Connexus

Annual Report and Financial Statements

2024/25

Registered Society 8376
Regulator Registration Number LH4353

About Connexus

Who are we?

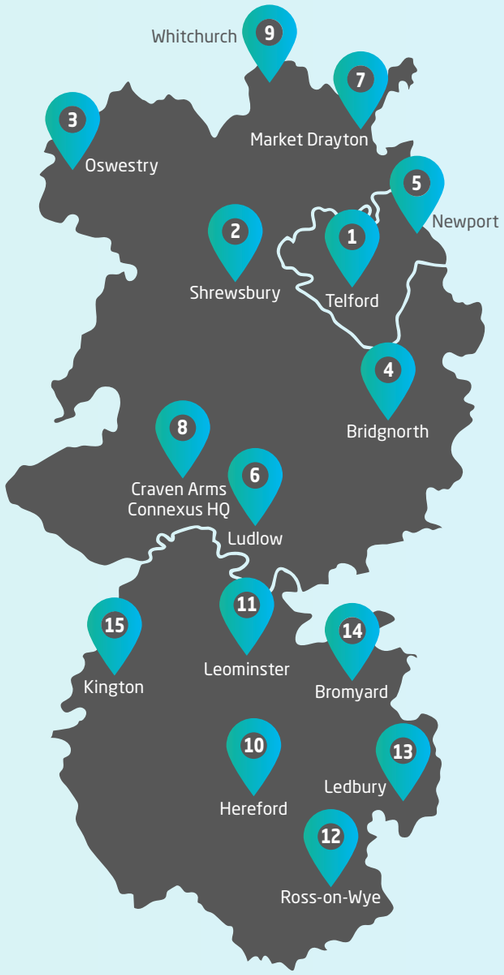
Connexus is a rural housing association with its heritage in Shropshire and Herefordshire, providing good quality, affordable and safe homes that customers are proud to live in. We create inclusive neighbourhoods, sustainable rural communities, and provide services that support our customers to build a life in their home.

Connexus provides over 10,000 affordable rented homes and associated support services across our two counties.

Our operating area

Shropshire and Herefordshire

1 Telford
2 Shrewsbury
3 Oswestry
4 Bridgnorth
5 Newport
6 Ludlow
7 Market Drayton
8 Craven Arms (Connexus HQ)
9 Whitchurch
10 Hereford
11 Leominster
12 Ross-on-Wye
13 Ledbury
14 Bromyard
15 Kington



Purpose, mission and vision

Vision	Homes you can build a life in.
Mission	We are a business, with social objectives at our heart, providing good quality, affordable and safe homes that our customers are proud to live in. We create inclusive neighbourhoods, sustainable rural communities, and provide services that support our customers to build a life in their home.
Purpose	To provide good quality, safe, affordable homes.

Our homes

Connexus offers a range of housing options to meet the diverse needs of the rural communities we serve. Our affordable and social rent homes provide safe, secure, and accessible places to live for people on low incomes, prioritising those in the greatest housing need. For those looking to buy, Shared Ownership enables customers to purchase a share of their home with a smaller mortgage, paying rent on the remaining share, with the option to increase ownership over time.

We also provide specialist accommodation tailored to different groups. Independent living supports customers to live independently with on-site assistance and access to extra support as needed. Our supported accommodation for younger people helps develop skills and access education or employment, while dedicated housing is available for victims of domestic abuse.

Connexus also provides a small number of market rent and rent-to-buy homes, and outright sale homes through our Floreat Homes brand.

Our regulatory grading

Connexus is graded G1/V2 by the Regulator of Social Housing.

A G1 grading for governance means Connexus meets the governance requirements of the regulator. A V2 grading for viability means Connexus meets the viability requirements of the regulator. We have the financial capacity to deal with a reasonable range of adverse scenarios but need to manage material risks to ensure continued compliance.

Connexus has not yet received a consumer (C) grading from the Regulator of Social Housing.

Building momentum

We began the 2024/25 financial year dealing with the tail end of a cyber security incident, in what is sadly becoming an all-too-common occurrence for organisations across the UK.

Thanks to the quick thinking and hard work of our technical specialists, and the dedication of our teams across Connexus, we were able to bounce back quickly and resume services for our customers.

Evolving our service

The way we deliver our services has very much been our focus this year. With the business under new leadership and with a real collective appetite for change, we have worked hard to begin modernisation, which will see Connexus become a more efficient and effective organisation.

This has seen new systems implemented, simplified structures introduced, and our income begin to go further by eliminating waste and duplication from our supply chain and older ways of working. Our financial capacity has been further strengthened by significant long-term investment into the business through a £60m private placement and £40m from the Affordable Homes Guarantee Scheme.

There are still difficult decisions ahead and changing at pace brings its own challenges. But the steps we're taking will ultimately help us to better meet the expectations of our customers and those living in our communities, as well as respond to increased scrutiny from the regulator and legislation, especially around safety.

A change in government and a new direction for Connexus

In an election year, we crisscrossed our counties speaking to partners and local decision makers to make sure our rural communities were being heard when it came to housing and local issues. Rural Ambition was our call-to-action pre- and post-election, designed to put the needs of rural communities firmly on the agenda. Alongside this, we worked with our Board, colleagues, customers and partners to shape a new five-year corporate plan. *Homes you can build a life in* launched at the end of the financial year and has given us clarity and a strong vision for the future. I want to thank everyone who played a part in developing it.

New look leadership

This year also brought new faces and fresh energy to help in our modernisation journey. We were pleased to welcome three new directors to the Connexus Executive Team - Matt Pitt (People), James Taylor (Finance), and Nick Batt (Communities and Customer Services) all bring significant commercial and sector experience, and a shared commitment to improving Connexus. We also welcomed four new non-executive directors to our Board and Committees - Julian Bill, Anne Turner, James Savage and Helen Southwell. Their insight, support and expertise is proving vital as we move forward.

"Connexus is well placed to take the next steps on our change journey."

Green shoots

With a firm long-term plan, new investment and new leadership, Connexus is well placed to take the next steps on our change journey. This will see us further improve our ways of working and become a more collaborative organisation, with stronger ties with the communities we serve.

This collaborative approach will also position us to play a more meaningful role in delivering against the government's target of 1.5 million new homes in this parliament, the most ambitious house building programme in a generation.

We'll do everything we can to make sure as many of those homes as possible reach our rural communities.

Kate Smith
Connexus Chief Executive

How we performed

In 2024/25, Connexus made strong progress in a number of priority areas – from improving customer service and digital access to investing in future homes and championing inclusion.

