Believe Housing Limited

Annual Report and Financial Statements
for the year ended 31 March 2026

Co-operative and Community Benefits Society registered number: 8076

Regulator of Social Housing registered number: 5071

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Board Members, Executive Directors, Advisors and Bankers

Registration numbers

Co-operative and Community Benefit Society registration number	8076
Regulator of Social Housing registration number	5071

Registered office	Coast House Spectrum 4 Spectrum Business Park Seaham SR7 7TT

Board Members

The following individuals served as Board Members from 1 April 2025:

John Marshall (Chair)

Kevan Joseph Wales

Robert Auty

Monica Burns

Kelly Henderson

Michelle Meldrum

Andrew Malcolm

Christopher White (resigned 20 May 2026)

Amy Mooney (from 1 May 2025)

James Ealey (from 1 October 2025)

The following individuals served as Executive Board members from 1 April 2025:

Robert Alan Smith

Faye Danielle Gordon

Chief Executive	Robert Alan Smith
Executive Directors	Faye Danielle Gordon, Executive Director of Finance and Investment
	Nicola Welsh, Executive Director of Communities and Customer Services
	Lisette Nicholson, Executive Director of Culture, Technology and Transformation
	Louise Taylor, Executive Director of Governance and Strategy
Secretary	Andrew Coates (to 31 March 2026)
	Louise Taylor (from 1 April 2026)

Board Members, Executive Directors, Advisors and Bankers (continued)

Solicitors	Trowers & Hamlins LLP 3 Bunhill Row London EC1Y 8YZ
Bankers	Lloyds Bank Grey Street Branch 4th Floor 102 Grey Street Newcastle upon Tyne NE1 6AG
Independent auditors	Menzies LLP Chartered Accountants and Business Advisors One Express 1 George Leigh Street Manchester M4 5DL

Report of the Board

The Board of Believe Housing Limited are pleased to present the consolidated Annual Report and Financial Statements for the year ended 31 March 2026.

Strategic Report

Corporate structure and business model

Believe Housing Limited ('believe housing / the Association') is a charitable Co-operative and Community Benefit Society and is registered with the Financial Conduct Authority ('FCA'). believe housing is a registered provider of social housing and is regulated by the Regulator of Social Housing ('the Regulator'). It is parent to Believe Developments Limited ('Believe Developments'), a wholly owned subsidiary which was incorporated on 19 March 2021 under the Companies Act 2006. Further details of the group structure are set out in note 18.

The group meets the definition of a public benefit entity as set out in Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and the Housing Statement of Recommended Practice 2018 ('SORP').

At the 31 March 2026, we owned and managed 18,413 homes (2025: 18,334) which represents around 40% of all social housing stock in the County Durham area with a turnover of £91.004m (2025: £86.901m) and a total tangible fixed asset base of £474.903m (2025: £413.598m).

Objectives and strategy

Our Corporate Plan

During 2024/25 we developed our new Corporate Plan which runs from 2025 to 2028. In developing the Corporate Plan, we engaged with colleagues, customers and key stakeholders who agreed that our vision, core purpose and values were still right. They create a long-term ambition and aspiration whilst ensuring that the Customer, Colleague and Business are all crucial to our ongoing delivery and success.

The Corporate Plan confirms our vision, values and purpose as follows:

Our vision:

- We believe in life without barriers.

Our core purpose:

- We improve our customers' lives by providing healthy and affordable homes and enhancing our communities.

Our values:

- To do the right thing for our customers, for our colleagues, and for our business.

The Corporate Plan identified our aims and objectives for the three-year period from 2025. Our aims are underpinned by our values, that's why each aim focuses on one of these aspects. Doing the right thing for our customers is at the heart of everything we do. This means we must also look after our colleagues, so they are at their best for the good of our customers. Equally, to do all of this requires a sound and secure business. Our aims have been as follows:

- Deliver excellence for our customers and play a positive role in our communities.
- Be a great place to work with a flexible, high performing workforce who do the right thing.
- Be financially secure, adapting to the next challenge, while meeting the evolving needs of our customers.

We deliver our aims through the following objectives:

- Be a purpose led, ethical organisation with strong values about what we deliver.
- Continually improve and innovate to deliver an enhanced experience for our customers and colleagues while streamlining the business.
- Have a strong voice on behalf of our customers and be trusted by our partners.
- Grow the number of our homes to support the demand across the Northeast.

Our objectives continue to be supported by our behaviours:

We also identified measures that will monitor how we are performing against our strategic objectives. These metrics are monitored and reported through our Corporate Scorecard which is reported each quarter to the Performance and Standards Committee and the Board alongside our Tenant Satisfaction Measures.

What we achieved in 2025/26

During 2025/26 we commenced our transformation programme to design and establish our Target Operating Model ("TOM"). TOM is a key part of how we deliver our Corporate Plan through improving our services to customers and improving the efficiency of our operations. It includes seven workstreams, some of which started during 2025/26 and others that will commence in the coming years. Further details are included in our future developments section on page 25.

The key achievements contributing to our strategic objectives for 2025/26 included:

- Delivery of 194 new homes in the year.
- Improving the energy efficiency of 831 homes through warm home energy saving measures.
- Achieving our best ever overall satisfaction score from our customers of 82%
- Continuing to improve on the positive satisfaction with our repairs service whilst also managing demand.

- Achieving £13.1m in social value across the business through community investment projects, employability support and repairs to improve energy ratings of homes.
- Using our community investment funding to support projects with 131 grants, providing over £273k of direct funding.
- Supporting 285 customers to access sustainable and secure employment opportunities and supporting 149 people to access training.
- Continuing with our Volunteering Framework where we have taken part in a range of volunteering opportunities including beach cleans, supporting Forestry England and helping in community organisations providing support to customers.
- Delivering our annual innovation event, Innovation Fast Track, bringing colleagues together to celebrate positive change and creativity.

Linking our strategic objectives and performance metrics

The delivery of our strategic objectives is monitored by the Senior Leadership Team, comprising of the Executive Management Team and other senior leaders. The corporate performance scorecard metrics are compared to targets set and discussed with the Senior Leadership Team, before being reported through the quarterly performance reports to the Performance and Standards Committee and the Board.

Historic performance is reviewed as well as comparing performance with our peers to help identify trends in performance and drive development of our services. We have incorporated our Tenant Satisfaction Measures (TSM) into our Corporate Scorecard reporting, ensuring that TSM data and the customer experience is integral to our performance discussions. Our TSM results are shown on our website here tenant satisfaction measures.

Benchmarking of performance is done through Housemark to understand how our service areas compare to other organisations of a similar size and scope. The peer group used for benchmarking performance has been agreed with Housemark, taking into consideration a variety of factors such as number of homes, region, organisation type and services provided.

The criteria typically used is Housing Associations throughout England (excluding London), with homes numbering between 10,000 – 20,000. However, we can also use different groups or tailor who we compare ourselves to depending on the service area we are reviewing.

We also benchmark locally with landlords in the region to compare our performance and collaborate on ways to improve, and through Acuity, our independent survey provider, to compare our TSM and transactional survey scores.

Performance indicators are developed to measure progress against the Corporate Plan objectives and are based on the following principles:

- Provide insight into the quality-of-service provision and outcomes for customers, communities and the business.
- Ensure that the health of the business is being monitored.

- Inform the scrutiny of services undertaken by our Customer Voices Group and formulation of recommendations to the Board.

We regularly review our Corporate Scorecard in line with our Corporate Plan objectives and associated activities to make sure that our measures are relevant, whilst also retaining some indicators year on year to provide consistency and allow performance to be tracked over longer time periods.

The value for money metrics are monitored and reported each quarter to the Performance and Standards Committee and the Board through the quarterly financial reporting and the performance report so that financial and operational performance is considered at the same time.

There is also a business scorecard which is reported to each meeting of the Performance and Standards Committee to summarise the operational performance of the business.

Our performance metrics 2025/26

The following performance indicators have been monitored during 2025/26 to assess our performance against the corporate objectives set out in our Corporate Plan.

These performance indicators are based on information taken from a number of different sources, including our housing management system, HR system and the HACT[1] Value Insight system. Some of these figures are reported based on the performance period end (for example the end of a rent week) rather than the financial year end.

Where available, information on the previous year's performance has been included.

Performance Indicators	Target 2025/26	Actual 2025/26	Actual 2024/25	Actual 2023/24
Overall customer satisfaction	78%	82%	78%	81%
Customer satisfaction with most recent repairs (transactional)	80%	80%	N/a – metric change	N/a – metric change
Tenancy Turnover	No target – for info.	6.4%	7.6%	7.6%
Proportion of complaints completed within timescale	92%	94%	92%	68%
New supply delivered	200	194	208	208
Social value from investment	£8m	£13.1m	£9.6m	£6.7m

[1] Housing Association's Charitable Trust

Performance Indicators	Target 2025/26	Actual 2025/26	Actual 2024/25	Actual 2023/24
Average number of days lost due to colleague sickness	8.0	8.9	8.4	8.6
Average days to complete a repair	19 days	13 days	15 days	16 days
Colleague turnover	14.0%	9.1%	10.0%	11.3%
Best companies score	3 Star	2 Star	3 Star	2 Star
% of repairs completed in timescale	90%	95%	91%	91%
Total debt as a % of debt owed	4.9%	4.3%	4.9%	5.5%
Percentage of dwellings vacant but available to let at the end of the quarter	No target	0.2%	N/a – metric change	N/a – metric change
Average energy rating of properties	68.94	70.30	69.61	69.07
Gas compliance	100%	99.98%	99.98%	99.97%
Electrical compliance	100%	99.99%	100%	99.95%

2025/26 remained a challenging year, with continued economic pressures and high demand for our services. In response, we invested additional resources in frontline customer services, including our responsive repairs and damp and mould teams. We also reviewed how we deliver our services to ensure we can meet our service standards and respond to customers in a timely manner. These actions contributed to improvements across a number of the key performance indicators set out above.

The following paragraphs explain our performance for the year in further detail.

Deliver excellence for our customers and play a positive role in our communities: Our headline customer-facing metrics remain strong and continue to compare favourably across the sector. Overall performance remains positive. Our year-end Tenant Satisfaction Measure (TSM) score of 82% represents the highest level achieved to date and remains significantly above the sector average of 71.8%. This reflects consistently strong customer perceptions across a wide range of satisfaction indicators.

Customer feedback consistently highlights that the key drivers of satisfaction are the provision of safe, well-maintained homes and ease of interaction with our organisation. We continue to perform strongly in these areas, with our repairs service delivering positive outcomes across all measures, including transactional satisfaction and average completion times.

Be a great place to work with a flexible, high performing workforce who do the right thing: Our colleague metrics remain strong, despite a period of significant organisational change, increasing regulatory requirements, and ongoing cost-of-living pressures.

Colleague turnover was below target, indicating a stable, engaged workforce. While turnover has continued a downward trend over the past two years, sickness absence has gradually increased and exceeded target by 0.9 days at the year-end. It is important to note that short-term absence has reduced, with the increase driven primarily by long-term absence. This reflects longer waiting times for medical treatment which is a pattern consistent with sector trends and suggests that we are effective in retaining and engaging colleagues despite external challenges.

Our most recent Best Companies survey confirmed our two-star accreditation, recognising believe housing as an outstanding organisation to work for. We were also ranked as the number one housing association, which reflects the continued strength of our workplace culture. Although this was a movement from last year's three-star accreditation, it remains a strong outcome in a year of significant organisational change and continued external pressures. The results provide valuable insight into colleague engagement and will be used to support targeted action to strengthen our workplace culture and improve future performance.

Be financially secure and well governed, adapting to challenges, while meeting the evolving needs of our customers: Performance in relation to repairs completed within target timescales was strong, showing improvement compared to the previous year.

Gas and electrical compliance fell below target; however, this reflects the organisation's decision to set a zero-tolerance target of 100% compliance across all areas. Instances of overdue inspections were attributable solely to access issues. These cases are managed through our no-access process to ensure that all required inspections are completed at the earliest opportunity.

Performance in relation to debt management was strong, with total debt as a proportion of rent owed standing at 4.3% at year-end, outperforming the target of 4.9%.

Our value for money performance is outlined on pages 11 to 19, with additional detail provided in the benchmarking section of this report.

Environment, Social and Governance ('ESG') metrics

We have environment, social and governance metrics and targets with two of our funders, which, if achieved, will result in a discount to our agreed funding costs. The metrics agreed are as follows:

- Average EPC scores of our housing properties.
- Social value of our investments as determined by HACT.

- The Best Companies star rating.

We have achieved two of the three targets set and have had these certified for confirmation with funders.

We have adopted the Sustainability Reporting Standard published in November 2020 and our ESG report can be found on our website.

New build development and our Development Strategy

During 2025/26, we made good progress in delivering new homes, completing 194 across 13 development sites.

A series of performance metrics capturing operational and financial performance information are reported to the Development and Investment Committee every quarter. The financial performance information is also included in the quarterly management accounts which are scrutinised by the Performance and Standards Committee and reported through to the Board.

Our 2021 – 2026 Development Strategy (approved by the Board in October 2020) set out our ambition to grow our development programme alongside our place-based approach to investment, to meet the housing needs of our communities. We have achieved the following over this period:

- Developed 784 homes, with a mix of types and tenures, including homes for social rent, affordable rent, affordable home ownership and private sale.

- Developed an exemplar energy efficient SMART home scheme, testing a range of renewable energy solutions and other technologies in advance of the government's 2025 off-gas target for new build homes. This was achieved at our Lowlands Road scheme in Brandon which completed in January 2024.

- Developed an exemplar older persons scheme at Tintern Road, St Helens Auckland which completed in May 2024.

- Continued to maximise the benefits from Believe Developments Limited and its joint ventures.

- Embedded our development strategy as part of our wider place-based approach to asset management and investment in existing homes.

Our progress in delivering the Development Strategy is monitored by the Development and Investment Committee.

During 2022/23 we entered into a joint venture (JV) with Homes by Carlton to invest in their market sale development at Middleton St George which was approved by the Board on 7 December 2022 (Believe Carlton MSG LLP). A second JV with Homes by Carlton for a development at Witton Gilbert received final Board approval in March 2023 (Believe Carlton Witton LLP).

Believe Carlton MSG LLP has planning permission for 148 properties to be developed over the period to March 2028. Believe Carlton Witton LLP has planning permission for 29 properties, now due to be completed during 2027. The joint ventures have been funded via a loan from believe housing limited to Believe Development Limited with interest charged based on an agreed market rate. Profits arising from the JV's will be distributed between Believe Developments Limited and Homes by Carlton at the end of the development period.

JV performance in the year has been positive with good progress made across both sites, 47 homes have been sold to the end of March 2026, and a strong sale pipeline continues.

Our Development Strategy beyond 2026 has informed part of our consortium bid through the Social and Affordable Homes Programme. The outcome of our bid is not yet known; however, development ambitions are included within our financial plans and will form part of our Asset and Place Strategy which will be reviewed and revised in 2026/27.

