	-	49
At 31 March 2026	(46,283)	-	-	-	(46,283)
Net book value					
At 31 March 2026	347,847	18,695	4,578	50,719	421,839
At 1 April 2025	303,019	19,265	2,697	47,580	372,561

Additions to the Group's housing properties during the year include capitalised interest of £1,065k (2025: £598k) and capitalised administration costs of £1,108k (2025: £580k).

Existing Use Value - Social Housing

As at 31 March 2026, the valuation for social housing properties on an Existing Use Value - Social Housing (EUV-SH) is £567m (2025: £523m).

The carrying amount of these social housing properties is £563m (2025: £519m). The EUV-SH valuation includes £3.8m (2025: £3.7m) for garages.

Below is an analysis of the expenditure on works to existing properties:

Expenditure on works to existing properties	2026	2025
	£000	£000
Amounts capitalised	9,911	11,506
Amounts charged to income and expenditure account	10,873	9,698
Total	20,784	21,204

*The business entered into an agreement to sell the land at Amwell Street. As completion is expected within the next twelve months, the asset has been reclassified from property to stock. The execution of the sale agreement also triggered an impairment charge to reflect the asset's recoverable amount.

10.(a) Tangible fixed assets - housing properties - Association

	Completed Social housing properties held for letting	Social Housing properties under construction	Shared Ownership properties under construction	Completed Shared Ownership housing properties	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2025	344,872	22,850	1,069	47,580	416,371
Additions during year	22,463	19,389	3,922	2,414	48,188
Improvements	7,883	-	-	-	7,883
Net-zero carbon	1,460	-	-	-	1,460
Building Safety	568	-	-	-	568
Interest capitalised	-	989	76	-	1,065
Schemes completed in year	18,404	(18,404)	(2,400)	2,400	-
Transfers to Stock*	-	(1,830)	-	-	(1,830)
Impairment*	-	(460)	-	-	(460)
Transfers	-	(1,699)	-	-	(1,699)
Disposals	(258)	-	-	(1,675)	(1,933)
Component Disposals	(1,266)	-	-	-	(1,266)
At 31 March 2026	394,126	20,835	2,667	50,719	468,347
Depreciation					
At 1 April 2025	(41,855)	(1,699)	-	-	(43,554)
Charged in year	(5,743)	-	-	-	(5,743)
Transfers	-	1,699	-	-	1,699
Component Disposals	1,266	-	-	-	1,266
Disposals	49	-	-	-	49
At 31 March 2026	(46,283)	-	-	-	(46,283)
Net book value					
At 31 March 2026	347,843	20,835	2,667	50,719	422,064
At 1 April 2025	303,017	21,151	1,069	47,580	372,817

Additions to the Group's housing properties during the year include capitalised interest of £1,065k (2025: £598k) and capitalised administration costs of £1,108k (2025: £580k).

Existing Use Value - Social Housing

As at 31 March 2026, the valuation for social housing properties on an Existing Use Value - Social Housing (EUV-SH) basis is £567m (2025: £523m).

The carrying amount of these social housing properties is £563m (2025: £519m). The EUV-SH valuation includes £3.8m (2025: £3.7m) for garages.

Below is an analysis of the expenditure on works to existing properties:

Expenditure on works to existing properties	2026	2025
	£000	£000
Amounts capitalised	9,911	11,506
Amounts charged to income and expenditure account	10,873	9,698
Total	20,784	21,204

*The business entered into an agreement to sell the land at Amwell Street. As completion is expected within the next twelve months, the asset has been reclassified from property to stock. The execution of the sale agreement also triggered an impairment charge to reflect the asset's recoverable amount.

10.(b) Tangible fixed assets – other fixed assets - Group and Association

	Freehold Offices	IT & Office Equipment	Motor vehicles	Plant & Equipment	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2025	2,670	2,147	13	807	5,637
Additions during year	-	1,235	-	(15)	1,220
Impairment*	(2,597)	-	-	-	(2,597)
Transfers	(73)	-	-	-	(73)
Disposals	-	(1,064)	-	(40)	(1,104)
At 31 March 2026	-	2,318	13	752	3,083
Depreciation					
At 1 April 2025	(438)	(1,349)	(11)	(148)	(1,946)
Charged in year	(22)	133	(2)	(168)	(383)
Impairment*	460	-	-	-	460
Disposals	-	1,112	-	40	1,152
At 31 March 2026	-	(428)	(13)	(276)	(717)
Net book value					
At 31 March 2026	-	1,890	-	476	2,366
At 1 April 2025	2,232	798	2	659	3,691

*The business entered into an agreement to sell the old office building at Scania House. As completion is expected within the next twelve months, the asset has been reclassified from property to stock. The execution of the sale agreement also triggered an impairment charge £2,137k to reflect the asset's recoverable amount.