We continued to meet evolving regulatory requirements, including new Tenant Satisfaction Measures, and took steps to strengthen our customer offer through new digital tools, a refreshed Customer Charter, and improvements to our repairs service.

Significant funding was secured to invest in new rural affordable homes and modernising existing ones, while our work on equality, diversity and inclusion – including narrowing our gender and ethnicity pay gaps – demonstrated our clear commitment to building a more representative workplace.

Tenant Satisfaction Measures

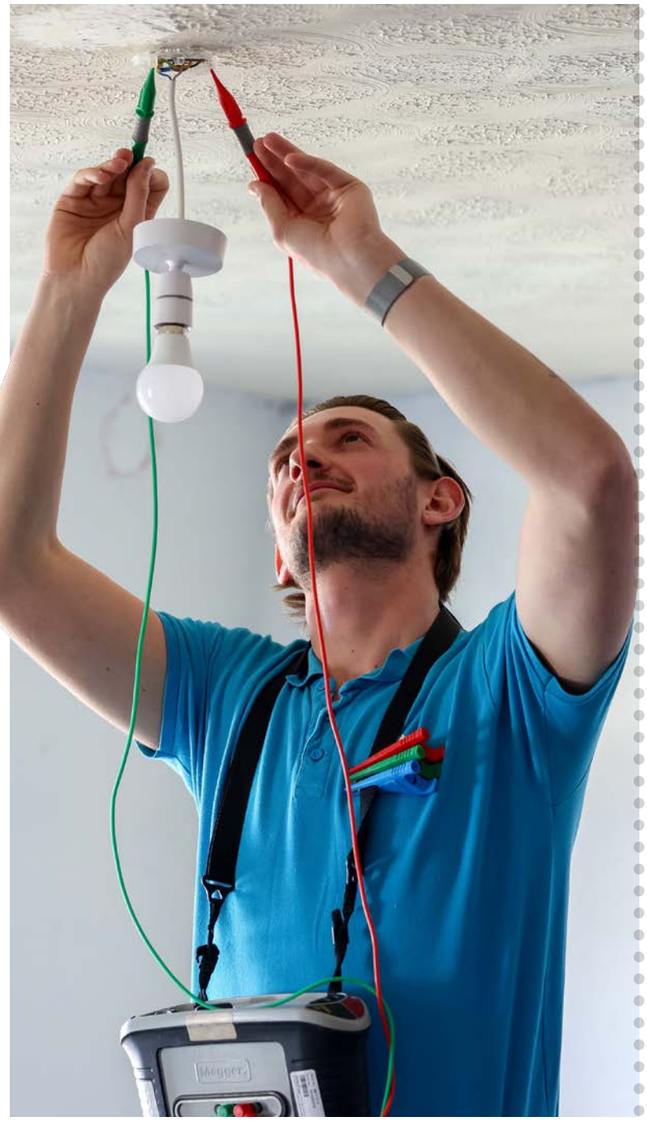
On 1 April 2024 the Regulator of Social Housing updated their consumer standards. Housing associations like Connexus must meet these, along with other economic viability standards, to be compliant with the regulatory code that the Regulator sets.

A landlord's progress and compliance with the standards is monitored by the Regulator through an ongoing inspection regime as well as annual self-assessments. They also look at how each landlord is performing using a range of Key Performance Indicators (KPIs) and Tenant Satisfaction Measures (TSMs).

The TSMs standard has 22 measures, comprised of ten management information measures and 12 satisfaction measures which cover five key themes:

- Keeping properties in good repair
- Maintaining building safety
- Respectful and helpful engagement
- Responsible neighbourhood management
- Effective handling of complaints, alongside an additional measure for overall satisfaction with landlord services.

Connexus's customers are asked the TSM questions in telephone surveys carried out by an independent company called IFF Research.



Our performance against the TSMs

You can see how Connexus performed in 2024/25 in the table below. Benchmarking data showing the sector median score is provided for the reporting year 2023-2024, with the Regulator's analysis of the latest data expected around October/November 2025.

Tenant Satisfaction Measure Reference	Tenant Satisfaction Measures Category	YTD % April 2024-March 2025	Sector median score 2023/24
TP01	Overall satisfaction	76.8%	71.3%
TP02	Satisfaction with repairs	80.6%	72.3%
TP03	Satisfaction with time taken to complete most recent repair	77.6%	67.4%
TP04	Satisfaction that the home is well maintained	76.4%	70.8%
TP05	Satisfaction that the home is safe	84.6%	76.7%
TP06	Satisfaction that the landlord listens to tenant views and acts upon them	67.1%	60.4%
TP07	Satisfaction that the landlord keeps tenants informed about things that matter to them	73.4%	70.3%
TP08	Agreement that the landlord treats tenants fairly and with respect	81.4%	76.8%
TP09	Satisfaction with the landlord's approach to handling complaints	41.3%	34.5%
TP10	Satisfaction that the landlord keeps communal areas clean and well maintained	71.4%	65.1%
TP11	Satisfaction that the landlord makes a positive contribution to neighbourhoods	70.0%	63.1%
TP12	Satisfaction with the landlord's approach to handling anti-social behaviour	65.6%	57.8%

		LCRA*	LCHO**	Combined	Sector median score 2023/24
Building safety					
BS01	Proportion of homes for which all required gas safety checks have been carried out			99.3%	99.9%
BS02	Proportion of homes for which all required fire risk assessments have been carried out			100%	100%
BS03	Proportion of homes for which all required asbestos management surveys or re-inspections have been carried out			100%	100%
BS04	Proportion of homes for which all required legionella risk assessments have been carried out			100%	100%
BS05	Proportion of homes for which all required communal passenger lift safety checks have been carried out			100%	100%
Anti-social behaviour					
NM01 (1)	Number of anti-social behaviour cases, opened per 1,000 homes			20.2	35.5
NM01 (2)	Number of anti-social behaviour cases that involve hate incidents opened per 1,000 homes			0.5	0.6
Decent Homes Standards and Repairs					
RP01	Proportion of homes that do not meet the Decent Homes Standard	0.5%			0.5%
RP02 (1)	Proportion of non-emergency responsive repairs completed within the landlord's target timescale	87.6%			81.3%
RP02 (2)	Proportion of emergency responsive repairs completed within the landlord's target timescale	89.1%			95.3%

		LCRA*	LCHO**	Combined	Sector median score 2023/24
Complaints					
CH01 (1)	Number of stage one complaints received per 1,000 homes	34.3			42.5
CH01 (2)	Number of stage two complaints received per 1,000 homes	5.1			5.7
CH02 (1)	Proportion of stage one complaints responded to within the Housing Ombudsman's Complaint Handling Code timescales	67.6%			82.3
CH02 (2)	Proportion of stage two complaints responded to within the Housing Ombudsman's Complaint Handling Code timescales	64.2%			83.6%

*LCRA – Low-Cost Rental Accommodation
**LCHO – Low-Cost Home Ownership

Acting on feedback

Connexus is working on a new Customer Service Strategy for launch in late 2025, which will directly address areas such as communication and involvement, as highlighted by our customer feedback. Complaint handling and tackling the causes at source are other critical areas that we are prioritising for improvement, with several key projects in place to enhance our service delivery.