What does value for money mean to us

Value for money and optimising our resources underpins our Corporate Plan and is embedded into all policies and procedures, so it remains at the forefront of key decisions and forms an integral part of how we work.

Our approach to value for money is supported by our Performance Management and Added Value Framework which was reviewed and approved by Board in December 2023. This framework sets out our approach to both performance management and value for money in one document recognising that these two areas are inextricably linked.

The Performance and Standards Committee and the Board are updated throughout the year on value for money actions and achievements through the quarterly performance report as well as a mid-year review of the Corporate Plan.

Value for Money Metrics

In April 2018 the Regulator issued the value for money metrics alongside the Value for Money Standard and Code of Practice.

Our performance for each of the value for money metrics in the standard has been set out in the following table alongside a comparison against a bespoke peer group. Our peer group is determined based on providers matching our key defining characteristics of size, location and activities. Specifically, our peer group contains providers who:

- Own between 10,000 and 25,000 homes (believe housing: 18,413).
- Operate primarily in regions with an Annual Survey of Hours and Earnings (ASHE) regional wage index of 0.96 or below (believe housing: 0.91).
- Have less than 5.0% of their homes designated as housing for older people (believe housing: 0%).
- Have less than 1.0% of their homes designated as supported housing (believe housing: 0%).

This has given us a bespoke peer group containing the following registered providers:

- Beyond Housing;

- First Choice Homes Oldham;
- Incommunities;
- Livv Housing Group;
- One Manchester;
- Ongo Homes;
- Walsall Housing Group; and
- Wythenshawe Community Housing Group.

The comparison looks at our target and actual performance data for 2025/26 and our historic performance data for 2024/25 and 2023/24. In addition, where possible, we have compared our performance to the peer group data for 2024/25, which is the most current data publicly available.

The following metrics have been calculated based on the Annual Accounts ('FVA') return that is submitted to the Regulator.

	believe housing				Peer Group
Value for Money Metric	**Target 2025/26**	**Actual 2025/26**	**Actual 2024/25**	**Actual 2023/24**	**Actual 2024/25**
Reinvestment	19.3%	15.8%	13.7%	16.3%	10.8%
New supply delivered – social housing units	1.6%	1.0%	1.1%	1.1%	1.3%
New supply delivered – non-social housing units	0.0%	0.0%	0.0%	0.0%	0.0%
Gearing	55.1%	54.9%	53.4%	52.9%	49.9%
Headline social housing cost per unit	£5,308	£4,738	£4,653	£4,426	£5,056
Management cost per unit	*£1,631*	*£1,364*	*£1,304*	*£1,256*	*£1,442*
Service charge cost per unit	*£123*	*£49*	*£58*	*£62*	*£339*
Maintenance cost per unit	*£1,406*	*£1,472*	*£1,348*	*£1,321*	*£1,478*
Major repairs cost per unit	*£2,148*	*£1,765*	*£1,860*	*£1,689*	*£1,682*
Other social housing cost per unit	*£0*	*£88*	*£83*	*£98*	*£114*
EBITDA MRI[2] Interest cover	-43.4%	71.0%	66.3%	7.9%	96.9%
Operating margin – social housing lettings	12.3%	22.2%	24.5%	19.7%	15.2%

[2] Earnings Before Interest, Tax, Depreciation and Amortisation with Major Repairs Included. Note – the calculation of this metric has been changed in 2025 to include major repairs capital grants. To aid comparability we have amended the prior year actual figures to reflect the updated definition.

	believe housing				Peer Group
Value for Money Metric	**Target 2025/26**	**Actual 2025/26**	**Actual 2024/25**	**Actual 2023/24**	**Actual 2024/25**
Operating margin – overall	14.2%	22.2%	24.4%	18.8%	14.7%
Return on capital employed ('ROCE')	3.2%	5.2%	5.4%	4.4%	3.4%

<u>Key factors impacting VFM metric performance</u>

Investment in new homes

Expenditure on new build development has increased by around £20m in 2025/26, when compared to 2024/25. The primary reason for this comparative increase is that investment in 2024/25 was depressed by the limited availability and uncertainty of grant funding from Homes England that directly affected our planned investment in new homes and contributed to delays in beginning work on new housing developments. During 2025/26, we have collaborated with Karbon Homes to secure grant to unlock new development schemes resulting in an increase in expenditure when compared to the prior year. The growth in expenditure on new properties has contributed to the observed increase in the ***reinvestment*** metric in comparison to 2024/25. The increase in new build expenditure has been debt funded and therefore impacts our ***gearing*** metric, with additional borrowing raising the ratio above the level reported in 2024/25. While expenditure on new homes is higher in 2025/26, we had still seen a similar level of homes completed when compared to 2024/25 and so we have reported a similar ***social housing new supply delivered*** metric when compared to 2024/25. This is primarily because of the offset in timing between when expenditure to build new homes is incurred and when the new homes are completed, so much of our expenditure on new homes in 2025/26 will deliver completed properties during 2026/27 and beyond.

The actual expenditure on new homes reported for 2025/26 is around £15m lower than the forecast at the beginning of the year used to set our target metrics. As set out above, we were able to secure grant for new development in collaboration with Karbon Homes during the year, however this did not fully offset the delays in grant funding we had expected to receive during the year and therefore impacted the level of investment we could make in new homes when compared to our expectations when the target metrics were set at the beginning of 2025/26. The resulting underspend has impacted our performance against target for several VFM metrics including ***reinvestment*** and ***social housing new supply delivered***, both of which are below the target for the year. Changes in our development investment correlates closely to changes in our borrowing and so also impacts our performance versus target for the ***gearing*** metric.

When compared to our peer group performance for 2024/25, our investment in new homes is higher than the median figure, both on an absolute and per unit basis. This has contributed to our ***reinvestment*** being higher than the peer group median for 2024/25. Our ***social housing new supply delivered*** is slightly below the peer group median but, as explained above, this is partly as a result of the timing offset between expenditure on new housing and their completions, with the higher level of investment reported in 2025/26 expected to impact the level of completions we report in future years.

Investment in existing homes

In 2025/26, we have reported a small reduction in capital investment in our existing homes, although this has primarily been as a result of the accounting treatment of the investment, with a fall in the value of expenditure capitalised and an increase in investment treated as a revenue expense in the Statement of Comprehensive Income. Additionally, we have deferred some elements of capital expenditure, particularly relating to placemaking and energy efficiency investments that were linked to the timing of warm homes funding receipts, from 2025/26 into 2026/27 and this has also impacted the level of capital expenditure recorded in the current year. However, overall, our total capital and revenue expenditure on existing homes has increased by around £0.8m between 2024/25 and 2025/26. Only capital investment is utilised when calculating the ***reinvestment*** metric and so our 2025/26 figure has served to temper the overall increase in this metric driven by the increase in investment in new homes. We can, however, see the impact of the reduced capital expenditure on existing homes in the increased ***headline social housing cost per unit (HSHCPU)*** and, specifically, the reduction in our major repairs cost per unit. It has also impacted our reported ***EBITDA MRI interest cover***, although the effect is partially offset by the higher level of revenue expenditure, which impacts EBITDA MRI interest cover through the effect on our operating surplus.

Our capital investment in existing homes is 37% higher than the median for our peer group for 2024/25, although our overall major repairs cost per unit is only around 5% higher and this suggests some of the difference in capital investment when compared to our peers is driven by the accounting treatment of our investment and a higher level of capitalisation than our peers. It is difficult to identify the other reasons for differences in our level of investment in existing homes from the information publicly available for our peers, but it may be linked to differences in the relative age and type of homes we own, or differences in approach taken by each organisation in the peer group to major areas of investment such as decarbonisation and energy efficiency work. In particular, this is relevant when considering our performance compared to our peers for the ***EBITDA MRI interest cover*** metric and the major repairs cost per unit element of the ***HSHCPU*** metric.

Operating surplus

We have reported an increase in our operating surplus in 2025/26 of £1.9m (8.3%), although this headline figure has primarily been driven by a 154% increase in the gain on disposal of fixed assets reported in the year, from £1.9m in 2024/25 to £4.8m in 2025/26. After discounting the impact of the increased gain on disposal, we have seen a fall in our underlying operating surplus in 2025/26, with our operating turnover increasing by 4.7%, while our operating expenditure increased by 7.3%.

The effect of our reduced operating surplus is seen in the reduction in both our ***social housing lettings and overall operating margin metrics***. The reduced surplus also impacts on our ***EBITDA MRI interest cover*** metric, although its effect has been offset by the reduction in our capital investment expenditure on existing homes noted above and so the metric has still improved between 2024/25 and 2025/26. We have also seen a reduction in our ***ROCE***, despite this metric being calculated with the inclusion of our gain on disposal of fixed assets. The increase in our operating surplus including the gain on disposal has been exceeded by the increase in our total assets less current liabilities and thus reduced this metric. The increase in operating expenditure that has reduced our underlying operating surplus can also be seen in our reported ***HSHCPU***, which has increased by 1.8% in 2025/26, driven, in particular, by an increase in our expenditure on housing maintenance, with this element of the cost per unit metric having increased by 9.2% from 2024/25 to 2025/26.

Included within our operating surplus in 2025/26 is a non-cash pension adjustment of £4.81m that is a credit to operating expenditure in the Statement of Comprehensive Income (SOCI) and so has reduced the reported expenditure balance and increased the reported surplus. This is similar to the prior year when we recognised a credit of £3.15m in the SOCI, although the impact of the credit in 2025/26 has been greater.

The forecast used to set our VFM metric targets for 2025/26 did not include the £4.81m pension credit adjustment and so this has a significant impact on our performance versus target for several metrics, most directly ***EBITDA MRI interest cover***, ***social housing and overall operating surplus*** and ***ROCE***. It has also improved our performance versus target for the management cost per unit element of ***HSHCPU***. Even after taking account of impact of the pension adjustment, we have reported a larger underlying operating surplus for 2025/26 than had originally been forecast when setting our targets for the year. This is because we've recorded turnover around the level forecasted, but operating expenditure (excluding pension adjustment) that is 3.1% lower, thus giving a higher operating surplus. Key reasons for the reduction in operating costs include lower pay costs than forecast due to vacant posts in year and lower depreciation and bad debt expense.

The pension adjustment also impacts our performance for ***social housing and overall operating surplus*** and ***ROCE*** when compared to our peers. Both metrics are higher than the peer group median having been positively impacted by the £4.81m credit adjustment. Once the pension adjustment is excluded, our underlying operating surplus is around the peer group median on a per unit basis. However, analysis of our turnover shows it is around £1,320 per unit lower overall than the peer group median, with social housing-only turnover around £806 per unit lower than the median figure. There are various reasons for the lower turnover position, most of which are long-term legacy factors linked to our particular circumstances including our area of operations, mix of property sizes and timing of the stock transfer from Durham County Council. Given our turnover per unit is lower than the peer group median, our surplus per unit being in line with the peer group median must be driven by a lower underlying revenue operating expenditure per unit.

Expenditure on planned and routine maintenance

We have reported an increase in expenditure on planned and routine maintenance in 2025/26, which represents a continuation of a multi-year trend of higher maintenance costs. This has been driven by an increased cost of repairs due to a greater complexity of repairs jobs arising in our homes. This spend also includes our work on void properties where we saw increased costs in year from some homes requiring more extensive works, alongside pressures on home and garden pre clearances. The effect of the additional expenditure on planned and routine maintenance can be observed in the maintenance cost per unit element of our ***HSHCPU*** metric, with a year-on-year increases observed since 2021/22. This increase is offset by a reduction in spend per unit on our major repairs, where demand levels and cost mitigation plans were already benefitting the 2025/26 outturns.

Other factors

We had no plans to develop non-social housing units during 2025/26, which was consistent with our core strategic aims that focus on the provision and development of social and affordable homes and so we continue to report no ***non-social housing new supply delivered***.

Forecast value for money metrics

The value for money metrics are part of the overall performance framework and targets set are based on the Business Plan (2026 – 2056), which was approved by the Board in March 2026.

	Actual 2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Reinvestment	15.8%	17.5%	15.6%	14.5%	16.3%	10.4%
New supply delivered - social housing units	1.0%	2.1%	1.6%	1.7%	2.0%	1.3%
New supply delivered - non-social housing units	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gearing	54.9%	56.6%	53.3%	52.9%	52.8%	52.9%
EBITDA MRI/Interest cover	71.0%	-21.9%	22.8%	69.4%	79.0%	88.1%
Headline social housing cost per unit	£4,738	£5,400	£5,329	£5,135	£5,337	£5,255
Operating margin - social housing lettings	22.2%	18.0%	19.3%	23.0%	23.2%	23.7%
Operating margin - overall	22.2%	20.3%	21.6%	25.3%	25.6%	26.2%
Return on capital employed	5.2%	4.1%	3.8%	4.5%	3.8%	3.7%

Investment in properties

- The reinvestment ratio is highest in year one, when the comparative level of investment in new and existing homes is similar to the following years but is divided by a lower gross asset value in the first year of the Business Plan thus giving a higher ratio. The ratio closely follows the profile of our forecast expenditure on new development over time because this varies more from year to year than our investment in existing homes. While we expect to invest in new homes across the full five-year period set out in the table above, we are focussing our delivery in the first four years of the Business Plan to March 2030 and this is why the reinvestment ratio is between 14 and 18% to year four and then reduces to 10.4% in year five.

- The delivery of new supply of social housing units reflects the latest forecasts of completions on our ongoing and pipeline development schemes. We expect to see the highest number of new completions in year four, although, as a proportion of the number of existing homes, the rate of completions is higher in year one. While there are some fluctuations over the period to March

2031, the annual number of completions is forecast to be at a relatively constant level throughout the first five years of the Plan.

- The Plan does not include any expenditure on non-social housing development and therefore the non-social housing new supply delivered metric is forecast to be zero for the entire period.

Financial performance

- Our gearing ratio is forecast to peak in year one and then reduce to a stable position of around 53% for the remainder of the period. We require borrowing to fund our investment in new homes throughout the first five years of our Business Plan, however, proportionally, this debt is greater in year one of the Plan when compared to the value of our asset base. While the value of our annual investment in new homes increases each year to the end of year four, the borrowing requirement to fund this is proportionally lower because of the effect of stronger operational cashflows over time, in part, driven by the additional rental income generated by our new homes. This means we can reduce and then maintain our gearing ratio despite continuing to borrow to invest in new homes throughout the first five years of the Plan.