10.(c) Fixed assets – investment properties - Group and Association

	Group and Association		
	Market Rented	Commercial	Total
	£000	£000	£000
At 1 April 2025	2,045	1,603	3,648
Transfers	-	(873)	(873)
Disposal	(490)	-	(490)
Fair value movements	5	-	5
At 31 March 2026	1,560	730	2,290

Market rented

Market rented properties are annually revalued to their fair values by independent valuers. In the current year a fair value gain of £5k (2025: (£23k)) was recognised and charged to the Statement of Comprehensive Income.

Market rented properties were valued by Derrick Wade Waters Chartered Surveyors, in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards.

The market valuations have been prepared using the comparative method of valuation, which is a market-based method. This approach is consistent with the market approach stated in IVS 230.

The market-based approach used relies firstly on identification of transactional evidence in the market, which is the sales and lettings; secondly, on an interpretation of that evidence; and thirdly, on an application of that evidence, with suitable adjustment per the valuer's judgement in the valuation of the property.

Commercial properties

Commercial properties are carried at fair value. Two recently completed commercial units are also being carried at cost for prudence reasons as they are still void and rental arrangements are not yet finalised. These units are not impaired as the fair valuations undertaken at the reporting date were higher than the reported carrying amounts.

10.(d) Investment in subsidiaries

The Group and Association have two 100% owned subsidiaries: Everlea Homes Limited and B3 Living Development Limited, both non-regulated bodies. The results of these subsidiaries have been consolidated in the Group accounts. The Group's and the Association's investment into these two subsidiaries are set out below:

	2026	2025
	£	£
Everlea Homes Limited	2	2
B3 Living Development Limited	2	2
	4	4

11. Stock – properties for sale

	Group and Association			
	2026	2025	2026	2025
	£000	£000	£000	£000
Shared ownership – completed	929	1,507	929	1,507
Shared ownership – under construction	2,882	1,929	2,882	1,929
Land held for sale*	2,330	-	2,330	-
	6,141	3,436	6,141	3,436

* Land held for sale includes the former office building at Scania House and the Amwell Street site, which have been transferred from Other Fixed Assets and Housing Properties, respectively, as a sale agreement is in place with completion expected within the next twelve months.

Stock recognised in cost of sales as an expense was £2,511k (2025: £2,146k) and £2,586k (2025: £2,205k) in the Group and Association respectively.

An impairment charge of £nil (2025: £nil) has been recognised during the year.

None of the stock is pledged as collateral against borrowing (2025: £nil).

12. Trade debtors and other debtors

	Group and Association			
	2026	2025	2026	2025
	£000	£000	£000	£000
Rent arrears	996	717	996	717
Less: provision for bad debts	(254)	(208)	(254)	(208)
	742	509	742	509
Prepayment and accrued income	1,036	1,060	1,036	1,060
Other debtors	562	652	553	660
	2,340	2,221	2,331	2,229

13. Cash and cash equivalents

	Group and Association			
	2026	2025	2026	2025
	£000	£000	£000	£000
Cash in hand and at bank	6,262	4,402	6,252	4,387
Liquidity reserve fund	1,901	1,083	1,901	1,083
Held for leaseholders and low cost home ownership	124	124	124	124
	8,287	5,609	8,277	5,594

£124k (2025: £124k) is not available for general use as it is held for leaseholders' major repairs and includes Epping Council's share of the open market low-cost home ownership units. The liquidity reserve fund of £1,901k (2025: £1,083k) is also not available for general use. This is held in two short-term deposits with Lloyds Bank Corporate Markets.

14. Creditors: Amounts falling due within one year

	Group and Association			
	2026	2025	2026	2025
	£000	£000	£000	£000
Trade creditors	1,574	1,308	1,122	1,281
Rent and service charges received in advance	2,497	2,536	2,497	2,536
Taxation and social security	232	2	232	2
Accruals and deferred income	7,252	6,197	5,621	5,743
Deferred grants to be released in 1 year (note 17)	382	353	382	353
Recycled grants to be released in 1 year (note 17)	-	62	-	62
SHF/Building Safety Grants (Note 17)	35	-	35	-
Inter-company creditors	-	-	2,776	954
Other creditors	251	357	251	357
	12,223	10,815	12,916	11,288

15. Creditors: Amounts falling due after more than one year

	Group and Association	
	2026	2025
	£000	£000
Debt (note 16)	265,000	230,000
Less Issue costs	(2,425)	(2,047)
	262,575	227,953
Bond Premium*	2,460	2,212
Deferred Capital Grant (note 17)	38,442	33,792
Deferred Social Housing Development Fund (Note 17)	2,825	2,124
Recycled capital grant fund (note 18a)	273	50
	306,575	266,131

The Group and Association have £100m (2025: £100m) revolving credit facilities. At the reporting date, the facilities had an undrawn balance of £55m (2025: £60m).