Connexus is committed to improving customer service, with a dedicated strategy coming in 2025.

Investment for the future

Connexus successfully secured £100m of funding in 2024/25. The investment comprised a £60m private placement with a UK investor, and a further £40m through the Affordable Homes Guarantee Scheme (AHGS).

Connexus worked to arrange the private placement through Lloyds, Savills Financial Consultants, and legal partner Anthony Collins Solicitors. Savills and Anthony Collins were also involved in the AHGS investment alongside Venn, which manages the scheme on behalf of the UK Government.

The funding will be used to deliver hundreds of new affordable homes over the next decade as well as supporting major refurbishment programmes, aimed at bringing older homes up to a modern standard.

"Connexus successfully secured £100m of funding in 2024/25."

Securing £100m of funding will help develop new homes and improve existing properties.

Cyber incident approach praised

Connexus was successful at the 2025 Housing Technology Awards, winning the Cyber Security Award for our response to a December 2023 cyber security incident. The judges praised the prompt action and expertise shown by technical teams which meant services were quickly able to resume for customers. The Housing Technology Awards recognise best practice in the social housing sector in the UK & Ireland.

Connexus colleagues on stage with other winners at the awards.

Bridging the gap

In March 2025, Connexus published its Connexus Gender and Ethnicity Pay Gap Report showing continued progress towards fairer pay across the organisation.

The report showed that on average, men earned £0.81 more per hour than women, a gap of 4.3%, which has fallen by £0.96 per hour compared to the previous year's reported gap (£1.77). This is almost half the gap reported in 2019. When it came to ethnicity, there is a fairly even distribution of ethnically diverse colleagues across the pay quartiles. Both the mean and median ethnicity pay gap show a favourable comparison for our ethnically diverse colleagues with -7.8% mean and -1.8% median figures.

There is more work to do, and we will continue working proactively to reduce our pay gap and improve inclusion, particularly for underrepresented groups. Addressing the pay gap means more than comparing average pay, it requires action through our people strategy and EDI programmes to embed lasting change. By fostering a more inclusive culture, we'll build a diverse workforce that better reflects the communities we serve.

The report is available in full on the Connexus website.

Championing inclusion

In 2024/25, Connexus continued to champion equality, diversity and inclusion across the organisation. Highlights included celebrating International Women's Day and World Mental Health Day, alongside delivering mental health training for managers and sharing guidance to help colleagues access physical and mental health support.

To further embed inclusive practice, we launched a new Colleague Engagement Group, bringing together individuals from a diverse range of backgrounds to help drive positive change across Connexus.

Our full Equality, Diversity and Inclusion Policy is available in the documents section of the Connexus website.

"By fostering a more inclusive culture, we'll build a diverse workforce that better reflects the communities we serve."

Focus on: Improving our service

New ways to get in touch

In September 2024, Connexus introduced new digital channels to make it easier and more convenient for customers to access help and support.

Customers can use WhatsApp and web chat for non-urgent enquiries, while our customer services and repairs teams have the ability to initiate secure video calls to help diagnose repair issues more accurately and reduce unnecessary visits.

These new channels were made possible by improvements to our customer service systems and form part of our ongoing commitment to improve accessibility and responsiveness. WhatsApp offers a familiar and user-friendly messaging option, allowing customers to send messages at any time. These are picked up and responded to during standard working hours. Web chat is available on the Connexus website between 10am and 4pm, Monday to Friday.

The addition of video calling is already helping our repairs team by providing the opportunity to assess issues in real time, leading to faster resolutions and improved outcomes and satisfaction for customers.

A more connected repairs service

In November 2024, Connexus launched a new system to manage responsive repairs more efficiently, with further phases planned for rollout in future years. The new system gives trade operatives better access to information about an upcoming repair job, and ensures they have the right materials to complete work more effectively on the first visit.

Customers can now book appointments in advance without needing to call back. Where a mobile number is recorded, customers now receive a text message confirming the booking, along with a reminder 24 hours before the scheduled visit. Operatives also call ahead when they are on their way, helping customers feel more informed and prepared.

Upgrades to systems are enabling colleagues to improve delivery of services in our communities.

Customer charter launched

In autumn 2024, Connexus launched a new Customer Charter to set out the level of service customers can expect. Developed with input from both customers and colleagues, the Charter includes clear commitments to being open and transparent, working collaboratively in our communities, delivering a comprehensive range of tenancy services, and ensuring homes are safe and well-maintained.

Alongside what Connexus will provide, the Charter also sets out what we ask of our customers, such as managing their homes and tenancies responsibly and keeping us informed about any changes in circumstances.

Investing in new affordable housing

Connexus delivered 215 homes across Shropshire and Herefordshire in the financial year 2024/25, including finishing our flagship 93-home affordable housing scheme at the Full Pitcher in Ledbury.

Much Wenlock, just a short distance from Connexus' head office at Craven Arms, saw 14 new homes delivered in phase two of a development on the outskirts of the village, through a mix of shared ownership and affordable rent. In Shrewsbury, the final phase of Radbrook Village was completed, delivering 27 homes, the proceeds of which are reinvested into developing more affordable homes.

Smaller developments in towns and villages across the region were also completed, and our housing numbers were bolstered through the acquisition of 45 homes from another housing association.

New affordable homes at Ledbury, Herefordshire

Our development programme in numbers

In total Connexus' development programme spend in 2024/25 was £25.6m

New homes by tenure 2024/25

Social rent	Affordable rent	Market rent	Rent to buy	Shared ownership	Open market sales	Total
20	79	10	23	63	20	215

Homes England funding totalled **£3,334,750** in 2024/25, supporting 93 completions, and 42 starts on site. This exceeded forecasts for the year and represents strong performance by Connexus. In addition, **£42,496** recycled capital grant was used to support new homes being built.

In addition to funding from Homes England, Shropshire Council provided **£100,000,** with Herefordshire Council providing **£451,000.**

Focus on: Platinum Way

Connexus completed the final phase of Platinum Way, a 93-home affordable housing scheme in Ledbury, Herefordshire.