- Our EBITDA MRI interest cover ratio is forecast to be negative 21.9% in the first year of the Plan, before improving each year to reach 88.1% by year five. The year-one position reflects continued cost pressures across the business, driven by inflation and the increasing demand and complexity of customer and stakeholder requirements. These pressures continue to affect EBITDA MRI interest cover through to 2030/31. The reduction compared with 2025/26 also reflects several specific factors. The 2025/26 position benefits from a £4.81m pension credit and the deferral of some investment in existing homes into 2026/27, which reduces costs in 2025/26 but increases them in the following year. From 2026/27, the Plan also includes investment in our Target Operating Model (TOM) transformation programme. This requires upfront investment during the first two years of the Plan to improve customer services and operational efficiency. The programme is expected to deliver a net financial benefit from year three onwards, contributing to the improvement in EBITDA MRI interest cover over the remainder of the Plan.

- The headline social housing cost per unit is at its highest in 2026/27, before falling back to fluctuate between £5,150 and £5,350 per unit in years two to five. In part this reflects the impact of the investment in our TOM transformation project, with higher costs initially reflecting the upfront investment, followed by a real-terms reduction in costs as the impact of the project on operational efficiency is reflected in our financial forecasts. Additionally, our investment in new homes increases our property numbers over time and therefore provides a larger denominator to the cost per unit calculation, helping the metric to reduce and stabilise in future years despite the impact of inflation on our headline cost figures.

- Our social housing lettings and overall operating margin is lowest in 2026/27, in part, due to the impact of lower rent levels earlier in the Business Plan before the cumulative impact of inflation and rent convergence have impacted our income. Additionally, as referenced above, the performance also reflects the impact of the investment in our TOM transformation project, with up-front costs depressing our operating margin in 2026/27, before a reduction in costs improves the operating margin in future years, as the impact of TOM on operational efficiency is reflected in our financial forecasts.

- Return on capital employed (ROCE) is consistent around 3.5-4.5% for the first five years of the Plan, with the highest metric forecast in 2028/29. The peak in 2028/29 is linked to the forecast receipt of a share of profit from one of our joint ventures in that year and so this represents a one-off boost to the ROCE metric in that year.

What value for money achievements have we made in 2025/26?

We have maintained a close focus on delivering value for money throughout the course of 2025/26 resulting in some new and innovative ways of working. The key value for money achievements over the course of this financial year include:

- Further development of power BI reporting across the business, moving away from the manual collation of performance data towards an automated reporting tool that can provide up to date, accurate performance data on key operational areas of the business.
- Securing further grant funding from the Warm Homes Fund in collaboration with Tees Valley Combined Authority to support works such as loft, cavity wall and external wall insulation, energy efficient lighting, Solar PV and new heating controls.
- Continuing to support customers to sustain their tenancies. During the year, 818 customers engaged with our sustainment service and reduced their rent arrears.
- Reducing our relet times further to minimise lost on rental income and allow our customers to access their new home earlier.
- Looking at productivity improvements and delivering further repairs services in house.
- Continuing our data sharing agreement with Northumbrian Water so that all our customers in receipt of pension credit automatically qualified for water rates reductions, rather than having to re-apply.
- Continuing to embed our Salesforce solution in our Customer Insight team to improve the efficiency of our case handling and response times to customers.
- Updating our Customer Relationship Management (‘CRM’) system through the implementation of Salesforce to improve how we manage customer information and services.

What did we do with the value for money achieved?

The efficiencies we have achieved have supported our investment in corporate projects and priorities as follows in 2025/26:

- Investment of £45.150m in building and acquiring new homes, contributing towards our Homes for 2050 project.
- Investment of £59.594m in improving our existing homes through our planned investment programme and in year responsive works.
- Supported our local community groups through our community grant funding, with £273k of direct funding awarded.

Investment priorities are linked to the future developments which are commented on further at pages 25 to 26.

The value for money impact of our Corporate Plan projects, including the progress made in achieving cost savings targets established are monitored through our performance scorecard our five year medium term financial plan.

Review of the business

Reported surplus

For the year ended 31 March 2026 we report a surplus before taxation of £16.241m (2025: £14.940m) and total comprehensive income of £11.407m (2025: of £16.432m).

The reported surplus is impacted by the following:

- A rent increase of 2.7%.
- An increase in pay costs reflecting an agreed pay award for the year.
- Reduced current service costs associated with the Durham County Council Pension Fund ('the Pension Fund') which is part of the Local Government Pension Scheme ('LGPS') as set out in note 28 of these accounts.
- Investment in our transformation programme.
- An increased surplus on sale of properties due to higher volumes of right to buy sales completions compared to prior years.

The remeasurement movement relating to the pension scheme impacts the reported total comprehensive income of £11.407m (2025: £16.432m). For the year ended 31 March 2026 there was a loss of £5.023m (2025: gain of £1.492m) which reduces the reported surplus for the year. The remeasurement movement is an accounting adjustment and does not represent cash or income.

Statement of Financial Position

The Statement of Financial Position reports a net current liabilities position of £14.102m (2025: £4.086m) and a total net assets position of £171.061m (2025: £159.654m). The net current liabilities position is due to £16.015m of grant received in advanced or deferred, held within current liabilities.

The key balances within the Statement of Financial Position are fixed assets, pensions and loans which are commented on further below.

Fixed assets

Our fixed assets are stated at cost, other than investment properties which are at fair value, and as at the 31 March 2026, are reported at a net book value of £475.435m (2025: £414.497m). This is made up of intangible assets, housing properties, investment assets and other fixed assets.

Housing properties are categorised as tangible fixed assets as their intended use is for the social benefit they provide. The net book value of housing properties, which is the main component of the fixed assets at 31 March 2026, is £472.336m (2025: £411.021m).

The increase in the value of our housing properties reflects both the investment in our existing homes and our new development programme.

Intangible fixed assets have a net book value of £0.532m at the 31 March 2026 (2025: £0.899m) and relate to our computer software, mainly our housing management system.

Pensions

The Statement of Financial Position incorporates the pension liability for the Pension Fund of £0.120m (2025: £0.118m).

This represents the actuarial estimation, prepared for the purposes of statutory accounts, in accordance with FRS102 if the present value of the scheme liabilities at the reporting date is less than the fair value of the plan assets at that date the plan has a surplus. For the year ended 31 March 2026 we recorded a pension surplus. However, the surplus can only be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. These criteria were not considered to be met at 31 March 2026 and an asset has therefore not been recognised.

The latest triennial valuation of the Pension Fund was as at 31 March 2025.

Loans

The Statement of Financial Position includes outstanding loans totalling £266.750m (2025: £228.750m).

The majority of loans have been accounted for as basic financial instruments under FRS 102 and are therefore measured at amortised cost. The exception to this is an interest swap linked to our £20.000m NatWest term loan which has been classed as non-basic and held at fair value.

Interest rate risk

We manage our exposure to movements in interest rates by entering into fixed interest rate arrangements. Our Treasury Management Policy requires that a minimum of 60% of our drawn funding is at a fixed interest rate. At 31 March 2026 71% of our drawn loans were at fixed rates (2025: 70%). Details of our funding arrangements are set out in note 25.

Our term loan and revolving credit facilities use the Sterling Overnight Index Average ('SONIA') as the reference rate.

Statement of Cash Flows

At 31 March 2026 we report a cash position of £5.849m (2025: £6.486m).

The key cash flow movements in the year have been:

- Capital investment totalling £75.043m.
- Loans to joint ventures totalling £2.744m.
- Grant received of £4.583m.
- Asset sales through right to buy transactions and other asset disposals have contributed £6.554m of cash to the business.
- Net loan drawdowns £38.000m.

Our cash surpluses will be used to invest in our existing housing properties and new developments.

Going concern

Our business activities are focussed on the provision of social and affordable housing to our customers and supporting our local communities. In March 2021 our 100% owned subsidiary company, Believe Developments Limited, was incorporated to support the delivery of our new homes strategy.

We have a mixture of short, medium and long-term debt facilities in place, which currently provide sufficient resources to finance committed reinvestment and development programmes, along with our day to day operations.

Our funding facilities at 31 March 2026 were as follows:

- £75m long term funding arrangement ending on 31 March 2040.
- £85m private placement ending on 30 September 2058.
- £50m ten year term loan facility.
- £90m five year revolving credit facility.
- £20m ten year term loan facility.
- £30m five year revolving credit facility.
- £30m five year term loan facility.

At 31 March 2026 we had drawn debt of £266.750m and had an available cash balance of £5.849m.

Our Statement of Financial Position reports a net current liabilities position at the end of March 2026 of £14.102m. This position is impacted by our social housing and deferred grant received in advance of £16.015m which is included within current liabilities and will be amortised over the life of the assets its funding supports.

We produce a five year medium term financial plan and a 30 year Business Plan each year which helps us to understand our medium and long term financial position. These plans are developed based on a number of key assumptions, including:

- Inflation rates.
- Voids, arrears and bad debts performance.
- Interest rates.
- Rent setting policy.
- Right to buy sales.
- Investment in our existing and new homes.

Our approved annual operating budget provides the starting position as year one of the 30 years. The budget incorporates the potential impact of the current economic environment, reflecting on factors such as cost inflation and the impact of supply chain challenges.

The latest financial plans were approved by the Board on the 31 March 2026 and reflect the latest economic assumptions along with our Corporate Plan priorities. The plans show that we are able to service our debt facilities whilst continuing to comply with our financial covenants.

Our Business Plan was subjected to a series of stress test scenarios linked to our strategic risks which look at the financial impact of specific risks materialising and their impact on the Business Plan. These stress test scenarios help us to identify the areas of greatest sensitivity and the mitigating actions that would be required if a stress test scenario or something similar occurred.

We monitor our key economic assumptions that have the greatest impact on the Business Plan on a monthly basis to ensure prompt mitigating action can be taken, if necessary, in line with our Financial Disaster Recovery Plan. This is discussed with the Risk Management Working Group ('RMWG') and reported to the Audit Committee and the Board.

We use a business scorecard to monitor key areas of operational performance across the business and this is monitored by the Senior Leadership Team and available to the wider business to provide insight into our performance. The business scorecard is also reported to the Performance and Standards Committee at each meeting alongside the Corporate Performance scorecard.

Cash flows are monitored through a daily and three day forecast and there are no concerns over the cash position or liquidity available to the business which would impact on the going concern assessment.

We have reviewed and updated our going concern assessment and reported it to the Audit Committee on the 10 June 2026 and the Board on the 8 July 2026. This assessment has included consideration of the impact of the current economic climate and assessment of significant judgements, estimates and uncertainties that could impact on the long-term business plan and the going concern assumption.

There are no changes in assumptions or significant judgements, estimates and uncertainties identified from this work which impact on the going concern assumption basis for the preparation of the financial statements.

On the basis of this information, management and the Board have a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, the going concern basis has been adopted for the preparation of the financial statements.

Principal risks and uncertainties

The Risk Management Framework defines our approach to identifying, assessing and managing risk. It incorporates our policy statement, strategy, Board-approved risk appetite, and clearly defined roles and responsibilities. The Framework is reviewed twice annually by the RMWG and the Audit Committee before being recommended to the Board for approval.

Our Strategic Risk Register is subject to regular review by the RMWG and is reported quarterly to the Executive Management Team, Audit Committee and the Board. During the year, the RMWG has maintained oversight of the register, taking account of both internal and external developments, including the Regulator of Social Housing's latest Sector Risk Profile. A detailed comparison confirmed that all relevant risks identified by the Regulator are appropriately reflected within our Strategic Risk Register.

At an operational level, our risk control self-assessment process identifies and evaluates risks arising from day-to-day activities and assesses the effectiveness of associated controls. Action plans are established where improvements are required. This process is reviewed annually by each business area to ensure it remains current and effective.

To strengthen our forward-looking approach, we have embedded horizon risk scanning into our risk management framework. A horizon risk radar is maintained to identify emerging risks across four key areas:

- Environmental and developmental
- Social, political and economic
- Technological
- Regulatory and legal

These risks are assessed based on their potential impact (high, medium or low) and expected timeframe (current, one to five years, or five to ten years). This enables us to anticipate potential challenges and opportunities and to implement mitigating actions in advance. The outputs from horizon scanning are reviewed by the RMWG and reported quarterly to the Audit Committee and the Board.

Following review, the Board has confirmed the following 13 principal strategic risks:

- **People and Culture:** believe housing fail to attract, recruit and retain the right talent.
- **Global Uncertainty:** Failure to understand changes in Government policy and the effects of political and global uncertainty.

- **Asset Investment:** Inadequate business intelligence and due diligence leads to poor decision making on capital investment.

- **Cyber Threat and Business Resilience:** Poor control frameworks for IT governance, cybersecurity and cloud-based services leads to an increased threat of successful cyber-attacks, loss of data and business disruption.

- **Financial Performance:** Failure to monitor internal and external factors which impacts on our income collection and financial position.

- **Governance and Compliance:** Failure to comply with laws and regulations relevant to believe housing and inappropriate governance arrangements.

- **Data Quality:** Poor technology, data processing and information security lead to data integrity and quality risks.

- **Fraud:** Internal or external fraud leads to financial loss and / or regulatory downgrade where failure in the system of internal control occurs. Damage to believe housing brand and critical implications for viability and delivery of Corporate Plan objectives.

- **Health and Safety Building Compliance:** Failure to comply with consumer standards and statutory health, safety and environmental legislation.

- **Reputation:** Lack of organisational commitment to effective Board and Management oversight, strong communication, and focus on quality and operational performance exposes us to increased scrutiny from the media and hostile press.

- **Customer Experience:** failure to deliver excellent services and a great customer experience.

- **Development:** Inadequate business intelligence and due diligence leads to poor decision making on development ambitions.

- **Cross functional programme governance:** Failure to manage and have the correct governance in place to deliver expected outcomes.

These risks have been actively monitored throughout the year by the RMWG, Audit Committee and the Board. Financial Performance risk has been particularly elevated due to ongoing economic uncertainty. In addition, there has been continued focus on ensuring that our homes remain safe and compliant with all relevant standards.

A comprehensive system of internal controls is in place to mitigate these risks, as set out in the Internal Controls Statement.

Governance arrangements

The Board consists of ten non-executives and two executive members. During 2025/26 there were four Board sub committees, the Audit Committee, the Performance and Standards Committee, the Development and Investment Committee and the Remuneration and Nominations and HR

Committee. Membership of these committees is made up of non-executive and executive Board members. In addition, we have a Resilience Committee who would meet only in the event of emergency or business continuity issues when timely or urgent decisions are required.

Customer Voices is believe housing's formal customer scrutiny panel and has a direct link into our governance structure. It brings together tenants and independent members to review services, challenge performance and make recommendations for improvement. This makes sure the customer perspective is reflected in our decision-making and helps drive better outcomes across the business.

Our latest In Depth Assessment by the Regulator was concluded in 2023. The outcome of this was that we retained our G1 (governance) / V2 (viability) rating which was re-confirmed through the Regulator's stability check in December 2025.

Believe Developments Limited

On the 19 March 2021 Believe Developments Limited was incorporated under the Companies Act 2006 and registered with Companies House. Believe Developments Limited is a wholly owned subsidiary, established to support the delivery of our Development Strategy. The principal activities of Believe Developments Limited are the development of new properties.