During the year, the Group and Association had a net drawdown of £35m (2025: £25m).

16. Debt analysis – Group and Association

Analysis of debt (note 15)	Group and Association	
	2026	2025
	£000	£000
Bonds and note purchase agreement	220,000	190,000
Revolving credit facility	45,000	40,000
	265,000	230,000

The Group and Association have a £68m amortising bond issued at 4.823% in January 2013 and a £57m amortising note purchase agreement issued at 3.778% in February 2015. The £68m bond will start to amortise from January 2029 and the £57m note purchase agreement will start to amortise from April 2039.

The Group and Association have two additional bonds with bLEND for £35m at 3.072% and ARA Venn via the Affordable Housing Guarantee Scheme for £65m at 1.527%. During the year, we raised a further £30m tranche with ARA Venn through the government backed Affordable Housing Guarantee Scheme (AHGS) at 4.992%. The bLEND and ARA Venn facilities have been fully drawn down.

The Group and Association have two revolving credit facility (RCF) agreements with Lloyds Plc of £50m and £50m. At the reporting date, £55m (2025: £60m) of the Lloyds facilities were undrawn. All loan financial instruments are secured against individual properties of the Association and all fall within the scope of FRS 102, section 11; therefore, they are all basic financial instruments. Basic financial instruments are carried at amortised cost.

At 31 March 2026	Effective interest rate	Total carrying amount	Within 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years
	%	£000	£000	£000	£000	£000	£000	£000
RCFs								
Lloyds	4.103	45,000	-	15,000	-	30,000	-	-
Bond stock								
Fixed rate	4.823	68,000	-	-	-	6,800	6,800	54,400
Fixed rate	3.778	57,000	-	-	-	-	-	57,000
Fixed rate	3.072	35,000	-	-	-	-	-	35,000
Fixed rate	1.527	30,000	-	-	-	-	-	30,000
Fixed rate	4.992	30,000	-	-	-	-	-	30,000
		265,000	-	15,000	-	36,800	6,800	206,400

At 31 March 2025	Effective interest rate	Total carrying amount	Within 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years
	%	£000	£000	£000	£000	£000	£000	£000
RCFs								
Lloyds	0.95 over SONIA	40,000	-	-	25,000	-	15,000	-
Bond stock								
Fixed rate	4.823	68,000	-	-	-	-	6,800	61,200
Fixed rate	3.778	57,000	-	-	-	-	-	57,000
Fixed rate	3.072	35,000	-	-	-	-	-	35,000
Fixed rate	1.527	30,000	-	-	-	-	-	30,000
		230,000	-	-	25,000	-	21,800	183,200

17. Deferred capital grants – Group and Association

Social Housing Grants	Group and Association	
	2026	2025
	£000	£000
At 1 April	34,145	33,674
Received during the year	5,185	905
RCGF utilised	62	-
Recycled to RCGF	(221)	(48)
Amortised during the year	(341)	(386)
At 31 March	38,830	34,145

As at 31 March 2026, £341k of capital grants had been amortised (2025: £386k) in the year.

Social Housing Development Fund (SHDF) and Building Safety	Group and Association	
	2026	2025
	£000	£000
At 1 April	2,124	595
Received during the year	737	1,529
Amortised during the year	(6)	-
At 31 March	2,855	2,124
To be released in 1 yr	35	-
To be released after 1 yr	2,820	2,124
	2,855	2,124

The Deferred Social Housing Development Fund (SHDF) grant is government funding provided to co-fund works required to achieve net zero carbon targets and to bring units of below EPC C to EPC C or higher

The Building Safety grant is government funding provided to co-fund remediation works to achieve building safety at block of flats.

18. Recycled capital grant fund – Group and Association

	Group and Association	
	2026	2025
	£000	£000
At start of the year	112	59
Inputs to RCGF:		
Grants recycled during the year	218	48
Utilised	(62)	-
Interest	5	5
At the end of the year	273	112
To be released in 1 year	-	62
To be released after 1 year	273	50
At the end of the year	273	112

None of the RCGF was due for repayment (2025: £nil)

19. Capital commitments – Group and Association

	Group and Association	
	2026	2025
	£000	£000
Contracted for but has not been provided for in the Financial Statements	44,177	28,023
Authorised by the Board but has not yet been contracted for	23,001	24,419
	67,178	52,442
The Association expects these commitments to be financed by:		
Social Housing Grant	5,303	4,439
Proceeds from the sales of properties	11,813	8,074
Committed loan facilities	50,062	39,929
	67,178	52,442

The expenditure authorised by the Board but not contracted is in respect of new build housing.

The Group and Association expect that these commitments will be financed internally from cash generated from trading and grant funding, with the balance coming from the revolving credit facility. The Group and Association had undrawn loan facilities of £55m (2025: £60m); so, the Group and Association have sufficient funding headroom to meet all commitments.