Reflecting local housing need, the development included 41 two-bedroom houses, 44 three-bedroom houses, six one-bedroom houses and two two-bedroom bungalows. The scheme received nearly £3m in grant funding from Homes England.

The homes at Platinum Way mark the first time Connexus has taken on the role of main contractor, after the original contractor went into administration.

Connexus worked with the local council to meet specific demand in the area.

Focus on: Callaughtons Ash Phase 2

Connexus completed the second phase at Callaughtons Ash, a 14-home development in Much Wenlock, Shropshire. Delivered in partnership with SWG Construction, the homes are a mix of affordable rent and shared ownership, helping to meet local housing need in this rural area.

All properties feature energy efficient air source heat pumps, generous gardens, off-street parking and timber cladding that reflects the character of the local area.

The £3m scheme has been supported by £600k in funding from Homes England, along with additional investment from Shropshire Council and recycled capital grant. The project has benefited from strong collaboration with local partners, including Shropshire Council and local councillors.

Phase 1 of Callaughtons Ash, completed in 2018, delivered 12 award-winning Passivhaus homes and was featured in *The Sunday Times*.

Homes under construction in Much Wenlock, Shropshire.

Looking after existing homes

As well as developing new affordable housing in our communities, Connexus invested £22.6m in its improvement programme for existing homes. This ranged from major refurbishments with modern heating, windows, doors and energy-efficient cladding, to smaller aids and adaptations that help customers live safely and independently.

Our improvement programme in numbers

Number completed in year

124	Kitchens
77	Bathrooms
300	Boilers
159	Central heating systems
102	Electrical rewires
762	**Total**

Connexus also completed nearly 500 improvements which made homes safer and more accessible for customers.

These included the installation of grab rails and lever taps, as well as larger scale improvements to meet specific needs such as wet rooms or the installation of assistive equipment, which was supported by funding from our local authority partners.

Off grid homes in Shropshire retrofitted with photovoltaic panels.

Decarbonisation fund supports major improvements

Connexus continued to improve the sustainability and energy efficiency of existing homes, supported by funding from the Social Housing Decarbonisation Fund (SHDF) Wave 2.0 and 2.1. In 2024/25 work was undertaken on 144 homes across Herefordshire and Shropshire with principal contractor Sustainable Building Services and consultants Michael Dyson Associates.

The programme followed the success of SHDF Wave 1 and focused on achieving EPC C ratings or higher, contributing to the UK's 2050 net zero carbon target. Homes upgraded ranged from Cornish style flats to traditional houses, all delivered to PAS 2035 standards – the national framework for ensuring high-quality, whole-house energy retrofit work in existing homes.

Among the most significant schemes was Oak Crescent in Hereford, where 48 Cornish style flats of non-traditional construction dating from the 1950s received improvements including external wall insulation, new roofs, windows and doors. Residents previously faced high heating bills and poor thermal performance; feedback after the work confirmed substantial improvements in warmth and comfort, with some homes now performing close to Passivhaus standards.

In Meadow Close, Hereford, 24 flats also benefited from a fabric-first retrofit approach. Customers reported noticeable improvements in warmth and air quality, with damp and mould issues resolved. A local partnership with the neighbouring Welsh Club added social value to the project through donations and community engagement.

Smaller rural schemes in Shropshire such as at Corve View, Manor Place, and Shrewsbury Street presented more complex logistical challenges, including limited access and off-grid heating systems. Air source heat pumps and solar photovoltaic (PV) systems were key to these upgrades, delivering long-term energy savings, with PV at Shrewsbury Street expected to cut annual bills by up to £750 per home.

With all projects completed on time and to budget, the work has made significant improvements to the quality of life of our customers.

Refurbished Cornish style homes at Oak Crescent.

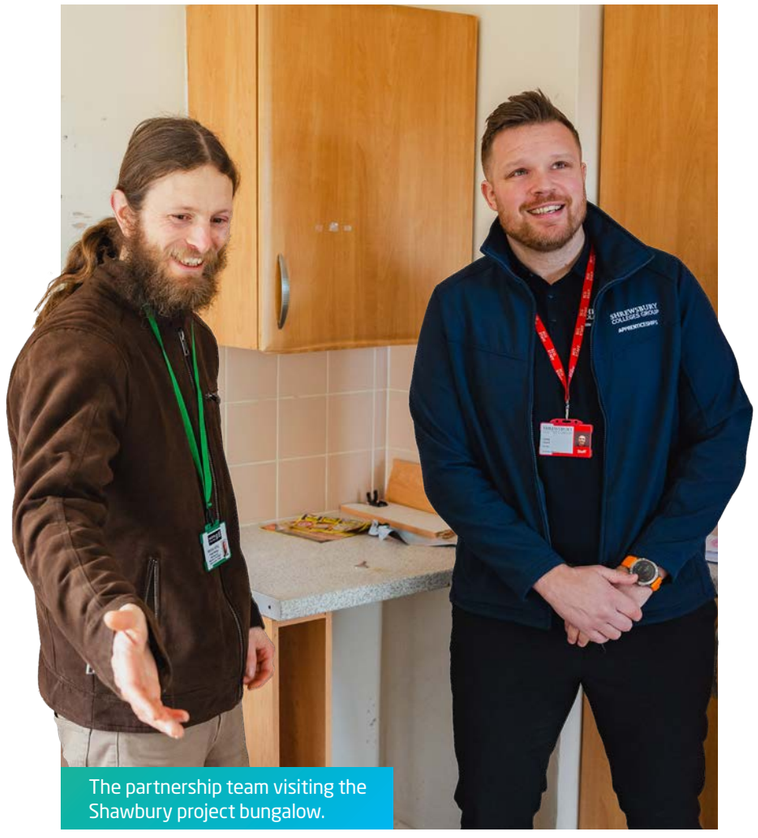
New look homes in Ludlow

In October 2024, some of the first residents moved back into homes completely renovated as part of refurbishment work taking place at Sandpits Avenue in Ludlow, Shropshire.

Work needed to modernise the homes included taking interiors back to a brickwork shell and removing all the plaster from walls and ceilings. New central heating systems were installed, as well as new kitchens and bathrooms.

The outsides of homes have also seen extensive work completed, including new render finishes being added. Roofs, gutters, facias, and soffits were also replaced, and new windows and doors installed.

Work being undertaken at Sandpits in Ludlow.



The partnership team visiting the Shawbury project bungalow.