The results of Believe Developments Limited have been consolidated into our financial statements and are part of the Group information set out in this Annual Report and Financial Statements.

Future developments

Strategic direction and delivery focus - 2026/27 will be the second year of our three-year Corporate Plan. Our overall strategic priorities are expected to remain stable, with no significant changes to our overarching direction.

However, the year will be important in shaping how we deliver those priorities. We will continue to progress our transformation programme through our TOM work to support more effective, efficient and customer-focused ways of working.

The TOM programme will reshape how we operate through redesigned processes, clearer accountabilities, improved use of data and technology, and more consistent ways of working across the organisation. The programme aims to improve customer outcomes, increase organisational efficiency and effectiveness, and ensure the business is well positioned to respond to evolving customer needs, regulatory expectations and future opportunities. Alongside this, we will continue to adapt to external changes, ensuring that our approach remains compliant, resilient and fit for the future.

Key areas of development over the coming year include:

- **Customer Experience and Digital Development**
  We will continue to enhance how customers interact with the organisation, with increasing

emphasis on digital channels and simpler, more accessible services. This will support our ambition to be easier to deal with and improve overall customer experience.

- **Organisational Culture and Capability**
  As new ways of working are introduced through the TOM programme, we will place renewed focus on organisational culture, colleague engagement, and capability development. Ensuring our people are supported through change will be critical to the success of the transformation.

- **Data and Information Management**
  Strengthening how we manage and use data will be a key enabler of future success. The introduction of a new Data Governance Framework, alongside improvements to data quality, management information and reporting, will support more consistent and effective use of data across the organisation, underpinning better decision-making, operational efficiency and customer outcomes.

- **Regulatory and Legislative Readiness**
  We will continue to respond to a changing external environment, ensuring that emerging regulatory and legislative requirements are effectively embedded into our operations as part of our broader transformation activity.

Internal controls statement

Assessment of the effectiveness of internal controls

The Board is our ultimate governing body and is responsible for the system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives will be met. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of our assets and interests. The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk.

The Board delegates the oversight of internal controls to the Audit Committee and receives an annual report from the Audit Committee.

Day to day management of the business, including establishing and maintaining a system of internal control, is the responsibility of the Executive Management Team.

Internal Control Framework

The Board gains assurance from a comprehensive framework of governance, risk management and internal control, which includes the following key elements:

Governance and oversight

- A clearly defined governance structure, with Board-approved terms of reference and a scheme of delegation.

- A committee structure that supports effective scrutiny, including the Audit Committee and the Performance and Standards Committee.

- The use of Task and Finish Groups, where appropriate, to oversee specific areas of work on behalf of the Board.

- A Customer Voices Group, made up predominantly of customers, undertaking scrutiny reviews, providing insight and assurance on service delivery and reporting to the Board.

- A structured approach to Board and Committee effectiveness, including annual appraisals and periodic independent reviews.

- A forward plan and compliance calendar, ensuring that key decisions, reports and regulatory returns are appropriately managed and monitored.

Risk management

- A Board-approved Risk Management Framework, supported by:
    - a defined risk appetite and tolerance
    - clear policies, processes and responsibilities

- The RMWG, which meets quarterly to review strategic and emerging risks and provide assurance to the Audit Committee and the Board.

- A strategic risk register, aligned to corporate objectives, which is regularly reviewed and updated.

- Quarterly reporting of risks, including mitigating actions and emerging issues.

- Consideration of risk implications as part of all significant Board decisions.

Planning and performance

- A robust business planning process, aligned to the Corporate Plan and supported by detailed financial plans, budgets and forecasts.

- Ongoing performance management through the Executive and Senior Leadership Teams.

- Quarterly performance reporting to the Board and its Committees, highlighting delivery against targets, trends and areas requiring management focus.

Financial control and treasury

- A Board-approved Treasury Management Policy, reviewed annually with support from professional advisors

- Regular financial reporting, including:
    - monthly management accounts focusing on key variances and covenant compliance
    - detailed quarterly reporting, including treasury activity and financial performance

- A programme of stress testing and scenario analysis, linked to the business plan and key risks.

- A Financial Disaster Recovery Framework, setting out the Group's response to potential financial stress.

- Financial Regulations and supporting procedures, which define the control environment for all financial transactions.

- Formal Board approval of all significant investment decisions, development activity and strategic commitments.

Assurance, audit and compliance

- An independent internal audit service, delivering a risk-based plan approved by the Audit Committee.

- Oversight of the external audit process, including private meetings with the Audit Committee without management present.

- Ongoing monitoring of legal and regulatory compliance, including emerging requirements.

- Maintenance of an Assets and Liabilities Register, subject to regular review.

Conduct and fraud prevention

- Board-approved policies covering:
    - whistleblowing
    - probity and conduct
    - anti-fraud and corruption
    - anti-money laundering

- An Annual Fraud Report and regular updates to the Audit Committee.

- A Code of Conduct applicable to Board members, Committee members and colleagues.

Information and cyber security

- A framework of controls to manage information and cyber security risks, including:
    - multi-factor authentication
    - regular system patching and data backups
    - periodic penetration testing
    - colleague training and awareness

Review of Effectiveness

The Board has reviewed the effectiveness of the system of internal control for the year ended 31 March 2026 and up to the date of approval of the financial statements and is satisfied that it remains appropriate for the size and complexity of the Group.

In reaching this conclusion, the Board has drawn assurance from a range of sources, including:

- Internal and external audit reports
- Regulatory and external reviews
- Risk management and compliance reporting
- Performance and financial monitoring
- Customer and stakeholder feedback
- Benchmarking against sector standards and recognised good practice

Internal audit undertook a programme of risk-based reviews during the year. The Audit Committee considered the findings and recommendations from these reviews and monitored the implementation of agreed management actions. The results of this work formed part of the Board's overall assurance framework when assessing the effectiveness of governance, risk management and internal control arrangements.

National Housing Federation Code of Governance

The adoption of the 2020 National Housing Federation Code of Governance (‘the Code’) was approved by the Board in May 2022. The latest assessment the Code took place in July 2026 where it was confirmed that there were no areas of non-compliance. At this meeting, the Board also reapproved the Code as the most appropriate Code of Governance for believe and therefore readopted it.

The Board oversees an action plan of areas to ensure ongoing compliance with the Code.

Merger, Group Structures and Partnerships Code

We have adopted the voluntary code for Mergers, Group Structures and Partnerships published by the National Housing Federation.

In 2025/26 there has been no activity to report under this code.

Compliance with Governance and Financial Viability Standard

The Regulator’s Governance and Financial Viability Standard (the Standard) was updated in April 2015. This is accompanied by a Code of Practice, which provides guidance to registered providers to ensure compliance with the Standard.

The Standard requires registered providers to assess their compliance with it at least annually and Boards are required to report their compliance with the Standard within their annual accounts.

Compliance with the Regulator’s revised Governance and Financial Viability Standard is monitored by management and is formally reviewed by the Board annually. The Board received a report setting out compliance with the Governance and Financial Standard on the 12 August 2026 alongside these financial statements.

The report confirmed our compliance with the requirements of the Governance and Financial Viability Standard.

Colleague engagement and involvement

We are committed to ensuring colleagues are engaged, informed and involved in shaping the future of believe housing. We use a range of communication channels to keep colleagues connected with business developments and strategic priorities, ensuring that everyone has access to timely and relevant information regardless of their role or location.

Our communication approach includes our intranet site, regular team meetings, quarterly business briefings led by the senior leadership team, our colleague publication b-mag and monthly business updates that showcase achievements and developments from across the organisation.

Supporting the health, wellbeing and engagement of our colleagues remains a key priority. Our Wellbeing Policy outlines our commitment to creating a positive working environment where colleagues can thrive. We continue to provide access to occupational health services, mental health awareness training and a range of wellbeing resources and support services to help colleagues maintain good physical and mental health.

We are proud to have been recognised externally for our commitment to creating a great workplace. In November 2025, believe housing was ranked 1st in the Best Companies Housing Associations List, making us the highest-rated housing association in the UK. This achievement reflects the dedication of our colleagues and the positive culture we have built together.

Our most recent Best Companies survey confirmed our two-star accreditation, recognising believe housing as an outstanding organisation to work for. The survey continues to provide valuable insight into colleague engagement and helps shape our ongoing people and culture priorities.

We also continue to monitor and strengthen our organisational culture. Our culture audit demonstrated a strong and healthy culture score significantly above both global and industry benchmarks. The feedback received helps inform our ongoing action planning, ensuring we build on our strengths while addressing opportunities for further improvement.

The high participation rates achieved in both our engagement and culture surveys demonstrate the commitment of colleagues to helping shape the future of believe housing and ensuring we remain a great place to work.

Our report on the gender pay gap is available on our website.

Equality, diversity and inclusion

Creating an inclusive workplace where everyone feels respected, valued and able to be themselves is a key commitment within our Corporate Plan. Equity, diversity and inclusion are embedded throughout our people practices and are considered in the delivery of corporate projects, policies and services across the organisation.

Our Equity, Diversity and Inclusion Framework supports our commitment to preventing discrimination, harassment, bullying and victimisation and to promoting equality of opportunity for all colleagues and applicants.

We are committed to making sure that prospective and current colleagues receive fair and equitable treatment in relation to recruitment, selection, pay and benefits, learning and development opportunities, career progression and all other aspects of employment. Recruitment, development and promotion decisions are based on objective, job-related criteria, helping to give everyone the opportunity to succeed.

We continue to build an inclusive and supportive workplace through our accredited Disability Confident Employer status, demonstrating our commitment to attracting, recruiting and retaining colleagues with disabilities. We also maintain our Mindful Employer accreditation, reflecting our ongoing focus on supporting mental health and wellbeing in the workplace.

Through our continued investment in colleague engagement, wellbeing, inclusion and development, we aim to ensure believe housing remains an employer of choice and a place where colleagues can achieve their full potential while delivering excellent services for our customers.

Statement of Board members' responsibilities

The Board are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under the Co-operative and Community Benefit Society legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Association for that period. In preparing these financial statements, the Board are required to:

- select suitable accounting policies and apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2018, have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the 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 2022. It is also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Disclosure of information to auditors

In case of each Board member in position at the date the Report of the Board is approved, that:

(a) in so far as each member is aware, there is no relevant audit information of which the auditors are unaware.

(b) each member has taken all the steps that he/she ought to have taken as a member to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

The Report of the Board, including the Strategic Report, reporting on Value for Money and the Statement of Board members responsibilities, was approved on the 12 August 2026 and signed on behalf of the Board by:

John Marshall

Chair of the Board

Independent auditor's report to the members of Believe Housing Limited

Opinion

We have audited the financial statements of Believe Housing Limited (the 'Association') and its subsidiary (the 'Group') for the year ended 31 March 2026 which comprise the Consolidated and Association Statement of Comprehensive Income, the Consolidated and Association Statement of Changes in Reserves, the Group and Association Statement of Financial Position, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

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

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on pages 31 and 32, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or has 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 website 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, regulations and guidance that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, 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 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 regulated nature of the Association's activities.

- We reviewed financial statements disclosures and 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 members of the Association, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the members as a body for our audit work, for this report, or for the opinions we have formed.

Signed by:
Menzies LLP
1B871A978CD84D2...

Menzies LLP

Statutory Auditor

One Express
1 George Leigh Street
Manchester
M4 5DL

Date: 07-Sep-2026

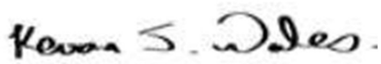
Consolidated Statement of Comprehensive Income

	Note	2026	2025
		£'000	£'000
Turnover	3	91,005	86,901
Cost of Sales	3	(319)	-
Operating expenditure	3	(70,464)	(65,674)
Gain on disposal of fixed assets	3/7	4,831	1,902
Operating surplus	6	25,053	23,129
Interest receivable	8	1,187	1,271
Interest and finance costs	9	(9,999)	(9,460)
Surplus on ordinary activities before taxation		16,241	14,940
Tax on surplus on ordinary activities	13	-	-
Surplus for the year		16,241	14,940
Other comprehensive income			
Movement in fair value of cash flow hedged financial instruments	26	189	-
Remeasurement (loss) / gain in respect of pension scheme	28	(5,023)	1,492
Total comprehensive income for the year		11,407	16,432

The results relate wholly to continuing activities.

The accompanying notes on pages 42 to 85 form part of these financial statements.

The financial statements on pages 37 to 85 were approved and authorised for issue by the Board on 12 August 2026 and signed on its behalf by:


John Marshall
Chair of the Board

Kevan Wales
Vice Chair of the Board

Louise Taylor
Secretary

Association Statement of Comprehensive Income

	Note	2026	2025
		£'000	£'000
Turnover	3	90,947	86,867
Cost of Sales	3	(319)	-
Operating expenditure	3	(70,388)	(65,588)
Gain on disposal of fixed assets	3/7	4,831	1,902
Operating surplus	6	25,071	23,181
Interest receivable	8	1,182	1,253
Interest and finance costs	9	(9,999)	(9,460)
Surplus on ordinary activities before taxation		16,254	14,974
Gift aid distribution		150	55
Tax on surplus on ordinary activities	13	-	-
Surplus for the year		16,404	15,029
Other comprehensive income			
Movement in fair value of cash flow hedged financial instruments	26	189	-
Remeasurement (loss)/gain in respect of pension scheme	28	(5,023)	1,492
Total comprehensive income for the year		11,570	16,521

The results relate wholly to continuing activities.

The accompanying notes on pages 42 to 85 form part of these financial statements.

The financial statements on pages 37 to 85 were approved and authorised for issue by the Board on 12 August 2026 and signed on its behalf by:

John Marshall Chair of the Board	Kevan Wales Vice Chair of the Board	Louise Taylor Secretary

Consolidated Statement of Changes in Reserves

	Note	Income and Expenditure reserve	Cashflow hedge reserve	Total reserves
		£'000	£'000	£'000
As at 1 April 2024		143,222	-	143,222
Surplus for the year		14,940	-	14,940
Movement in cashflow hedge	26	-	-	-
Movement in defined pension obligations	28	1,492	-	1,492
As at 31 March 2025		**159,654**		**159,654**
Surplus for the year		16,241	-	16,241
Movement in cashflow hedge	26	-	189	189
Movement in defined pension obligations	28	(5,023)	-	(5,023)
As at 31 March 2026		**170,872**	**189**	**171,061**

The accompanying notes on pages 42 to 85 form part of these financial statements.

Association Statement of Changes in Reserves

	Note	Income and Expenditure reserve	Cashflow hedge reserve	Total reserves
		£'000	£'000	£'000
As at 1 April 2024		143,293	-	143,293
Surplus for the year		15,029	-	15,029
Movement in cashflow hedge	26	-	-	-
Movement in defined pension obligations	28	1,492	-	1,492
As at 31 March 2025		**159,814**		**159,814**
Surplus for the year		16,404	-	16,404
Movement in cashflow hedge	26	-	189	189
Movement in defined pension obligations	28	(5,023)	-	(5,023)
As at 31 March 2026		**171,195**	**189**	**171,384**

The accompanying notes on pages 42 to 85 part of these financial statements.