20. Operating leases – Group and Association

The Group and Association have commitments of future minimum lease payments as follows:

	Group and Association			
	2026	2025	2026	2025
	£000	£000	£000	£000
Land and buildings				
Within one year	266	5	266	5
Within two to five years	985	5	985	5
After more than five years	1,846		1,846	-
	3,097	10	3,097	10
Other				
Within one year	-	211	-	211
Within two to five years	-	-	-	-
	-	211	-	211
	3,097	221	3,097	221

The lease on buildings relates to the office building at Turnford Place and the other operating leases relate to vans.

21. Net cash generated from operating activities – Group

	2026	2025
Comprehensive income for the year	10,329	11,089
Adjustment for non-cash items		
Depreciation of tangible fixed assets	6,517	5,811
Depreciation write-off	(390)	(302)
Government grants utilised in the year	(358)	(387)
Decrease / (increase) in stock	375	(607)
(Increase) / decrease trade and other debtors	119	1,877
Decrease / (increase) in trade and other creditors	1,665	(1,134)
Increase /(decrease) in provisions	-	-
Pension gains and losses	84	(69)
Surpluses from the sales of fixed assets	(753)	(1,485)
Share of operating surplus of joint ventures	-	-
Impairment and Development write offs	2,597	1,986
FV changes - investment properties	(5)	23
Interest payable	9,000	8,059
Interest received	(245)	(203)
Taxation	-	-
Actuarial Gains/(losses) in respect of pension schemes	(-)	(69)
Net cash generated from operating activities	27,779	24,589

22. Reconciliation of net cash flow to movement in net debt

	Group and Association	
	2026	2025
	£000	£000
(Decrease)/ Increase in cash	2,678	(2,036)
Cash (outflow)/ inflow from increase in net debt	(35,000)	(25,000)
Change in net debt from cash flows	(32,322)	(27,036)
Total changes in net debt for the period:		
Net debt at 1 April	(224,391)	(197,355)
Net debt at 31 March	(256,713)	(224,391)

23. Analysis of net debt - Group and Association

	01-Apr 2025	Cash Flow	31-Mar 2026
	£000	£000	£000
Cash at bank and in hand	5,609	2,678	8,287
Changes in cash	5,609	2,678	8,287
Bonds Issues	(190,000)	(30,000)	(220,000)
Housing loans	(40,000)	(5,000)	(45,000)
Changes in debt	(230,000)	(35,000)	(265,000)
Net debt	(224,391)	(32,322)	(256,713)

24. Financial liabilities

Borrowing facilities

The facilities available at 31 March 2026 were as follows:

	Group and Association			
	2026	2025	2026	2025
	£000	£000	£000	£000
Expiring in one year or less	45,000	40,000	45,000	40,000
Expiring in more than one year but not more than two years	-	-	-	-
Expiring in more than two years	220,000	190,000	220,000	190,000
	265,000	230,000	265,000	230,000

At the reporting date, the Group's loan drawn down facilities and bond issued were £265m (2025: £230m). This consists of £68m bond raised in January 2013, £57m note purchase agreement raised in February 2015, £60m ARA Venn (AHGS) bond, £35m bLEND and £45m revolving credit facility drawn down.

The Group had £55m undrawn revolving credit facility at the reporting date (2025: £60m).

25. Group VAT development agreement

The Group and Association was party to a transfer of 91 of housing properties from London Borough of Haringey on 25 March 2013, with an obligation to carry out works pursuant to the agreement.

At the point of the transfer of the properties to the Group, the gross values of the balance of £3,581k had been recognised as both an asset and liability in the Statement of Financial Position. At 31 March 2026, the gross values of the balance has been reduced to £1,111k (2025: £1,226k) with VAT arising on the works during the period totalling £115k (2025: £97k).

26. Share capital

	Group and Association			
	2026	2025	2026	2025
	No.	No.	No.	No.
Shares of £1 each issued and fully paid				
At start of year	10	11	10	11
Issued during year	2	2	2	2
Disposals	(2)	(3)	(2)	(3)
At end of year	10	10	10	10

The shares do not have a right to dividend or distribution in a winding up. Each share has full voting rights.

27. Income and expenditure reserves

	Group and Association			
	2026	2025	2026	2025
	£000	£000	£000	£000
At 1 April 2025	114,027	102,938	113,803	102,845
Surplus for the year	10,312	11,020	10,049	10,889
Actuarial gains/ (losses)	17	69	17	69
At 31 March 2026	124,356	114,027	123,869	113,803

28. Subsidiaries, related undertakings, related party transactions and transactions between regulated and non-regulated entities

All the subsidiaries and joint venture entities are non-regulated bodies. The only regulated body in the Group is the parent entity B3 Living Limited. The related undertakings, whose results or financial performance principally affect the figures shown in the Consolidated Financial Statements, are as follows:

Name of subsidiary undertaking	Principal activity	Interest	Legal status
B3 Living Development Limited	A company with non-charitable status undertaking design and build on behalf of B3 Living Limited and its subsidiaries	Wholly owned subsidiary	Company registered by shares and incorporated in England and Wales
Everlea Homes Limited	A company with non-charitable status undertaking market rent and outright sales activities	Wholly owned subsidiary	Company registered by shares and incorporated in England and Wales.