An innovative partnership

In March 2025, Connexus partnered with Shrewsbury Colleges Group and the Marches Energy Agency to provide a unique learning opportunity for construction students.

The collaboration will focus on retrofitting an empty Connexus bungalow in Shawbury into a home fit for the future as well as offering students invaluable hands-on experience in sustainable construction techniques. The project is being funded by the Energy Saving Trust.

Delivering in our communities

From creating job opportunities and developing skills to supporting community-led initiatives and inclusive spaces, Connexus continued to invest in the people and places we serve.

In 2024/25, we welcomed a new intake of apprentices, backed projects that bring communities together, supported young people during the school holidays, and helped build on existing relationships. Each of these initiatives reflects our commitment to building stronger, more connected communities across Shropshire and Herefordshire. This commitment extends to our supply chain, where we assess the social value that suppliers can offer as part of our tender process, ensuring investment in our communities is delivered both directly by Connexus and through our partners.

Apprenticeship opportunities for local people

Connexus welcomed 15 new apprentices to the organisation in 2024/25. The year's record intake brought the total number of apprentices to 28 with an additional eight colleagues doing apprenticeships qualifications alongside their role.

The interview process this year included a practical skills assessment which allowed candidates to showcase their enthusiasm for the trade, their technical knowledge, and their ability to solve realistic repairs problems. In all Connexus received an incredible 375 individual applications from 250 candidates, reflecting a growing interest in apprenticeships.

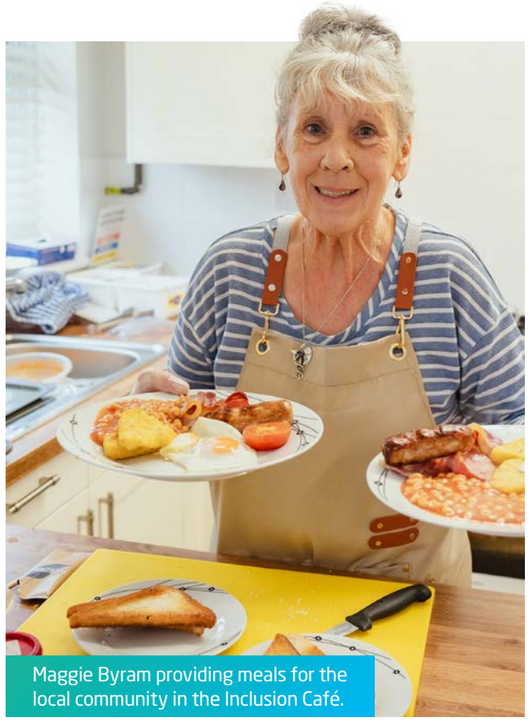
Connexus welcomed 15 new apprentices in 2024/25.

Community café opens its doors

Residents at Bryngwyn Court in Hereford came together in 2024 to launch *The Inclusion Café*, a community-led initiative that's quickly become a weekly highlight across independent living schemes in Hereford.

The idea, led by Bryngwyn Court resident and retired cookery teacher Maggie Byram, has brought local people together over homemade lunches, cakes, and conversation every Friday. Supported by a team of resident volunteers, the café welcomes neighbours from independent living schemes Stallard Court and Richard Weaver Court, with all proceeds reinvested into running the café.

To support the café's sustainability, residents also started a community garden, with each contributing a packet of seeds, a simple but meaningful way to keep costs down and involve everyone.



Maggie Byram providing meals for the local community in the Inclusion Café.

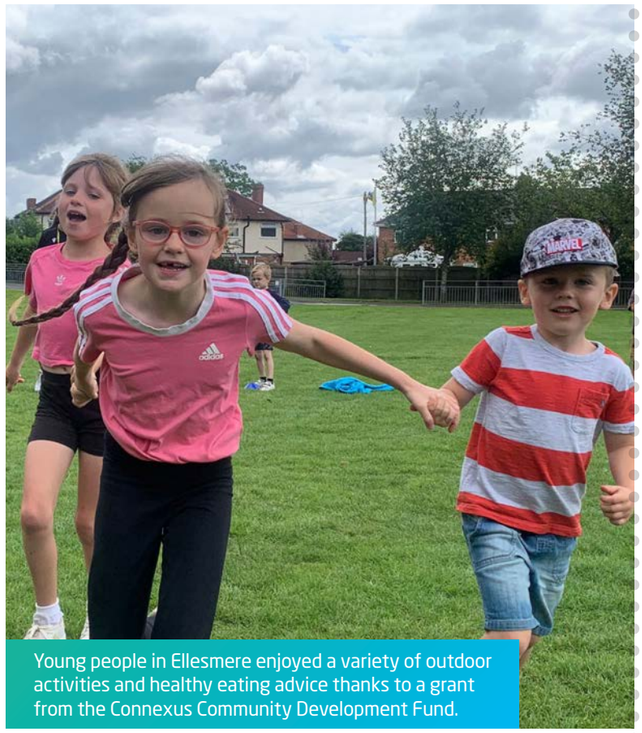
School holiday support

Over 350 free holiday activity places and meals were provided to young people by the New Saints Football Club Foundation in Oswestry, Shropshire in 2024/25, thanks to grants from the Connexus Community Development fund.

A variety of indoor and outdoor activities were available including everything from golf, football, archery and cricket to designing a football trophy and quizzes, Lego and jewellery making.

Young people were given advice on nutrition and healthy eating, seasonal food and minimising food waste. There were even visits from the New Saints FC first team players to talk about the importance of healthy eating and physical activity for good health and wellbeing.

There were also visits from Shropshire Wildlife Trust, Djembe drumming workshops, and meals were provided each day. HRH Duke of Edinburgh visited the Foundation in March this year in recognition of the work they do in the community.



Young people in Ellesmere enjoyed a variety of outdoor activities and healthy eating advice thanks to a grant from the Connexus Community Development Fund.

Enjoying the park life

Over 600 people attended a series of free community events at three parks across Hereford over the summer of 2024.

The events, run by Hereford River Carnival, were supported by Connexus and other sponsors. Circus workshops, paper aeroplane making, crafting and bouncy castles were just some of the attractions. There were also baby chill tents for the youngest visitors.

Children enjoying the attractions at the River Carnival.

Growing our impact

As part of our commitment to sustainability, Connexus has partnered with our materials supplier Huws Gray to deliver long-term environmental benefits.

Working together with the Time4trees, this partnership has supported the planting of 80 trees across the UK. Over their lifetime, these trees are expected to offset around 80 tonnes of CO_2.

This initiative reflects our broader ambition to reduce our environmental impact and work with suppliers who share our values around climate action and lasting social value.