Group and Association Statement of Financial Position

	Note	Group 2026	Group 2025	Association 2026	Association 2025
		£'000	£'000	£'000	£'000
Fixed Assets					
Intangible fixed assets	14	532	899	532	899
Tangible fixed assets – housing properties at cost	15	472,336	411,022	472,304	411,025
Tangible fixed assets – other	16	1,748	1,757	1,748	1,757
Investment properties	17	819	819	-	-
Total fixed assets		475,435	414,497	474,584	413,681
Debtors: amounts falling due after more than one year	20	20,182	17,438	20,191	18,083
Current assets					
Stock	19	1,254	932	1,254	932
Debtors	20	14,376	7,530	9,158	7,579
Cash at bank and in hand		5,849	6,485	5,793	5,802
		21,479	14,947	16,205	14,313
Creditors: amounts falling due within one year	21	(35,581)	(19,032)	(29,142)	(18,070)
Net current liabilities		(14,102)	(4,085)	(12,937)	(3,756)
Total assets less current liabilities		481,515	427,850	481,838	428,007
Creditors: amounts falling due after more than one year	22	(310,334)	(268,078)	(310,334)	(268,078)
Provision for liabilities					
Pension provision	28	(120)	(118)	(120)	(118)
Total net assets		171,061	159,654	171,384	159,814
Reserves					
Income and expenditure reserve		170,872	159,654	171,195	159,814
Cashflow hedge reserve	26	189	-	189	-
Total reserves		171,061	159,654	171,384	159,814

The accompanying notes on pages 42 to 85 form part of these financial statements. The financial statements on pages 37 to 85 were approved and authorised for issue by the Board on 12 August 2026 and signed on its behalf by:

John Marshall Chair of the Board	Kevan Wales Vice Chair of the Board	Louise Taylor Secretary

Consolidated Statement of Cash Flows

	Note	2026 £'000	2025 £'000
Net cash generated from operating activities	30	37,295	27,710
Cash flow from investing activities			
Purchase of intangible fixed assets		(259)	(642)
Purchase of tangible fixed assets		(75,043)	(57,637)
Proceeds from sale of tangible fixed assets		6,554	2,729
Grant received		4,583	10,966
Interest received		1,187	1,271
		(25,683)	(15,603)
Cash flow from financing activities			
Interest paid		(10,209)	(9,312)
New secured loans		38,000	27,750
Repayment of borrowings		-	-
Loans to Joint Ventures		(2,744)	(2,576)
		(636)	259
Net change in cash and cash equivalents		(636)	259
Cash and cash equivalents at beginning of the year		6,485	6,226
Cash and cash equivalents at end of the year		5,849	6,485

The accompanying notes on pages 42 to 85 form part of these financial statements.

Notes to the financial statements

1. Legal status

Believe Housing Limited is registered under the Cooperative and Community Benefit Society Act 2014 and is a registered provider of social housing.

Believe Developments Limited is a company incorporated under the Companies Act 2006.

The country of incorporation for both Believe Housing Limited and Believe Developments Limited is the United Kingdom and their registered address is Coast House, Spectrum Business Park, Seaham, SR7 7TT.

2. Accounting policies

Basis of accounting

These financial statements of the group and association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for registered social housing providers, and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022. The financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008.

The financial statements are presented in sterling (£).

The financial statements are prepared on the historical cost basis of accounting.

Going concern

Our business activities are focussed on the provision of social and affordable housing to our customers and supporting our local communities. In March 2021 our 100% owned subsidiary company, Believe Developments Limited, was incorporated to support the delivery of our new homes strategy.

We have a mixture of short, medium and long-term debt facilities in place, which provide sufficient resources to finance committed reinvestment and development programmes, along with our day to day operations.

Our funding facilities at 31 March 2026 are as follows:

- £75m long term funding arrangement ending on 31 March 2040.
- £85m private placement ending on 30 September 2058.
- £50m ten year term loan facility.
- £90m six year revolving credit facility.
- £20m ten year loan facility
- £30m five year revolving credit facility.
- £30m five year combined facility.

At 31 March 2026 we had drawn debt of £266.750m and had an available cash balance of £5.849m.

Our Statement of Financial Position reports a net current liabilities position at the end of March 2026 of £14.102m. The net current liabilities position is due to £16.015m of grant received in advanced or deferred, held within current liabilities.

We produce a five year medium term financial plan and a 30 year Business Plan each year which helps us to understand our medium and long term financial position. These plans are developed based on a number of key assumptions, including:

- Inflation rates.
- Voids, arrears and bad debts performance.
- Interest rates.
- Rent setting policy.
- Right to buy sales.
- Investment in our existing and new homes.

Our approved annual operating budget provides the starting position as year one of the 30 years. The budget incorporates the potential impact of the current economic environment, reflecting on factors such as cost inflation and the impact of supply chain challenges.

The latest financial plans were approved by the Board on the 31 March 2026 and reflect the latest economic assumptions along with our Development Strategy and Corporate Plan priorities. The plans show that we are able to service our debt facilities whilst continuing to comply with our financial covenants.

Our Business Plan was subjected to a series of stress test scenarios linked to our strategic risks which look at the financial impact of specific risks materialising and their impact on the Business Plan. These stress test scenarios help us to identify the areas of greatest sensitivity and the mitigating actions that would be required if a stress test scenario or something similar occurred.

We monitor our key economic assumptions that have the greatest impact on the Business Plan on a monthly basis to ensure prompt mitigating action can be taken, if necessary, in line with our Financial Disaster Recovery Plan. This is discussed with the RMWG and reported to the Audit Committee and the Board.

We use a business scorecard to monitor key areas of operational performance across the business and this is monitored by the Senior Leadership Team and available to the wider business to provide insight into our performance. The business scorecard is also reported to the Performance and Standards Committee at each meeting alongside the Corporate Performance scorecard.

Cash flows are monitored through a daily and three day forecast and there are no concerns over the cash position or liquidity available to the business which would impact on the going concern assessment.

We have reviewed and updated our going concern assessment and reported it to the Audit Committee on the 10 June 2026 and Board on the 8 July 2026. This assessment has included consideration of the impact of the current economic climate and assessment of significant judgements, estimates and uncertainties that could impact on the long-term business plan and the going concern assumption.

There are no changes in assumptions or significant judgements, estimates and uncertainties identified from this work which impact on the going concern assumption basis for the preparation of the financial statements.

On the basis of this information, management and the Board have a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, the going concern basis has been adopted for the preparation of the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. However, the nature of estimation means that actual outcomes could differ from those estimates.

The items in the financial statements where these judgements and estimates have been made include the following:

Significant management judgements

- Categorisation of property assets: the categorisation of property assets as investment properties or fixed assets is a matter of judgement and is based on the intended use of the property. Where the property is used for social benefit it is categorised as a fixed asset. Only property which is intended to be used for commercial return or capital appreciation is categorised as an investment property.

- Allocation of components for new development: the allocation of components for newly developed properties is a matter of judgement and has been based on an analysis of components for different property sizes obtained from an independent third-party expert.

- Accounting for pension liabilities: management have reviewed the assumptions set out by the actuary in the calculation of the pension liability and have determined that they are both reasonable and appropriate.

- Accounting for loans as basic financial instruments: Loans are accounted for at amortised cost. The judgement applied is in interpreting the guidance set out in FRS 102 in the context of each funding agreement in place. Management have undertaken a review of the terms of each funding agreement alongside the criteria to be considered in classifying loans. In management's judgement all of the loans meet the criteria of a basic financial instrument and are therefore accounted for at amortised cost. The interest rate swap transacted in the year is classed as a non-basic financial instrument and hedge accounting has therefore been applied.

- Assessment of impairment: a review of the indicators of impairment set out in applicable accounting standards has been undertaken to understand if there is any impairment of housing property assets to be recognised in the financial statements. Indicators considered include external sources of information such as market value, market interest rates and returns on investment, actual or proposed changes to the technological, economic or legal environment, obsolescence or damage to the asset, operational changes or internal reporting which indicates that the asset is performing worse than expected. There are no indicators of impairment identified. This assessment applies management judgement in whether the indicator of impairment is applicable, and the key indicator of impairment has been identified as void performance.

  Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value less costs to sell or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

  Management consider individual schemes to be cash generating units when assessing the recoverable amount for impairment purposes. Voids and void performance have been reviewed alongside consideration of the impact of relevant external factors. Judgement has been applied as to whether there is any impairment of housing properties based on this information. This is considered to be a reasonable approach to assessing impairment of our social housing properties.

Estimation uncertainty

- Useful lives of depreciable assets: the annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investment, economic utilisation and the physical condition of the assets.

- Defined benefit obligations: there is an obligation to pay pension benefits to employees. The cost of these benefits and the present value of the obligation depend on a number of factors including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the Statement of Financial Position. The assumptions reflect historical experience and current trends.

- Recoverability of debtors: an estimate of the recoverable value of rental, trade and other debtors is made in determining the bad debt provision. When assessing the recoverability of these balances, management considers factors including the ageing profile of debtors, performance information and historical experience of recovering outstanding balances. See the debtors note for the net carrying amount of debtors and the associated bad and doubtful debt provision.

- Provisions: an estimate of any provisions at the end of the financial year is made based on the information available to management. When assessing any potential liability management considers the latest information from third parties, the method of calculation of the liability and historical evidence to determine the balance.

Basis of consolidation

The group accounts consolidate the accounts of the association and all of its subsidiaries at 31 March using the purchase method.

The consolidated financial statements incorporate the financial statements of the association and entities controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of the subsidiary are included in total comprehensive income for the year 1 April to 31 March. The subsidiary applies accounting policies that are consistent with the Group accounting policies. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Associates and joint ventures

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

An entity is treated as a joint venture where the Group is party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control. The joint venture is accounted for using the cost model, where the investment is at cost less any accumulated impairment and any distributions are recognised as income when received.

The consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Turnover and revenue recognition

Turnover comprises rental income receivable in the year and other services included in the invoiced value (excluding VAT where recoverable) of goods and services supplied in the period and grants receivable in the year.

Rental income is recognised from the point when a property becomes available for letting, net of any voids.

Service charges

Service charge income and costs are recognised on an accruals basis.

Government grants

Government grants include grants receivable from Homes England, local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model. Government grant for housing properties is only allocated to an individual component if it relates specifically to that individual component.

Grants relating to revenue are recognised in income over the same period as the expenditure to which they relate once reasonable assurance has been gained that grant conditions have been complied with and that the funds will be received.

Grants due from government organisations or received in advance are included as current assets or current liabilities.

Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the Statement of Financial Position within creditors until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released as income in the Statement of Comprehensive Income.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to income.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

The association has charitable status and therefore is outside the scope of corporation tax on its charitable activities by virtue of Part 11 Corporation Tax Act 2010 and from capital gains tax by virtue of Section 256 Taxation of Chargeable Gains Act 1992.

Value Added Tax

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

Interest payable

Interest payable is charged to income and expenditure in the period to which it relates.

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.

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.

Loan finance issue costs

Loan finance issue costs are amortised over the life of the related loan. Loans are stated in the statement of financial position at the amount of the net proceeds after issue, less capitalised issue costs of debt. Where loans are redeemed during the year, any redemption penalty and any connected loan finance costs are recognised in the statement of comprehensive income account in the year in which the redemption took place.

Loan finance issue costs on revolving credit facilities are held as a prepayment in the statement of financial position and amortised over the life of the related loan.

Financial instruments

Financial instruments are accounted for in accordance with sections 11 and 12 of FRS 102.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

Financial liabilities

Basic financial liabilities, including trade and other payables and bank loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan, to the extent that it is probable that some or all of the facility will be drawn down.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Derivative Financial Instruments – Interest Rate Swaps

The Group uses interest rate swaps to manage its exposure to interest rate fluctuations on variable-rate borrowings. These instruments are not held for speculative purposes.

The Group applies the hedge accounting provisions of FRS 102 where the relevant criteria are met.

- Initial Recognition: Interest rate swaps are recognised at fair value on the date the contract is entered into.
- Subsequent Measurement: At each reporting date, swaps are measured at fair value. Changes in fair value are recognised as follows: the effective portion of the gain or loss is recognised in other comprehensive income and held in a hedging reserve. The ineffective portion is recognised in profit or loss.
- Derecognition: The interest rate swap is derecognised when the contractual rights to the cash flows expire or are transferred, or when the swap is terminated.

Debtors

Short term debtors are measured at transaction price, less any impairment. Debtors on agreed payment plans are incorporated into the bad and doubtful debt provision; therefore there is no additional discounting of these balances.

Creditors

Short term creditors are measured at transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Employee benefits

Short term employee benefits are recognised as an expense in the period in which they are incurred.

Pensions

The Group participates in the Durham County Council Pension Fund ('DCCPF') which is a defined benefit local government pension scheme. Scheme assets are measured at their fair values. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. A net surplus is only recognised to the extent that it is recoverable by the Group through reduced contributions or through refunds from the plan.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in the Statement of Comprehensive Income.

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings and development costs.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that could result in an increase in net rental income over the lives of the properties, or reduce future maintenance costs, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover and the remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Investment properties

Investment properties are properties not held for their social benefit or for use in the Association. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in income and expenditure.

Fair value measurement

Management uses valuation techniques to determine the fair value of non-financial assets including investment properties. This involves developing estimates and assumptions consistent with how market participants would price the asset.

Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices.

Fair value measurements were applied to investment properties in the year. Refer to Note 17 for more details.

Assets under construction

Housing properties under construction are stated at cost. Cost includes the cost of acquiring land and buildings, development costs, and expenditure incurred in respect of improvements.

No depreciation is charged during the period of construction.

Disposal of fixed assets

The gain or loss on disposal of fixed assets is recognised in the Statement of Comprehensive Income as a separate line above the operating surplus / deficit.

Depreciation of housing properties

From 1 April 2024, the structure component for all new build homes were depreciated at 100 years.

Major components which comprise its housing properties are separately identified, and depreciation charged so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

Depreciation rates of the major components of housing properties on a straight line basis as follows:

- Structural – new builds	100 years
- Structural	50 years
- Garage blocks	50 years
- Roof	50 years
- Bathroom	30 years
- Environmental works	30 years
- Lifts	30 years
- Windows & Doors	30 years
- Electrical Installation (Partial or Full)	30 years
- Solar panels (PVSP)	25 years
- Air source heat pumps	20 years
- Kitchen	20 years
- Heating Installation	15 years
- Vehicle charging points	10 years
- Development period interest	100 years

Freehold land is not depreciated. Leasehold properties are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Software as a Service

Software as a Service (SaaS) arrangements are used for the provision of cloud-based IT systems. These arrangements are treated as service contracts where the software is controlled by the supplier and the SaaS licence costs are recognised as an expense in the Statement of Comprehensive Income. Costs incurred in relation to the configuration and customisation of SaaS arrangements are expensed as incurred where they do not result in the creation of a separately identifiable asset that is controlled.