The Association provides management services, professional services and loans at an arm's length to its subsidiaries. The Association waived its fees to both B3 Living Development Limited and Everlea Homes Limited. Details of transactions between the Association and the non-regulated entities are outlined below.

B3Living has provided on-lending facilities to intra-group entities.

When drawn down, these loans are repayable on demand, and no guarantees are in place on either loan. Interest is also payable on the loan balances. At the reporting date and prior year, the subsidiaries had £nil drawdowns, therefore; B3 Living Limited charged interest of £nil (2025: £nil) and £nil (2025: £nil) to Everlea Homes Limited and B3 Living Development Limited respectively for the intercompany loans.

B3Living manages the Group's treasury function centrally. It places excess cash held by both Everlea Homes Ltd and B3 Living Development Limited into high interest earning saving accounts. During the year these saving accounts managed by B3Living generated £22k (2025: £15k) and £7k (2025: £9k) to B3 Living Development Limited and Everlea Homes Ltd respectively.

At the reporting date B3 Living Development Limited elected to pay gift aid of £284k (2025: £155k) to the parent entity B3 Living Limited. The gift aid has not been accrued in the accounts in line with the requirements of FRED 68: Payments by subsidiaries to their charitable parents that qualify for gift aid. The £61k which B3 Living Development Limited elected to pay in the prior financial year was paid in December 2025.

B3 Living Development Limited provided design and build services to B3 Living Limited, the parent entity. During the year B3 Living Development Limited generated £14.8m (2025: £7.6m) from design and build services to the parent. At the end of the reporting period, B3Living owed B3 Living Development Limited £2,491k (2025: £1,065k) and Everlea Homes Limited £285k (2025: £279k).

The aggregate emoluments paid to key management personnel are disclosed in note 9.

The Board had no tenant members during the year (2025: nil).

29. Pensions

Group and Association

The Group and Association participate in the Social Housing Pension Scheme (SHPS), which is a funded multi-employer defined benefit scheme. The Group and Association also participate in the Group Personal Pension Scheme, which is a defined contribution scheme. As at the end of the financial year the Group and Association ceased to participate in the Hertfordshire County Council Pension Fund (HCCPF).

Social Housing Pension Scheme (SHPS)

B3 Living Limited participates in the Social Housing Pension Scheme (SHPS). The scheme is funded and contracted out of the State Pension scheme. The scheme is no longer offered to new employees to B3Living. Below is the net pension provision provided in the Statement of Financial Position.

Analysis of the net pension liabilities	Group and Association	
	2026	2025
	£000	£000
Fair value of plan assets	1,391	1,314
Present value of defined benefit obligation	(1,500)	(1,507)
Net pension surplus (deficit)	(109)	(193)

Analysis of the amount charged to the Statement of Comprehensive Income	Group and Association	
	2026	2025
	£000	£000
Current service cost	-	-
Expenses	(4)	(3)
Total operating charge	(4)	(3)

Analysis of net interest charged to the Statement of Comprehensive Income

	Group and Association	
	2026	2025
	£000	£000
Expected return on pension scheme assets	80	66
Interest on pension liabilities	(89)	(81)
Net interest charge	(9)	(15)

Analysis of the amounts recognised in Other Comprehensive Income

	Group and Association	
	2026	2025
	£000	£000
Actuarial gains/(losses) on pension scheme assets	(58)	(132)
Actuarial gains/(losses) on scheme liabilities	75	201
Actuarial gain/(loss) recognised in Other Comprehensive Income	17	69

Movement in surplus/(deficit) during the year

	Group and Association	
	2026	2025
	£000	£000
Association's share of scheme deficit at beginning of year	(193)	(331)
Employer contributions	80	87
Expenses	(4)	(3)
Net interest charge	(9)	(15)
Actuarial losses/(gains)	17	69
Association's share of scheme deficit at end of year	(109)	(193)

Changes in present value of defined benefit obligation are as follows	Group and Association	
	2026	2025
	£000	£000
Defined benefit obligation at start of period	1,507	1,648
Interest cost	89	81
Expenses	4	3
Actuarial losses/(gains)	(75)	(201)
Benefits paid	(25)	(24)
Closing defined benefit obligation	1,500	1,507