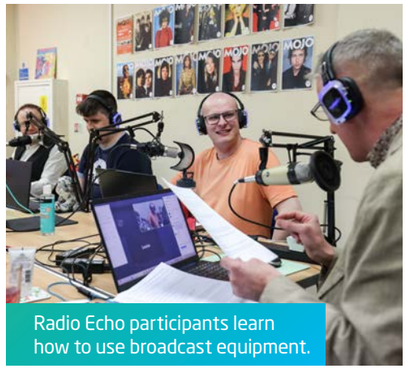
A wheely great service

The Connexus Community Development Fund awarded £3000 to Hereford-based small business, Bake and Create. As well as providing cakes and snacks, between 35 and 50 homecooked meals are delivered every day to vulnerable and older people across Hereford and Fownhope. The visits don't just provide hot meals; they also help tackle isolation for people who may not see anyone else that day.

Connexus chief executive Kate Smith meets local residents and presents a plaque to Bake and Create.

Supporting inclusion and opportunity with ECHO

At the end of March 2025, Connexus visited Herefordshire based Radio ECHO, which has been receiving funding support for the last few years. ECHO, a disability charity, launched its online radio project in 2022 and thanks to support from Connexus, now broadcasts every Tuesday and Friday. The aim of the station is to help participants learn how to use broadcast equipment and build confidence in front of a microphone.



Radio Echo participants learn how to use broadcast equipment.

Campaigning for change

Connexus continued speaking up for rural communities throughout 2024/25, making the case for more affordable homes, better opportunities for those living in our areas, and fairer funding to address the growing shortage of homes and services in rural places.

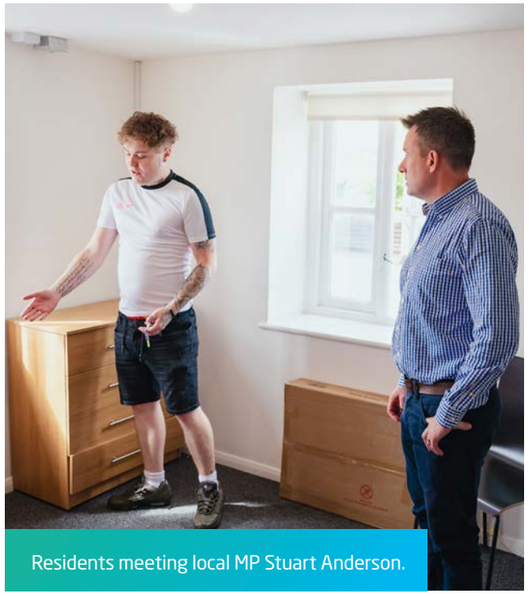
We've welcomed members of parliament from across the political spectrum to visit our homes and see our services first-hand. These visits have included new build schemes, supported housing, and specialist developments for younger people - showcasing not just the homes themselves but the difference they are making to people's lives.

We've also worked to strengthen our relationships with local politicians, helping to raise awareness of rural housing issues and highlight where collaboration can unlock new opportunities. Alongside this, we've developed closer ties with other rural housing associations, coming together to share challenges, align messages, and campaign more effectively.

Young residents have their say

Connexus supported the National Housing Federation's Starts at Home campaign in 2024 by asking customers to share their experiences of supported housing.

Adding their voices to the campaign were young people living at Ludlow Foyer, which provides accommodation and support for 16–25-year-olds. Residents showed local MP Stuart Anderson around their homes, explaining first-hand what life was like at the scheme. In the last 12 months, 34 young people were supported by the foyer and given opportunities to learn new skills, either by taking up formal education courses or getting involved in centre-led projects. The training is individually tailored to each resident to enable them to become more independent, so that eventually they can take on a tenancy of their own.



Residents meeting local MP Stuart Anderson.

A shared ambition

To support our campaign work ahead of the General Election, we launched *Rural Ambition*, a call to action to achieve more for rural communities. *Rural Ambition* focussed on four key areas: delivering more affordable rural housing; supporting skills, opportunities, and jobs; investing in communities; and improving infrastructure and connectivity.

Rural Ambition launched ahead of the 2024 General Election.

Each theme was backed by a Connexus commitment, setting out what we're doing, and a challenge to partners and policymakers to support and play their part.

Teams across Connexus used *Rural Ambition* as a framework to engage with local councillors, MPs, and other stakeholders in the run-up to the election and have continued to use it to steer conversations since. The campaign has not only helped to amplify rural issues but also create opportunities for Connexus to become a more effective partner to achieve long-term and lasting change in our rural communities.

A voice for our communities

Our approach to campaigning was crystalised in the 2025-2030 Corporate Plan, with a dedicated commitment and associated strategic actions. It will see Connexus become a leading voice for rural affordable housing, campaigning for investment to maintain sustainable communities.

We will:

- **Raise our profile, shout about who we are**
- **Raise our voice for the overlooked problems of rural life**
- **Rebuild our reputation with customers and stakeholders**
- **Lead from the front in the stakes for our future**
- **Play our part in the Rural Housing Alliance, Rural Services Network and NHF Rural Network.**

Shropshire South candidate Matthew Green visiting colleagues and residents from Ludlow Foyer supported accommodation during election campaigning.

Connexus Homes Limited

Financial Statements for the year ending 31 March 2025

Registered Society 8376
Regulator Registration Number LH4353

Contents

Company Information	26
Chair's introduction	28
Report of the Board	29
Strategic Report	37
Statement of the responsibilities of the Board	53
Independent Auditor's Report to the Members of Connexus Homes Limited	54
Statement of Comprehensive Income	57
Statement of Financial Position as at 31 March 2025	58
Statement of Changes in Capital and Reserves	59
Statement of Cash Flows	60
Notes to the Financial Statements	61

Company Information

Board Members:

Member	Appointment	Date of Appointment	Resigned/ Retired
Michele Ibbs	Chair - Board member	15/10/2022	
Kathryn Smith	Chief Executive Officer Board member	27/01/2024	
Andrew Battrum	Board member	19/09/2019	
Julian Bill	Chair of Audit & Risk Committee Board member	01/09/2024	
Nicola de Iongh	Chair of People, Remuneration & Culture Committee Board member	15/09/2020	
Simon Ewins	Chair of Customer Experience Committee Board member	15/09/2020	
Simon Gibbs	Board member	19/09/2019	
Imran Patel	Chair of Transformation Oversight Committee Board member	14/09/2021	
Maggie Punyer	Board member	19/09/2019	13/05/2024
Abigail Reilly	Board member	19/09/2019	
James Savage	Board member	01/09/2024	
Paul Smith	Board member	11/12/2018	19/09/2024
Helen Southwell	Board member	01/09/2024	
Andrew Taylor	Board member	01/08/2019	13/05/2024
Patricia Anne Turner	Chair of Finance & Investment Committee Board member	01/09/2024	
Nick Garner	Co-optee	11/04/2019	31/03/2025
Paul O'Driscoll	Co-optee	20/03/2017	31/03/2025

Company Secretary:

Nicola Griffiths -
Head of Governance (resigned 1 September 2024).