Expenditure is capitalised as an intangible fixed asset where it meets the criteria set out in FRS 102, namely where control over a separately identifiable asset that is expected to generate future economic benefits is met. Such assets are measured at cost and amortised over their useful economic life.

Intangible fixed assets

Intangible fixed assets; computer software is measured at cost. Computer software is amortised over its estimated useful life of 5 years, on a straight-line basis. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired. Amortisation is charged to operating expenditure within the Statement of Comprehensive Income.

Other tangible fixed assets

Other tangible fixed assets are measured at cost. Depreciation is provided on a straight-line basis to write down the cost of the asset to its estimated residual value over its expected useful life. Depreciation is provided as follows:

- Furniture, fixtures and fittings	3 - 15 years
- Vehicle charging points	10 years
- Computers and office equipment	5 years
- Motor vehicles	5 years
- Other plant and equipment	5 years
- Stores – fit out	5 years

No depreciation is charged on freehold land.

Donated land and other assets

Donated land or other donated assets are recognised on donation and measured at their market value, taking into account any restriction on the use of that asset.

Where the asset is donated by a government source, the market value of the asset donated is accounted for as a government grant and recognised to income over the life of the asset.

Where the asset is donated by a private, non-government organisation, the market value of the asset donated is recognised as income once any associated performance-related conditions have been met.

Provisions for liabilities

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that there will be a requirement to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised as the present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost within expenditure in the period it arises.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset.

Where assets are financed by hire purchase contracts and leasing agreements that give rights approximating to ownership (finance leases), they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor in creditors. They are depreciated over the shorter of the lease term and their economic useful lives.

All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income and expenditure on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the annual rent expense is recognised in equal amounts owed to the lessor as expenditure.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus

Group

	2026				
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Gain on disposal of fixed assets £'000	Operating surplus £'000
Social housing lettings	88,102	-	(70,385)	4,831	22,548
Activities other than social housing activities					
First tranche low cost shared ownership sales	312	(319)	-	-	(7)
Lettings	192	-	-	-	192
Other	2,399	-	(79)	-	2,320
	2,903	(319)	(79)	-	2,505
	91,004	**(319)**	**(70,464)**	**4,831**	**25,053**

	2025				
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Gain on disposal of fixed assets £'000	Operating surplus £'000
Social housing lettings	84,506	-	(65,567)	1,902	20,841
Activities other than social housing activities					
First tranche low cost Shared ownership sales	-	-	-	-	-
Lettings	189	-	-	-	189
Other	2,206	-	(107)	-	2,099
	2,395	-	(107)	-	2,288
	86,901	**-**	**(65,674)**	**1,902**	**23,129**

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus

Association

2026	Turnover £'000	Cost of sales £'000	Operating costs £'000	Gain on disposal of fixed assets £'000	Operating surplus £'000
Social housing lettings	88,102	-	(70,309)	4,831	22,624
Activities other than social housing activities					
First tranche low-cost home ownership sales	312	(319)	-	-	(7)
Lettings	138	-	-	-	138
Other	2,395	-	(79)	-	2,316
	2,845	(319)	(79)	-	2,447
	90,947	**(319)**	**(70,388)**	**4,831**	**25,071**

Other income includes commission from water rates collection and garage rental income.

2025	Turnover £'000	Cost of sales £'000	Operating costs £'000	Gain on disposal of fixed assets £'000	Operating surplus £'000
Social housing lettings	84,506	-	(65,494)	1,902	20,914
Activities other than social housing activities					
First tranche low-cost Home ownership sales	-	-	-	-	-
Lettings	155	-	-	-	155
Other	2,206	-	(94)	-	2,112
	2,361	-	(94)	-	2,267
	86,867	-	**(65,588)**	1,902	**23,181**

4. Particulars of income and expenditure from social housing lettings

Group

	General needs Housing £'000	Supported housing and housing for older people £'000	Low cost home ownership £'000	2026 Total £'000	2025 Total £'000
Rent receivable net of identifiable service charges	86,740	-	-	86,740	83,193
Service charges receivable	403	-	-	403	436
Amortised government grants	959	-	-	959	877
Turnover from social housing lettings	**88,102**	**-**	**-**	**88,102**	**84,506**
Management	(26,980)	-	-	(26,980)	(25,658)
Service charge costs	(910)	-	-	(910)	(1,069)
Routine maintenance	(22,084)	-	-	(22,084)	(19,834)
Planned maintenance	(5,015)	-	-	(5,015)	(4,878)
Major repairs expenditure	(3,003)	-	-	(3,003)	(2,652)
Bad debts	(130)	-	-	(130)	(10)
Depreciation	(12,263)	-	-	(12,263)	(11,451)
Impairment of housing properties	-	-	-	-	(15)
Operating costs on social housing lettings	**(70,385)**	**-**	**-**	**(70,385)**	**(65,567)**
Gain on disposal of fixed assets	**4,831**	**-**	**-**	**4,831**	**1,902**
Operating surplus on social housing lettings	**22,548**	**-**	**-**	**22,548**	**20,841**
Void losses (being rental income lost as a result of the property not being let, although it is available for letting)	(1,379)	-	-	(1,379)	(1,468)

Particulars of turnover from non-social housing lettings

	2026 £'000	2025 £'000
Non-social housing		
Commercial units	138	154
	138	**154**

4. Particulars of income and expenditure from social housing lettings

Association

	General needs Housing £'000	Supported housing and housing for older people £'000	Low cost home ownership £'000	2026 Total £'000	2025 Total £'000
Rent receivable net of identifiable service charges	86,740	-	-	86,740	83,193
Service charges receivable	403	-	-	403	436
Amortised government grants	959	-	-	959	877
Turnover from social housing lettings	**88,102**	**-**	**-**	**88,102**	**84,506**
Management	(26,904)	-	-	(26,904)	(25,585)
Service charge costs	(910)	-	-	(910)	(1,069)
Routine maintenance	(22,084)	-	-	(22,084)	(19,834)
Planned maintenance	(5,015)	-	-	(5,015)	(4,878)
Major repairs expenditure	(3,003)	-	-	(3,003)	(2,652)
Bad debts	(130)	-	-	(130)	(10)
Depreciation	(12,263)	-	-	(12,263)	(11,451)
Impairment of housing properties	-	-	-	-	(15)
Operating costs on social housing lettings	**(70,309)**	**-**	**-**	**(70,309)**	**(65,494)**
Gain on disposal of fixed assets	**4,831**	**-**	**-**	**4,831**	**1,902**
Operating surplus on social housing lettings	**22,624**	**-**	**-**	**22,624**	**20,914**
Void losses (being rental income lost as a result of the property not being let, although it is available for letting)	(1,379)	-	-	(1,379)	(1,468)

Particulars of turnover from non-social housing lettings

	2026 £'000	2025 £'000
Non-social housing		
Commercial units	138	154
	138	**154**

5. Accommodation in management and development

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

Group and association

	No. of units as at 1 April 2025	No. of additions	No. of disposals	No. of demolition	Other	No. of units as at 31 March 2026
Social housing						
General needs housing						
- social rent	17,221	11	(97)	(19)	2	17,118
- affordable rent	639	117	-	-	1	757
- intermediate rent	457	58	-	-	(7)	508
Low cost home ownership	17	8	(1)	-	6	30
Total owned and managed	**18,334**	**194**	**(98)**	**(19)**	**2**	**18,413**

The Association does not own or lease any supported housing units.

6. Operating surplus

Group and association

	2026 £'000	2025 £'000
This is arrived after charging/crediting:		
Depreciation of social housing properties	11,664	9,827
Impairment of social housing properties	-	15
Depreciation of non-social housing properties	61	1,068
Depreciation of other tangible fixed assets	345	342
Depreciation on intangible assets	194	213
Gain on disposal of fixed assets	4,831	1,902
Operating lease rentals	-	-
• land and buildings	264	264
• other	1,120	1,132
Auditors' remuneration (excluding VAT)		
• Fees payable for the audit of the financial statements	48	44
• Other compliance work	3	3
Total amount payable to the auditors	48	44

The auditor's remuneration is allocated in full to believe housing. No auditor's remuneration has been allocated to the subsidiary company.

7. Gain on disposal of fixed assets

Group and association

	RTB/RTA[3] £'000	Rent to buy £'000	Other disposals £'000	2026 Total £'000	2025 Total £'000
Disposal proceeds	4,374	265	1,915	6,554	2,729
Carrying value of Fixed Assets	(1,308)	(135)	(186)	(1,629)	(795)
	3,066	130	1,729	4,925	1,934
Recycled capital grant fund	(94)	-	-	(94)	(32)
Gain on disposal of fixed assets	**2,972**	**130**	**1,729**	**4,831**	**1,902**

[3] RTB/RTA refers to right to buy / right to acquire

8. Interest receivable and other income

	Group		Association	
	2026	**2025**	**2026**	**2025**
	£'000	**£'000**	**£'000**	**£'000**
Bank interest receivable and similar income	420	520	411	520
Intercompany interest receivable – Believe Developments	-	-	771	733
Intercompany interest receivable – joint ventures	767	751	-	-
	1,187	**1,271**	**1,182**	**1,253**

9. Interest payable and finance costs

Group and association

	2026	**2025**
	£'000	**£'000**
Loans interest payable:		
• Loans repayable < 5 years	1,525	3,265
• Loans repayable > 5 years wholly or in part	8,637	5,544
	10,162	8,809
Interest payable capitalised on housing properties under construction	(494)	-
Net interest payable	9,668	8,809
Fees and charges	531	598
HP interest	10	-
Net finance costs for pensions (note 28)	(210)	53
	9,999	**9,460**

Borrowing costs of £0.523m have been capitalised in the year, using an average rate of 4.0% (2025: £nil).

The amount includes capitalised interest of £0.494m.

10. Employees

Group and association

Average monthly number of employees:	**2026 Number**	**2025 Number**
Administration	176	174
Housing, support and care	471	473
	647	**647**

Expressed as full-time equivalents:		
Administration	172	170
Housing, support and care	462	462
	634	**632**

Full time equivalents are calculated based on a standard working week of 37 hours.

Employee costs:

	2026 £'000	**2025 £'000**
Wages and salaries	26,152	25,610
Social security costs	3,388	2,669
Other pension costs	6,810	6,634
	36,350	**34,913**

Employees are members of either the Durham County Council Local Government Pension Fund or the People's Pension Fund.

Further information on the Durham County Council Local Government Pension Fund is given in note 28.

At 31 March 2026 unpaid pension contributions totalled £1k (2025: £1k).

10. Employees (continued)

Group and association

The full-time equivalent number of colleagues whose remuneration payable in the period was greater than £60,000 (including Executive Directors and Directors) is:

	2026 Number	2025 Number
£60,001 to £70,000	48	44
£70,001 to £80,000	29	32
£80,001 to £90,000	10	7
£90,001 to £100,000	1	2
£100,001 to £110,000	8	12
£110,001 to £120,000	2	1
£120,001 to £130,000	2	1
£130,001 to £140,000	1	3
£140,001 to £150,000	3	1
£150,001 to £160,000	1	-
£160,001 to £170,000	-	-
£170,001 to £180,000	-	1
£180,001 to £190,000	1	-
£190,001 to £200,000	-	-
£200,001 to £210,000	-	-
£210,001 to £220,000	2	2
£220,001 to £230,000	-	-
£230,001 to £240,000	-	-
£240,001 to £250,000	-	1
£250,001 to £260,000	1	-
	109	**107**

11. Board and committee members remuneration

Group and association

The following table shows the salary and expenses paid to non-executive Board members of believe housing during the year in their role as Board and Committee members:

		2026		**2025**
	Salary	**Expenses**	**Total**	**Total**
	£	**£**	**£**	**£**
Robert Auty	11,460	304	11,764	10,065
Monica Burns	8,000	1,346	9,346	9,014
David Clouston	-	-	-	4,500
James Ealey	3,000	207	3,207	-
Hazel Dale	-	-	-	9,089
Kelly Henderson	8,000	-	8,000	6,957
Andrew Malcolm	6,000	114	6,114	6,000
John Marshall	15,000	-	15,000	14,044
Michelle Meldrum	6,000	-	6,000	6,000
Amy Mooney	5,500	-	5,500	-
Kevan Joseph Wales	10,800	439	11,239	9,630
Christopher White	6,000	-	6,000	6,000
	79,760	**2,410**	**82,170**	**81,299**

The total amount of remuneration (i.e. salary) paid as a percentage of turnover was 0.09% (2025: 0.09%). Individual and collective performance appraisals, including 360-degree feedback, are carried out each year to assist in determining whether payment to Board and Committee members remains appropriate.

Executive Board members, Robert Alan Smith and Faye Danielle Gordon are not remunerated in their role as Board members.

Robert Alan Smith and Faye Danielle Gordon are also Board Directors of Believe Developments Limited, the wholly owned subsidiary company of believe housing. They are not remunerated for this role.

Members of our Board Trainee Programme received total remuneration of £nil (2025: £7,500) in the financial year.

Members of our Customer Voices group received total remuneration of £7,918 (2025: £7,085) in the financial year.

12. Key management personnel

Group and association

Key management personnel

Key management personnel are defined as Board members and the Executive Directors and Directors.

Total compensation payable to key management personnel in the year was £1,921k (2025: £1,848k).

Executive Directors and Directors

Total compensation payable to Executive Directors and Directors is as follows:

	2026 £'000	**2025 £'000**
Wages and salaries	1,449	1,399
Benefits in kind	-	-
Pension contributions	390	367
	1,839	**1,766**

	Basic salary £'000	**Benefits in kind £'000**	**Pension Contributions £'000**	**Total Emoluments £'000**
R A Smith	200	-	52	252

Robert Alan Smith, the Chief Executive, as the highest paid executive, received aggregate emoluments of £252k (2025: £246k). The Chief Executive is an ordinary active member of the Durham County Council Local Government Pension Scheme.

During the year, the aggregate compensation for loss of office of key management personnel was £nil (2025: £nil).

13. Tax on surplus on ordinary activities

Group and association

	2026 £'000	2025 £'000
Current tax		
UK corporation tax on surplus for the year	-	-
Tax on surplus on ordinary activities	**-**	**-**

Factors affecting tax charge for the current year

On the basis that current income and gains are applied for charitable purposes, believe housing should fall within the tax exemptions available to charitable entities.

The tax charge for the year differs from the standard rate of corporation tax in the UK of 25%. The differences are explained below:

	2026 £'000	2025 £'000
Surplus on ordinary activities before taxation	16,241	14,940
Tax on profit at standard UK tax rate of 25% (2025: 25%)	4,060	3,735
Effects of:		
Non-taxable expense	(4,060)	(3,735)
Current tax charge for the year	**-**	**-**

Factors that may affect future tax charges

On the basis that future income and gains will be applied for charitable purposes, believe housing should fall within the tax exemptions available to charitable entities.