Changes in the fair value of plan assets are as follows	Group and Association	
	2026	2025
	£000	£000
Fair value of plan assets at start of period	1,314	1,317
Expected return on assets	80	66
Contributions by employer	80	87
Actuarial losses/(gains)	(58)	(132)
Benefits paid	(25)	(24)
Closing fair value of plan assets	1,391	1,314

Assets	Group and Association	
	2026	2025
	£000	£000
Global Equity	154	147
Liquid Alternatives	248	244
Insurance-Linked Securities	2	4
Property	68	66
Private Equity	3	1
Real Assets	131	157
Private Credit	168	161
Credit	55	50
Investment Grade Credit	82	41
Cash	-	18
Secured Income	42	22
Liability Driven Investment	424	398
Currency Hedging	-	2
Net Current Assets	14	3
Total assets	1,391	1,314

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

29. Pensions continued

	p.a	p.a
Discount Rate	6.29%	5.94%
Inflation (RPI)	3.25%	3.04%
Inflation (CPI)	3.04%	2.80%
Salary Growth	4.04%	3.80%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

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

30. Other provisions

At the reporting date, the Group and Association had no other provisions for liabilities.

31. Contingent liabilities

The Group and Association have contingent liabilities arising from amortisation of government grants. The Group and Association receive financial assistance from Homes England and the Borough of Broxbourne Council, in the form of government grants.

These government grants are accounted for as deferred income and as long-term liabilities in the Statement of Financial Position and are amortised annually to the Statement of Comprehensive Income, based on the life of the build structure or building fabric that they relate to. The amount amortised represents a contingent liability to the Group and will be recognised as a liability when the properties funded by the relevant government grant are disposed of or when the property ceases to be used for social housing purposes.

Below is the analysis of the assistance from government sources in the form of government grants:

	Group and Association	
	2026	2025
	£000	£000
Government funding received to date	41,740	36,715
SHDF and Building Safety	2,855	2,124
Grant amortised to date (contingent liabilities)	(2,910)	(2,570)
Grants via Stock transfer from another RP	14,713	8,684
Contingent Grants via Stock transfer	(14,713)	(8,684)
At 31 March	41,685	36,269

32. Financial instruments and financial management

The Group and Association do not have financial assets and liabilities measured at fair value, as all financial instruments meet the FRS 102, section 11 definition for basic financial instruments.

Financial management

The Group and Association's treasury function is responsible for the management of the funds and control of the associated risks. Its activities are governed in accordance with the board-approved treasury policy. The risks related to the Group and Association are detailed in the Report of the Board.

The Group and Association transact in financial instruments (both financial assets and financial liabilities) and as a result of transacting in these financial instruments there are some inherent risks associated with the transactions. These risks have both upside and downside implications to the Group and Association. The financial instruments are set out opposite:

	Group		Association	
	2026	2025	2026	2025
Financial assets measured at amortised cost	£000	£000	£000	£000
Cash and cash equivalents (Note 13)	8,287	5,609	8,277	5,594
Rent arrears (Note 12)	742	509	742	509
Other debtors (Note 12)	562	652	553	660
Prepayment and accrued income (Note 12)	371	268	371	268
Total financial assets measured at amortised cost	1,675	1,429	1,666	1,437
Total financial assets	9,962	7,038	9,943	7,031
Financial liabilities measured at amortised costs				
Trade creditors (note 14)	1,574	1,308	1,122	1,281
Rent and services charges received in advance (note 14)	2,497	2,536	2,497	2,536
Other Creditors	251	357	251	357
Accruals and deferred income (note 14)	7,252	6,197	5,621	5,743
Recycled capital grant fund (note 18.a)	273	112	273	112
Debt (note 15)	262,575	227,953	262,575	227,953
Total financial liabilities measured at amortised costs	274,422	238,463	272,339	237,982
Total financial liabilities	274,422	238,463	272,339	237,982

The Group and Association actively manage the risks arising from financial instruments and the main risks from these financial instruments are:

- Interest rate risk
- Liquidity risk
- Counterparty risk
- Customer credit exposure

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument, such as a loan, will fluctuate due to changes in market interest rates.

The Association borrows from bond holders or lenders using long-term financial instruments, such as the use of bond issues or housing loans. The borrowing is undertaken based on the Association's long-term business plans and the Board's assessment of both current and future macro-economic environments: for instance, the Board's view of the future direction of interest rate, future direction of the costs of running the business, assessment of demand, and assessment of the political and legal environment.

To mitigate against interest risk exposure, the Association ensures it has the right balance between fixed and variable loans in its debt portfolio. The Association has also removed some of the variability in interest rates by employing bond finance as part of the capital structure. As a result of this, the Association is not heavily exposed to fluctuations in interest rates, as the loans and bond finance are currently on a fixed rate of interest.