Andrew Cooke -
Director of Resources (appointed 1 September 2024, resigned 29 November 2024).

Vikki Hall -
Interim Governance Consultant (appointed 29 November 2024, resigned 6 June 2025).

Gemma Bourne -
Head of Governance, Risk and Company Secretary (appointed 4 June 2025).

Company registration number:
Registered Society 8376. Registered as a Cooperative and Community Benefit Society.

Financial Conduct Authority Registration number:
LH4353.

Registered office:
The Gateway, The Auction Yard, Craven Arms, Shropshire, SY7 9BW.

Executive Directors:

Chief Executive	Kathryn Smith
Director of Resources	Andrew Cooke (resigned 31 December 2024)
Director of Customer Experience	Sara Woodall (resigned 14 February 2025)
Property Director	Fleur Whittingham
Interim Director of Transformation	Bobby Mulheir (resigned 13 March 2025)
Finance Director	James Taylor (appointed 1 March 2025)
People Director	Matt Pitt (appointed 1 November 2024)
Communities and Customer Services Director	Nick Batt (appointed 3 March 2025)

External Auditor:
Crowe U.K. LLP, 4th Floor, St James House, St James' Square, Cheltenham, Gloucestershire, GL50 3PR.

Internal Auditor:
Beever & Struthers, One Express, 1 George Leigh Street, Manchester, M4 5DL.

Solicitor:
Anthony Collins, 134 Edmund Street, Birmingham, B3 2ES.

Bankers:
National Westminster Bank Plc, 5th Floor, 2 St. Philips Place, Birmingham, B3 2RB.
Barclays Bank PLC, PO Box 3333, One Snowhill Queensway, Birmingham, B3 2WN.

Funders:
National Westminster Bank Plc
Lloyd Bank PLC
Canada Life Limited
Phoenix Life Limited
Saltaire Finance PLC
Shropshire Council
Herefordshire Capital PLC

Chair's introduction

It is my pleasure to present the financial statements of the Connexus Group for the year ending 31 March 2025.

With the economic picture in the UK still challenging, Connexus moved to secure its long-term financial position by attracting £100m of investment, £60m through a private placement with a UK investor, yet to be drawn, and £40m from the Affordable Homes Guarantee Scheme. The funding was the result of concerted collaborative efforts between Connexus and our partners over many months. It will benefit our customers for years to come by supporting the development of hundreds of new homes and investing in our existing customers' properties.

I'm delighted we were able to meet our Corporate Plan commitment and deliver over 200 homes during the financial year through a mix of new build and acquisition. This included the completion of our flagship 93-home affordable housing scheme at the Full Pitcher in Ledbury. Radbrook Village, delivered through our outright sale brand Floreat Homes, was also completed and is providing receipts which can be reinvested into the development of more affordable housing.

Equally important was investment in our existing homes. We made significant progress on large-scale refurbishment projects and by delivering our rolling programme of component replacements. There is more work to do, but we are committed to ensuring our homes are meeting modern standards and are safe and comfortable places in which to live.

As well as investment in new and existing homes, we also invested heavily in our services, which recovered strongly following a cyber-security incident in late 2023, and our resourcing. Transforming our repairs service to better support the needs of our customers has been a key priority for some time, and that took a major step forward in 2024/25 with the introduction of new systems for our teams to plan and allocate repair jobs and materials. That work continues at pace, as does aligning our staffing structures to meet demand and prepare for forthcoming safety legislation. It's something we'll continue to build on over the next 12 months as we further reshape the organisation. A focus on improving services for our customers will remain at the heart of this transformation work.

Having welcomed Kate Smith as our Chief Executive in 2023, I am pleased to report that in the last year we also appointed three new Executive Directors which means our leadership team is well positioned with experience, professionalism, energy and enthusiasm to deliver our Connexus plan for our customers. Towards the end of the year, significant work was done to develop a new Corporate Plan and a long-term vision for Connexus. 'Homes you can build a life in' reflects our ambition to deliver improvements over the next five years – building new homes, investing in existing properties and communities, and providing services that help customers build a life in their home.

I'd like to thank everyone who helped make the plan a reality and to all our involved customers, colleagues, Board members and partners for their hard work and support over the past twelve months.

Michele Ibbs

Michele Ibbs
Connexus Chair of the Board

Report of the Board

The Board presents its report and the audited consolidated financial statements for the year ended 31 March 2025.

Board Responsibilities

The Board is responsible for the Group's strategic direction. Day to day management and implementation is delegated to the Chief Executive and the Executive team who meet at least fortnightly. The Executive Directors and senior colleagues attend Board and committee meetings. The Board meet a minimum of four times a year. The Chief Executive and Chair meet regularly.

Principal activities

The legal parent of the Group is Connexus Homes Limited through which all statutory powers of the Group are vested, and all the accounts of the Group are consolidated. The Board operate under a Board of Management and details of the governance structure are shown in this report.

The Association is registered with the Cooperative and Community Benefit Societies Act 2014, Registered No.8376. It is also registered with and regulated by the Regulator of Social Housing in accordance with the Housing and Regeneration Act 2008, Registered No. LH4353. The Association has charitable objectives and is a charity for tax purposes.

Connexus Homes Limited ('the company") was formed for the benefit of the community in providing housing, accommodation, and related services for people in housing need.

Review of business and future developments

Details of the Group's performance for the financial year and future plans are set out in the Strategic Report that follows this report.

Housing property assets

Details of changes to the Group's fixed assets are shown in notes 12 and 13 to the financial statements.

Political and charitable donations

The Group gave £39k charitable donations during the financial year (2024: £119k). No political donations were made during the financial year (2023 £nil).

The level of reserves for the Group at the end of the financial year was £131.3m (2024 £125.8m). This is after the transfer of the surplus for the financial year of £5.543m (2024 £6.585m).

Post balance sheet events

The directors confirm that there have been no material events since the balance sheet date which would require adjustment or disclosure in the financial statements.

Payment of creditors

In line with government guidance, the Group's aim is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier.