14. Intangible fixed assets

Group and association

	Assets under construction £'000	Software £'000	Total £'000
Cost			
At 1 April 2025	436	3,172	3,608
Additions	259	-	259
Completions	-	-	-
Disposals	-	-	-
At 31 March 2026	695	3,171	3,866
Accumulated depreciation			
At 1 April 2025	-	2,708	2,708
Charged in the year	-	194	194
Released on disposal	432	-	432
At 31 March 2026	432	2,902	3,334
Net book value			
At 31 March 2026	**263**	**269**	**532**
At 31 March 2025	436	463	899

15. Tangible fixed assets – housing properties

Group

	Social housing properties held for letting £'000	Non-social housing properties held for letting £'000	Housing properties for letting under construction £'000	Completed shared ownership housing properties £'000	Shared ownership housing under construction £'000	Total housing properties £'000
Cost						
At 1 April 2025	442,586	3,947	17,870	982	832	466,217
Additions	15,303	-	28,818	-	1,029	45,150
Works to existing properties	29,340	151	-	1	-	29,492
Schemes completed	13,727	-	(13,727)	856	(856)	-
-Disposals	(3,286)	(37)	-	-	-	(3,323)
Transfers between classes	-	-	-	-	-	-
Transfer to current assets	-	-	-	-	-	-
At 31 March 2026	497,670	4,061	32,960	1,839	1,004	537,535
Depreciation and impairment						
At 1 April 2025	(54,987)	(167)	-	(42)	-	(55,195)
Depreciation charged in the year	(11,664)	(31)	-	(30)	-	(11,725)
Impairment	25	-	-	-	-	25
Depreciation released on disposal	1,687	9	-	-	-	1,696
At 31 March 2026	(64,938)	(188)	-	(72)	-	(65,199)
Net book value						
At 31 March 2026	**432,732**	**3,873**	**32,960**	**1,767**	**1,004**	**472,336**
At 31 March 2025	387,600	3,780	17,870	940	832	411,022

15. Tangible fixed assets - housing properties (continued)

Association

	Social housing properties held for letting £'000	Non-social housing properties held for letting £'000	Housing properties for letting under construction £'000	Completed shared ownership housing properties £'000	Shared ownership housing under construction £'000	Total Housing Properties £'000
Cost						
At 1 April 2025	442,586	3,947	17,874	982	832	466,220
Additions	15,303	-	28,782	-	1,029	45,114
Works to existing properties	29,340	151	-	1	-	29,492
Schemes completed	13,727	-	(13,727)	856	(856)	-
Disposals	(3,286)	(37)	-	-	-	(3,323)
Transfer between classes	-	-	-	-	-	-
At 31 March 2026	497,670	4,060	32,928	1,839	1,004	537,502
Depreciation and impairment						
At 1 April 2025	(54,987)	(167)	-	(42)	-	**(55,195)**
Depreciation charged in the year	(11,664)	(31)	-	(30)	-	**(11,725)**
Impairment	25	-	-	-	-	**25**
Depreciation released on disposal	1,687	9	-	-	-	**1,696**
At 31 March 2026	(64,938)	(188)	-	(72)	-	**(65,199)**
Net book value						
At 31 March 2026	**432,732**	**3,872**	**32,928**	**1,767**	**1,004**	**472,304**
At 31 March 2025	387,600	3,779	17,874	940	832	411,025

15. Tangible fixed assets - housing properties (continued)

Housing properties book value, net of depreciation

	Group		Association	
	2026	**2025**	**2026**	**2025**
	£'000	**£'000**	**£'000**	**£'000**
Freehold land and buildings	472,336	411,021	472,304	411,025

Expenditure on works to existing properties

Group and association

	2026	**2025**
	£'000	**£'000**
Components capitalised	29,492	31,444
Amounts charged to income and expenditure	30,102	27,365
	59,594	**58,809**

Finance costs

Capitalised interest of £494k is included in the cost of housing properties (2025: Nil).

Impairment

The Association considers individual schemes to be separate cash generating units when assessing for impairment in accordance with the requirements of FRS 102 and the SORP 2018.

The impairment reversal of £25k relates to a correction to prior years impairment charges.

Capitalised overheads

Support costs relating to development and home improvement works are capitalised based on the following rates:

New builds	2% of scheme costs
s106 acquisitions	1% of scheme costs
Improvements to existing homes	6% of scheme costs

16. Tangible fixed assets - other

Group and association

	Furniture fixtures and ICT/other equipment £'000	Other Plant and equipment £'000	Total £'000
Cost			
At 1 April 2025	4,363	57	4,420
Additions	402	-	402
Disposals	(154)	-	(154)
At 31 March 2026	4,611	57	4,668
Accumulated depreciation			
At 1 April 2025	(2,651)	(12)	(2,663)
Charged in the year	(340)	(5)	(345)
Release on disposal	88	-	88
At 31 March 2026	(2,903)	(17)	(2,920)
Net book value			
At 31 March 2026	**1,708**	**40**	**1,748**
At 31 March 2025	1,712	45	1,757

ICT equipment includes assets held under finance leases as follows

	2026 £'000	2025 £'000
Cost	162	-
Accumulated depreciation	(27)	-
Net book value	**135**	-

The depreciation charge in the year on assets held under finance leases was £27k (2025: £nil).

17. Investment properties

Group

	2026 £'000	2025 £'000
At 1 April	819	-
Additions	-	819
Disposal	-	-
Gain(loss) from adjustment in fair value	-	-
	819	**819**

The investment properties are two show homes which Believe Developments lease to Believe Carlton MSG LLP. The lease term is for three years with an option to extend for a further two years and is accounted for as an operating lease. (See note 33). The two show homes will be sold at the end of the development on the open market.

The fair value of the properties has been assessed through review of recent sales of the same property types as the show home at the Middleton St George development. The recent sales values demonstrate that the purchase price in May 2024 still reflects the fair value as at 31 March 2026. The purchase price in May 2024 was based upon a third-party valuation undertaken by a qualified external valuer.

18. Investment in subsidiaries and joint ventures

Group and association

As required by FRS 102 and the Housing SORP, the financial statements consolidate the results of Believe Developments Limited.

Believe Developments Limited is a wholly owned subsidiary company with the association having operational control and approval of all activities undertaken by the subsidiary.

Believe Developments Limited is a non-regulated company incorporated under the Companies Act 2006. The registered office is the same for all the group entities. The investment in Believe Developments Limited totalled £2 at 31 March 2026 (2025: £2).

Investments are held in two joint ventures – Believe Carlton MSG LLP and Believe Carlton Witton LLP to develop new properties.

Believe Developments Limited has a 50% members interest in both joint ventures, and as such they are considered to be jointly controlled entities and are accounted for using the cost model. The capital cost of each of the joint ventures was £1.

There have been no distributed profits to the end of 31 March 2026 (2025: Nil). The Group's share of profit or loss for the period will be recognised within the consolidated accounts. To date, this has been immaterial at £182 for 2025/26.

19. Stock

Group and association

	2026 £'000	2025 £'000
Raw materials and consumables	176	173
Work in progress	1,078	759
	1,254	**932**

20. Debtors

	Group		Association	
	2026 £'000	**2025 £'000**	**2026 £'000**	**2025 £'000**
Due after more than one year				
Joint Venture loan– Believe Carlton MSG LLP	12,903	11,980	-	-
Joint Venture loan – Believe Carlton Witton LLP	7,279	5,458	-	-
Intercompany loan – Believe Development Ltd	-	-	20,191	18,083
	20,182	**17,438**	**20,191**	**18,083**
Due within one year				
Rent and service charges receivable	4,474	4,726	4,474	4,726
Less: provision for bad and doubtful debts	(1,169)	(1,545)	(1,169)	(1,545)
Net rental debtors	3,305	3,181	3,305	3,181
Trade debtors	150	823	146	819
Social Housing Grant Receivable	1,175	958	-	958
Prepayments and accrued income	9,557	2,530	5,518	2,587
Other debtors	189	38	189	34
Amounts owed by group undertakings	-	-	-	-
	14,376	**7,530**	**9,158**	**7,579**

The intercompany loan with Believe Developments are drawdowns from an intra group loan facility with a limit of £40m. Interest is charged at 4.5% and 7.0%. The facility expires in March 2029.

Believe Developments has a loan agreement with both Believe Carlton MSG LLP and Believe Carlton Witton LLP (“Joint Ventures”). The loans provided are secured over the land and assets held within the Joint Ventures and are provided at an interest rate of 4.5% and 7.0%.

The maximum facilities and terms are as follows:

	Believe Carlton MSG LLP	**Believe Carlton Witton LLP**
Maximum facility	£14m	£7.25m
Maximum loan term	72 months to 27 Jan 2029	40 months to 29 July 2027

The recoverability of the loans has been assessed as at 31 March 2026 and no issues have been identified.

21. Creditors: amounts falling due within one year

	Group		Association	
	2026	**2025**	**2026**	**2025**
	£'000	**£'000**	**£'000**	**£'000**
Trade creditors	3,448	1,130	3,448	1,130
Rent and service charges received in advance	2,707	2,527	2,707	2,527
Recycled capital grant fund (note 24)	32	32	32	32
Social housing grant received in advance	14,993	4,199	11,782	3,272
Deferred grant income (note 23)	1,022	1,086	1,022	1,086
Pension creditor	2	1	2	1
Other taxation and social security	693	610	693	610
Finance lease (note 33)	30	-	30	-
Other creditors	246	230	245	230
Accruals and deferred income	11,808	7,550	6,380	6,673
Amounts owed to group undertakings	-	-	2,201	842
Amounts payable in respect of borrowings (note 25)	600	1,667	600	1,667
	35,581	**19,032**	**29,142**	**18,070**

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

Group and association

	2026	**2025**
	£'000	**£'000**
Debt (note 25)	266,150	227,083
Borrowing costs unamortised	(1,807)	(1,205)
	264,343	225,878
Finance lease (note 33)	103	-
Deferred grant income (note 23)	45,888	42,200
	310,334	**268,078**

23. Deferred Grant Income

Group and association

	2026 £'000	2025 £'000
At 1 April	43,318	33,229
Grant received in the year	4,583	10,966
Released to income in the year	(959)	(877)
At 31 March	46,942	43,318
Amounts to be released within one year	1,054	1,118
Amounts to be released in more than one year	45,888	42,200
	46,942	**43,318**

The amounts to be released within one year includes grants received for assets under construction until they are completed.

24. Recycled Capital Grant Fund

Group and association

	2026 £'000	2025 £'000
At 1 April	32	-
Grants recycled	94	31
Interest accrued	-	1
Recycling of grant: new build	(94)	-
At 31 March	32	32
Amounts 3 years or older where repayment may be required	-	-

2026: capital grant from the Right to Buy sales has been reinvested in Sunderland Road and Centenary way schemes. 2025: the recycled capital grant fund was used to support the development of 28 new homes at Delves Lane, Consett during 2022/23.

25. Debt analysis

Group and association

Drawn debt profile	2026 £'000	2025 £'000
Bank and building society loans at fixed rates of interest		
• Loans repayable < 1 years (note 21)	600	-
• Loans repayable > 1 years (note 22)	189,400	160,000
Bank and building society loans at variable rates of interest		
• Loans repayable < 1 years (note 21)	-	1,667
• Loans repayable > 1 years (note 22)	76,750	67,083
	266,750	**228,750**

During the year ended 31 March 2026, the organisation secured £80m of new funding, comprising a £20m term loan, a £30m revolving credit facility, and a £30m combined facility.

As at 31 March 2026 the funding arrangements are as follows:

- £75m long term facility ending 31 March 2040.
- £85m private placement ending 30 September 2058.
- £50m ten year term loan facility.
- £90m six year revolving credit facility.
- £20m ten year term loan facility
- £30m five year revolving credit facility
- £30m five year combined facility

Fixed interest rates on borrowings range from 2.56% to 4.619%.

£20m of debt is effectively fixed after hedging, with a total coupon rate of 5.06%.

Variable rate loans are referenced to the Sterling Overnight Index Average ('SONIA') plus 0.9% – 1.1%.

All loans are secured by fixed charges over housing properties.

As at 31 March 2026 believe housing had undrawn loan facilities of £113.25m (2025: £71.25m).

26. Financial Instruments: Hedge accounting

On the 1 October 2025, the Group entered a £20m loan linked interest rate swap contract to fix the rate of its £20m SONIA linked term loan with NatWest to the 30 September 2030. The swap rate is 3.857% plus margin.

The positive fair value of this swap contract as at 31 March 2026 was £189k (2025 nil). The measurement basis for the swap is fair value through the profit and loss, determined by calculating the net present value of the future cashflows of the swap, discounted using an appropriate mid-market Swap curve as at 31 March 2026.

The interest rate swap is designated as a cash flow hedge. The hedge was deemed to be fully effective at the year end and therefore the change in the fair value of the hedging instrument is recognised in other comprehensive income of £189k (2025: nil). In accordance with Chapter 12 of FRS 102, hedge accounting has been applied to the swap.

Group and association	**2026**	**2025**
	£'000	**£'000**
NatWest £20m	189	-
Fair values of financial instruments designated as hedging instruments	189	-

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur as required by FRS 102.29(a) for the cash flow hedge accounting models.

	Carrying amount £'000	Expected cashflow £'000	1 year or less £'000	1–2 years £'000	2-5 years £'000	Over 5 years £'000
Interest rate Swaps:						
Hedged items cash flows (assets)	20,000	207	50	61	96	-

27. Non-equity share capital

Shares of £1 each issued and fully paid

	2026 No.	2025 No.
At 1 April	8	10
Shares issued/(surrendered) during the financial year	1	(2)
As at 31 March	**9**	**8**

The shares provide members with the right to vote at general meetings but do not provide any rights to interest, dividends, bonuses, or distributions on winding-up.

Only Board Members defined in the rules are eligible to be shareholders and a closed shareholding regime is therefore in place.

28. Pensions

Group and association

The Association is an admitted body of the Durham County Council Local Government Pension Scheme. The disclosures below relate to the funded liabilities within the Pension Fund which is part of the LGPS.

The LGPS is a funded defined benefit plan with benefits earned to the 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earning Scheme.

Details of the benefits earned over the year covered by this disclosure are set out in 'The Local Government Pension Scheme Regulations 2013' and 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014'.

In accordance with FRS102 if the present value of the scheme liabilities at the reporting date is less than the fair value of the plan assets at that date the plan has a surplus. For the year ended 31 March 2026 Believe recorded a pension surplus. However, the surplus can only be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. These criteria were not considered to be met at 31 March 2026 and an asset was therefore not recognised.