Liquidity risk

The purpose of managing liquidity risk is to ensure that the Group and Association have sufficient cash resources to meet their financial obligations as and when they fall due; to meet the contracted development commitments; and also, to ensure

the Group and Association do not forgo attractive business opportunities due to a lack of liquid resources or cash headroom. As part of liquidity management, the Group and Association ensure there is enough cash headroom, in line with the treasury policy, to fund financial obligations and to take advantage of opportunities when they arise.

The Group and Association meet financial obligations through cash flows from operating activities, such as the underlying cash from rental income streams, grants from government sources and through long-term borrowing from lenders and bond issues. The Group and Association have a treasury policy which is updated annually and approved by the Board. The treasury policy addresses issues such as funding, gearing, liquidity risk, covenant compliance and investment policy.

Cash flows are monitored on a routine basis, and remedial action is taken well in advance of adverse events occurring.

Counterparty risk

The Group and Association's treasury policy sets minimum credit ratings for counterparties on investments to reduce loss from counterparty risk of default. The Group and Association use the primary banker Lloyds, investment counterparties or money market funds. The treasury policy is reviewed annually by the Board.

The Group and Association are exposed to counterparty risk from the potential risk of default by our development partners or joint arrangement or joint venture partners. The Group and Association have a Procurement Policy and strict investment limits and use development arrangements which mitigate this risk. The Group and Association also conduct due diligence exercises on joint arrangement and joint venture partners.

Customer credit exposure

The Group and Association are exposed to the possibility of some of its tenants not paying their rents in time or defaulting altogether. To mitigate this risk, the Group and Association monitor arrears on a monthly basis and engages with tenants. The Group and Association also collect deposits from tenants when they take out their tenancy agreements to mitigate this exposure.

Board members, executive directors, funders, advisors and auditors

Executive Directors



Steve Woodcock

Chief Executive

Steve brings extensive executive experience across the housing sector, including leadership roles at Network Homes, Clarion, Red Kite and Housing Solutions. He is passionate about delivering high-quality services and increasing the supply of affordable homes.



Gerry Doherty

Executive Director (Operations)

Gerry covers the Operations Director role during maternity leave 15 May 2025 - 26 June 2026 and brings extensive sector experience. Starting his career as a carpenter, he qualified as a surveyor and later became Chief Executive of Brent Housing Partnership operations. He is responsible for compliance with the Consumer Standards during Sophia's maternity leave.



Sophia Howells

Executive Director (Operations)

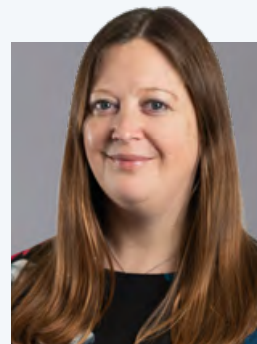
Sophia has over eleven years' experience in the housing sector. She previously led tenancy and community services at Haringey Council and held senior roles at B3Living and Co-Op Homes, with responsibility for Consumer Standards compliance.



Jon Hayden

Executive Director (Development)

Jon brings over thirty years of experience in housing development across housing associations, private developers and local authorities. He has held senior leadership roles leading regeneration, land acquisition, partnerships and delivery programmes at senior level.



Claire Howe

Executive Director (Corporate Services) Group Company Secretary

Claire has worked in affordable housing since 1999 and is a Fellow of the Chartered Institute of Housing. She specialises in leading corporate support teams, with senior experience across communications and human resources functions services.



Alex Shelock

Executive Director (Finance)

Alex is an experienced housing sector accountant specialising in strategic financial planning, treasury and development finance. He led financial planning for the Clarion merger and was finance lead on a major regeneration programme in Merton.

Our Board



Andy Walder

Chair of the Board

Andy brings nearly 30 years' experience in senior commercial leadership across public and private sectors, specialising in marketing, sales, operations and asset management. He is motivated by supporting communities and achieving the best possible outcomes for customers.



David Biggs

Outgoing Chair of the Board

Left September 2025 - David has nearly 30 years' senior executive experience in property across public and private sectors. Former Managing Director of Network Rail Property, he championed customer-focused placemaking, partnerships and regeneration, delivering major commercial projects and unlocking land for thousands of homes.



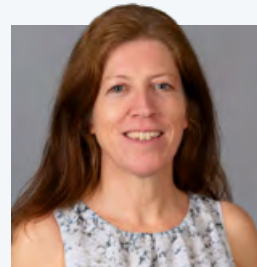
Trudi Kleanthous

Left December 2025 – Trudi has 40 years' experience in social housing, working across local authorities and housing associations. She has held several Executive Director roles, leading both operational services and corporate support functions throughout her career.



Caroline Abomeli

Joined September 2021 – Caroline is A2Dominion's Communications Director, bringing extensive expertise in communications, marketing, corporate strategy and business planning. She has led business change initiatives and digital transformation across complex, customer-focused organisations.