28. Pensions (continued)

Funding/Governance Arrangements of the LGPS

The funded nature of the LGPS requires participating employers and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets.

Information on the framework for calculating contributions to be paid is set out in the LGPS regulations 2013 and the Fund's Funding Strategy Statement.

The last triennial valuation of the LGPS was at 31 March 2022 which determines the employer contribution levels from April 2023 to March 2026.

The Fund Administering Authority, Durham County Council, is responsible for the governance of the Fund.

McCloud/Sargeant judgement and GMP equalisation

The pension liability calculations include an estimate of the potential impact of the McCloud/Sargeant case and Guaranteed Minimum Pension equalisation on the reported pension figures.

The amounts recognised in the Statement of Comprehensive Income as required by FRS 102 are as follows:

	2026 £'000	**2025 £'000**
Amounts charged to operating expenditure:		
Current service cost	(2,655)	(3,944)
Past service cost	(133)	(191)
Settlement costs	-	-
Employer contributions paid	7,599	7,287
Total operating credit / (debit)	4,811	3,152
Amounts included in interest payable:		
Interest on net defined benefit liability	1,362	(53)
Interest on unrecognised asset	(1,152)	-
Remeasurement gain/(loss) recognised on defined benefit pension Scheme	(5,023)	1,492
Total (debit)/credit to the Statement of Comprehensive Income	**(2)**	**4,591**

28. Pensions (continued)

The amounts recognised in the Statement of Financial Position as required by FRS 102 are as follows:

Present values of provision	**2026**	**2025**
	£'000	**£'000**
Fair value of scheme assets	150,833	125,456
Present value of funded obligations	(121,121)	(105,596)
Funding status	29,712	19,860
Unrecognised asset	(29,712)	(19,860)
	-	-
Present value of unfunded obligations	(120)	(118)
Net pension liability	**(120)**	**(118)**

Reconciliation of opening and closing provisions

Changes in the present value of the defined benefit obligation scheme are as follows:

	2026	**2025**
	£'000	**£'000**
Opening defined benefit obligation	(105,714)	(123,841)
Current service cost	(2,655)	(3,944)
Past service cost	(133)	(191)
Interest on scheme liabilities	(6,072)	(5,871)
Actuarial gain / (loss)	(8,865)	24,930
Contributions by scheme participants	(1,746)	(1,681)
Benefits paid	3,944	4,884
Closing defined benefit obligation	**(121,241)**	**(105,714)**

The defined benefit obligation may be analysed between wholly unfunded and wholly or partly funded schemes as follows:

	2026	**2025**
	£'000	**£'000**
Funded	(121,121)	(105,596)
Unfunded	(120)	(118)
Closing defined benefit obligation	**(121,241)**	**(123,841)**

Changes in the fair value of scheme assets are as follows:

	2026	**2025**
	£'000	**£'000**
Opening fair value of scheme assets	125,456	119,132
Interest on scheme assets	7,434	5,818
Remeasurement (losses) / gains on assets	12,542	(3,578)
Contributions by employer	7,599	7,287
Contributions by scheme participants	1,746	1,681
Benefits paid	(3,944)	(4,884)
Closing fair value of scheme assets	**150,833**	**125,456**

28. Pensions (continued)

The fair value of the major categories of scheme assets as a percentage of total scheme assets are as follows:

	2026 %	2025 %
Equities	57.1	54.8
Property	8.2	6.6
Government bonds	9.7	10.9
Corporate bonds	7.2	8.9
Multi Asset Credit	14.7	15.5
Cash	2.0	2.2
Other	1.1	1.1

The principal actuarial assumptions as at the reporting date were:

	2026 %	2025 %
Discount rate	6.2	5.8
Rate of increase in pensions in payment	2.8	2.5
Rate of pension accounts revaluation rate	2.8	2.5
Inflation (consumer price index)	2.8	2.5
Salary increase	3.8	3.5

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on future lifetime (years) from retirement age 65 are:

	2026	2025
Males		
Future lifetime from age 65 (aged 65 at accounting date)	21.9	21.3
Future lifetime from age 65 (aged 45 at accounting date)	22.8	22.5
Females		
Future lifetime from age 65 (aged 65 at accounting date)	24.4	23.9
Future lifetime from age 65 (aged 45 at accounting date)	25.1	24.7

29. Capital commitments

Tangible fixed assets

	2026 £'000	2025 £'000
Capital expenditure		
Expenditure contracted for, but not provided for in the financial statements	61,572	39,832
Expenditure authorised by the Board, but not contracted	33,642	41,081
	95,214	**80,913**

Expenditure for future development schemes is included within capital commitments where the individual scheme has been approved by Board.

The above commitments will be financed through future cash generation from operating activities, existing borrowing facilities and social housing grant of £15.848m (2025: £6.974).

30. Net cash inflow from operating activities

	2026 £'000	2025 £'000
Surplus for the year	16,241	14,940
Adjustments for non-cash items:		
Pension adjustment	(4,811)	(3,152)
Depreciation of intangible fixed assets	194	213
Depreciation of tangible fixed assets	12,069	11,238
Impairment/ (reversal) of tangible fixed assets	(25)	15
Amortisation of social housing grant	(959)	(877)
Recycled capital grant	(94)	(31)
Surplus on sale of housing properties	(4,831)	(1,902)
Other disposals	497	-
(Increase)/decrease in stock	(321)	(759)
Decrease/(increase) in debtors	(6,657)	1,193
Increase/(decrease) in creditors	17,782	(1,357)
Increase/(decrease) in provisions	-	-
Adjustments for investing or financing activities:		
Interest payable	9,999	9,365
Interest received	(1,187)	(1,271)
Amortisation of loans	(602)	95
Net cash flow from operating activities	**37,295**	**27,710**

31. Analysis of changes in net debt

	At 1 April 2025 £'000	Cash flows £'000	Other non-cash movements £'000	At 31 March 2026 £'000
Cash	6,486	(637)	-	5,849
Bank loans due greater than one year	227,545	38,000	(602)	264,943
Total	**234,031**	**37,363**	**(602)**	**270,792**

The other non-cash movement relates to amortisation of borrowing costs.

32. Operating leases

Group and association

As Lessee

The future minimum lease payments that believe housing is committed to make under non-cancellable operating leases are as follows:

	2026 £'000	2025 £'000
Within one year	264	264
Between two and five years	1,150	1,111
Greater than five years	900	1,202
	2,314	**2,577**

Group

As Lessor

The future minimum lease income that believe housing is due to receive under non-cancellable operating leases is as follows:

	2026 £'000	2025 £'000
Within one year	54	54
Between two and five years	19	73
Greater than five years	-	-
	73	**127**

The Group leases two show homes on a new development scheme to Believe Carlton MSG LLP under an operating lease with a three-year non-cancellable term, with an option to extend the lease for a further two years. There is no option to purchase included within the lease and no contingent or variable lease payments.

33. Finance Leases

Group and association

The Group has entered into a hire purchase arrangement for the financing of IT infrastructure. The agreement transfers substantially all the risks and rewards of ownership to the Group and is accounted for as a finance lease.

Future minimum lease payments under non-cancellable finance leases are as follows:

	Minimum payments	Present value
	£'000	£'000
Within one year	38	30
Between one and five years	115	103
After five years	-	-
Total minimum payments	**154**	**133**
Less: finance charges	(20)	-
Present value of obligations	**133**	**133**

The movement in obligations under finance leases during the year was as follows:

	£'000
At 1 April 2025	-
Additions	162
Finance costs	10
Repayments	(39)
At 31 March 2026	**133**

Finance lease obligations are included within creditors as follows:

	2026	2025
	£'000	£'000
Amounts due within one year	30	-
Amounts due after more than one year	103	-
Total	**133**	**-**

34. Related party transactions

Group and association

The Association has taken advantage of the exemption available under FRS 102 (paragraph 33.1A) which allows transactions between the group entities not to be disclosed as related party transactions.

The group consists of the following entities:

Entity	Description	Position within the group	Nature of business
Believe Housing Limited	Registered provider with the Regulator of Social Housing	Parent	Social landlord and provides central services
Believe Developments Limited	Limited company not registered with the Regulator of Social Housing	Subsidiary	Provides development services to Believe Housing Limited
Believe Carlton MSG Limited Liability Partnership	Limited liability partnership between Believe Developments Limited and Homes by Carlton Limited. Not registered with the Regulator of Social Housing.	Joint Venture	Development of a new build housing scheme
Believe Carlton Witton Limited Liability Partnership	Limited liability partnership between Believe Developments Limited and Homes by Carlton Limited. Not registered with the Regulator of Social Housing.	Joint Venture	Development of a new build housing scheme

The Directors of Believe Developments Limited are also members of the Board of Believe Housing Limited and therefore related party disclosures for the association are the same as for the group.

There was one tenant board member during the financial year. There were also seven tenants who served as members of the Customer Voices group during the financial year.

Their tenancies are on normal commercial terms and the members were not able to use their position to their advantage.

Aggregate rent and service charges received from serving customer and leaseholder board and committee members during the year totalled £30,739 (2025: £33,294). There was £86 owed at 31 March 2026 by customer and leaseholder board and committee members (2025: £392).

34. Related party transactions (continued)

Durham County Council Pension Fund is part of the LGPS which is administered by Durham County Council. The Fund provides post-employment benefits to colleagues of believe housing and therefore represents a related entity. During the year £729,924 was paid to Durham County Council Pension Fund by believe housing representing administrative costs and pension deficit contributions (2025: £646,980). There was an outstanding balance owed of £65,683 at 31 March 2026 (2025: £39,295). Separately, during the year believe housing also made payments to Durham County Council Pension Fund totalling £6,804,661 (2025: £6,631,248) relating to employer pension contributions for colleagues employed by believe housing who are members of the Fund. All expenditure with the Fund was incurred on a normal commercial basis.

John Marshall, who served as Vice Chair of the Board until 2 October 2024 and as Chair of the Board from 3 October 2024, is also Chair of the Board of North East England Chamber of Commerce. During the year £3,000 was paid to North East England Chamber of Commerce by believe housing for membership services (2025: £2,754). There was a balance outstanding at 31 March 2026 of £1,140 (2025: £nil). The expenditure was incurred on a normal commercial basis and John Marshall was not able to use his position to the advantage of either party.

James Ealey, who served as a Board member from 1 October 2025, is the Deputy Chief Executive of the Northern Housing Consortium. During the year £19,447 was paid to Northern Housing Consortium by believe housing for membership services. There was no balance outstanding at 31 March 2026 (2025: £nil). The expenditure was incurred on a normal commercial basis and James Ealey was not able to use his position to the advantage of either party.

Nicola Welsh, the Executive Director of Communities and Customer Services, is also Chair of the Board of Constructing Excellence in the North East Limited. During the year £1,620 was paid to Constructing Excellence in the North East Limited by believe housing for membership services (2025: £3,684). There was no balance outstanding at 31 March 2026 (2025: £nil). The expenditure was incurred on a normal commercial basis and Nicola Welsh was not able to use her position to the advantage of either party.

35. Contingent liabilities

Group and association

Grants

The stock transfer from Durham County Council included 95 properties located within Durham City and the Wear Valley that had been originally developed using grant provided by Homes England[4]. The value of the government grant funding provided by Homes England was £5.034m. The original grant agreement contains an obligation, in the event of one of the properties being disposed of, to repay the original grant attributable to the property along with an additional payment relating to the proceeds received for the property.

Having taken ownership of these properties, believe housing is now responsible for the repayment of the grant in the event of the housing properties being disposed. The timing and value of any repayment is uncertain as they depend upon the specific circumstance of any future disposal. As such, no estimate of the total value of this contingent liability can be made at the current time. In the event of a disposal being agreed but not completed prior to the end of the reporting period, a provision will be recognised in the financial statements for the full value of the repayment to be made to Homes

[4] Previously the Homes and Communities Agency

England. Two properties from the original 95 properties that were funded by this grant have been sold and their grant recycled and invested in new Homes as agreed with Homes England.

VAT Shelter arrangement

Group and association

A VAT sharing arrangement from the established VAT shelter agreed with HMRC was set up through the transfer agreement with Durham County Council in April 2015. At transfer Durham County Council were contracted to acquire the benefit of the agreed qualifying works (£318.689m) plus the housing properties at a price equal to the agreed value of the properties in their existing condition (£114.4m).

This arrangement has enabled VAT to be recovered on qualifying works relating to repair and improvement costs that would otherwise have been expensed. This arrangement is in place until March 2030.

At 13 April 2015 an amount of £114.4m was paid over to Durham County Council, which represented the value of the properties transferred in their current condition, plus the value of the qualifying works of £318.689m, less the amount due to be incurred under the Development Agreement in relation to the anticipated cost of the qualifying works. The impact of these two transactions is that whilst Durham County Council has a legal obligation to complete the improvement works; this work has been contracted back to believe housing who are also legally obligated. The underlying substance of the transaction is therefore that believe housing acquired the housing properties in their existing condition at their agreed value and will complete certain qualifying works in repairing and improving properties as necessary and in line with commitments to customers which will be accounted for when incurred or committed to.

At the 31 March 2026 £3.1m (2025: £3.2m) has been received by believe housing under the VAT shelter scheme, of which 50% (minus administration fee) has been paid to Durham County Council.

36. Grants and financial assistance

Group and association

	Social housing grant £'000	Other grants £'000	Total 2026 £'000	Total 2025 £'000
At 1 April	43,318	-	43,318	33,229
Grants received in the year	4,489	-	4,583	10,934
Grants recycled from the recycled capital grant fund	94	-	94	32
Amortised in the year	(959)	-	(959)	(877)
At 31 March	**46,942**	**-**	**46,942**	**43,318**

37.Intra-group transactions

Believe Developments Limited is a company incorporated under the Companies Act 2006, registered number 13278183. Believe Developments Limited is a wholly owned subsidiary of believe housing.

There has been no apportionment, recharge or allocation of any turnover, costs, assets or liabilities between believe housing and Believe Developments Limited.

During the year, Believe Developments undertook works on behalf of believe housing for the development of properties. As at the 31 March 2026, 149 properties have completed, and 50 properties reached golden bricks and been transferred to believe housing. Payments on account from believe housing have been accounted for as a prepayment in believe housing £0m (2025: £0.229m). At the 31 March 2026, believe housing owed Believe Developments £2.201m (2025: £0.842m).

There is an intragroup loan agreement facility in place between Believe Developments Limited and believe housing which allows Believe Developments to draw down loan funding from believe housing up to a facility limited of £40m.

In the period to 31 March 2026, £20.182m (2025: £17.438m) has been drawn down under the arrangement to provide loans from Believe Development Limited to Believe Carlton MSG LLP (£12.903m) and Believe Carlton Witton LLP (£7.279m).

The loans are provided at a rate of 4.5% and 7.0% and secured on the land and assets in the joint ventures.

38.Ultimate parent undertakings and controlling party

There is no ultimate parent undertaking and controlling party.