Marianne Davies

Joined January 2023 – Marianne is Global Head of People Services at GSK. She has a background in philosophy and HR, and holds several trustee and committee roles, reflecting her strong commitment to equality, inclusion and social impact.



Stephen Glover

Joined January 2023 – Stephen is Executive Director of Strategic Finance at University College London and a CIMA Fellow. A former senior civil servant, he is also a practising psychotherapist and has a background in the arts. He was previously a board member of a multi-academy trust in South London.

**Steve Nunn**

Vice Chair – Joined January 2020 – Steve has over 30 years' experience in the housing sector, working across housing management, operations, property services, development and regeneration. His career spans frontline delivery through to senior leadership roles.

**Vipul Thacker**

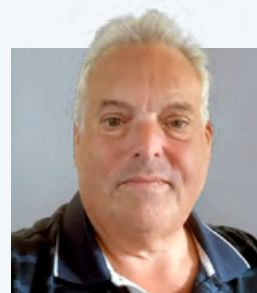
Joined September 2021 – Vipul was chief organisational effectiveness officer at Notting Hill Genesis until 2025. At NHG, he oversaw HR, governance, wellbeing, procurement and facilities management and led the organisational approach to value for money. Along with his role as independent ARC member for the Barnet Group, he now concentrates on coaching and mentoring the next generation of sector leaders.

**Paul Tyrrell**

Joined December 2018 – Paul is a professional commercial banker with over 35 years' experience in financial services, including more than 20 years supporting the social housing sector. He brings strong leadership skills and a passion for customer service and teamwork.

**Amanda Tomlinson**

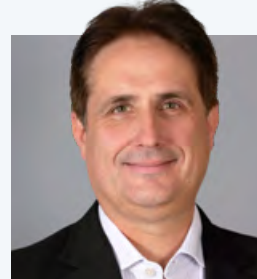
Joined January 2025 – Amanda is a former Chief Executive and Finance Director, now retired after 25 years in social housing. She has held a range of NED roles, currently chairing the board of Active Black Country.

**Paul Newbold**

Joined September 2025 – Paul has over 35 years' experience in social housing, holding senior roles across multiple housing associations. He has also worked as a consultant and non-executive director, bringing broad strategic and governance expertise.

**Vishal Shah**

Joined September 2025 – Vishal leads Investment, Treasury and Capital functions at Chaucer, managing a \$4bn portfolio. With over 20 years' financial industry experience, he began his career as a Chartered Accountant at EY and PwC.

**Steve Woodcock**

Chief Executive of B3Living – Joined September 2019 Steve has extensive executive experience across multiple housing providers, including Network Homes, Clarion and smaller associations. He is committed to delivering high-quality customer services and increasing the supply of homes for those most in need.

Funders, advisors and auditors

External auditors

Menzies LLP Manchester

One Express
1 George Leigh Street
Manchester, M4 5DL

Tax advisor

Grant Thornton UK LLP

The Colmore Building,
20 Colmore Circus,
Birmingham, B4 6AT

Bankers

Lloyds Bank Plc

Corporate Banking,
25 Gresham Street,
London, EC2 7H

Solicitors

Anthony Collins Solicitors LLP

134 Edmund Street
Birmingham, B3 2ES

Trowers & Hamlin LLP

55 Princess Street
Manchester, M2 4EW

Winckworth Sherwood LLP

Minerva House,
5 Montague Close,
London, SE1 9BB

Investors and funders

ARA Venn (Saltire Housing Limited)

Reading Bridge House,
Reading, RG1 8LS

bLEND (Affordable Housing Finance Plc)

17 St Swithin's Lane,
London, EC4N 8AL

M&G Investment Management Ltd

5 Laurence Pountney Hill,
London, EC4R 0HH

Lloyds Bank Plc

25 Gresham Street
London, EC2 7HN

Internal auditors

TIAA Ltd

Artillery House, Fort Fareham,
Newgate Lane,
Fareham, PO14 1AH

Treasury advisors

Savills Plc

33 Margaret Street
London, W1G 0JD

Nationwide Building Society

Kings Park Road,
Moulton Park
Northampton, NN3 6NW

Valuers

Derrick Wade Waters

1 Station Road
Tottenham Hale, N17 9LR

Paul Wallace

70 High Street
Hoddesdon, EN11 8ET

Savills Plc

37-39 Perrymount Road
Haywards Heath, RH16 3BN

Registered office

Part First Floor,
Building A, Turnford Place
Great Cambridge Road
Turnford, Herts
EN10 6NH

Registration numbers:

Regulator of Social Housing registration no.
L4455

Co-operative and Community Benefit
Societies Act registration no. 29876R

HM Revenue and Customs
(Charities Division number XR92753)

We comply with the National Housing
Federation Code of Governance and are
regulated by the Regulator of Social Housing.



B3
LIVING

**Customer
Community!**

Annual Report & Financial Statements

2025-26