NHF Code of Governance

The Board's adopted code during the year was the National Housing Federation's Code of Governance (2020), and Code of Conduct (2022). On an annual basis, Connexus completes the NHF Checklist which offers the Board Assurance on how the organisation is complying with the Code.

The Board has formally assessed its compliance against the Code and the Governance and Viability Standards and confirms that the Group is compliant.

Members of the Company

As of 31 March 2025, there were 11 shareholders, each holding a £1.00 share all of which are independent in accordance with

the Association's Rules. Members have voting rights at Annual and Special General Meetings. Members of the Association are eligible to be elected to sit on the Board and Committees. The detailed arrangements regarding membership are set out in the Rules of the Association.

Health and safety

The Board is aware of its responsibilities on matters relating to health and safety and the Group has detailed health and safety policies. The Group complies with the Health and Safety at Work Act 1974 and other relevant legislation.

Public Benefit

In setting the Group's aims and objectives, the Board has given careful consideration to the Charity Commission's general guidance on public benefit. The Board confirms that the Company complies with the public benefit criteria by:

- The provision of social housing, accommodation, and related services for people in need.
- Ensuring that rents are charged within the parameters of the Group's rent plan, in accordance with the Regulator of Social Housing (RSH) rent standard and guidance.
- Ensuring that housing is let on the basis of need.
- Valuing diversity through the Group's Equality, Diversity, and Inclusion policy.

Details of the Group's performance in achieving this in the year to 31 March 2025 are included in the Strategic Report.

Financial Performance

Group turnover was £82.2m for the year which increased by £14.7m (£67.5m 2024). Social housing lettings income increased in year by £4.8m due to rent inflation, and the increase in unit numbers. Market sales increased by £10.6m due to the completion of the scheme at Radbrook. These increases have been offset by lower Shared Ownership sales in year by £0.7m.

The operating surplus for the year was £16.9m, which was £1.6m higher than 2024 (£15.3m 2024). Operating expenditure was £71.8m for the year, £14.0m higher than 2024, with the main driver being increased cost of sales in relation to the open market scheme.

The key drivers for the improved performance overall were:

The surplus on disposal of fixed assets was £6.5m for the year and £0.8m higher than the previous year (£5.6m 2024). This was driven by an increased strategic focus on reducing the number of economically unviable properties held in the stock portfolio.

Social Housing Lettings operating surplus was £9.7m for the year and £1.1m higher than the previous year (£8.6m 2024).

Turnover from Social Housing Lettings was £63.0m for the year and £4.8m higher than the previous year (£58.2m 2024). This was notably due to the formula rent inflation applied at 7.7% for the year 2024/25.

Operating expenditure on social housing lettings was £53.4m for the year and £3.7m higher than the previous year (£49.7m 2024). The continuation of high levels of cost inflation from 2023/24 impacted the cost of goods & services received by the Group, and increased the overall cost base. Routine and Planned maintenance costs increased during the year to £22.0m by £2.8m (£19.2m 2024) because of both higher volumes and the continuation of material and subcontractor cost increases, with both cost drivers being prevalent across the social housing sector.

Connexus suffered a cyber-incident in December 2023 which significantly impacted operations. An ongoing insurance claim for recovery of incidental costs of £0.4m was recognised in the financial statements 2025.

External Wall Insulation issues have been identified at the Radcliffe Court estate in Hereford. An impairment from 2023/24 relating to four of the units has been reversed in the year, with it now being treated as accelerated depreciation following contractor start on site – see Note 12.

During the year a review of the office requirements was undertaken as part of the People Strategy and Connexus is committed to a hybrid work approach. It was noted that the utilisation of the Gateway office has reduced and it also requires significant repairs with the future plans for the property being uncertain. This together with the resulting significant decline in the market value created an indicator of impairment with an impairment of £1.5m (£nil 2024) being recognised.

The Shared Ownership Sales surplus was £0.5m for the year and £0.5m lower than in the 2024 (£1.0m 2024) due to fewer properties being available for sale.

Investment property values continued to hold to previous valuations despite the economic conditions. A stable position in Investment property values, with a £149k net increase recognised in the year following the receipt of external valuations conducted by Savills, RICS Valuers.

The Group made a surplus for the year ended 31 March 2025 of £5.22m after tax, compared to £5.96m in 2024.

Taxation

Surpluses from social housing lettings are exempt from tax as the Group has charitable status. Usually when taxable activities are undertaken for example from our Market Sales programme, the profits derived are gift aided from the subsidiary to the Group. The profits will be used to fund further affordable housing in future years in line with the Group business plan.

Total Comprehensive Income

There was a £0.3m actuarial gain in respect of Pension schemes contained within the actuary reports for the financial year, due to improved investment performance and the impact of changes in pension assumptions.

Statement of Financial Position

At the 31 March 2025 Housing Properties had a net book value of £470.8m increased from 434.5m in 2024. £15.9m of social housing letting schemes were completed in the year compared to £18.9m in 2024, and £11.4m of Shared Ownership properties were also completed, £5.3m in 2024. The value of properties under construction at the year-end was £33.8m (£34.8m 2024), Radbrook Village Phase 4 properties being constructed for Outright Sale contribute £3.9m of the total held for sale at the year-end (£9.4m 2024). Total reserves are £131.3m (£125.8m 2024) following the transfer of surplus for the year and other comprehensive income.

Treasury Policy

The Connexus Group treasury management policy requires that Connexus will maintain a minimum level of liquidity so that there is:

- sufficient cash to cover the next three months forecast gross cash outflow requirement or £3.0m;
- sufficient cash and committed loan facilities capable of immediate draw down to cover the next twelve months forecast net cash outflow requirement; and
- sufficient cash and committed loan facilities (whether or not capable of immediate draw down) to cover the higher of total committed development spend and the next eighteen months forecast cash requirement.

Cash Flow

Cash inflows and outflows for the year ended 31 March 2025 are set out in the cash flow statement on page 43. Net cash inflows from operating activities are from the management of housing stock. Returns on investment and servicing of finance are due to interest income and interest charges on loans.

The net cash outflow from capital expenditure is the spend on capitalised repairs on existing housing stock, spend on development of new housing stock which has been capitalised less

grant, and sales proceeds from properties sold under the 'Right to Buy scheme', plus spend on other fixed assets. The net movement in financing is the difference between loans repaid and new loans.

The Group generated net cash from operating activities of £13.1m (£13.9m 2024). After investing and financing activities cash and bank balances for the year ended 31 March 2025 increased by £2.9m (decreased £0.4m 2024).

The Group continues to have strong operating cash performance, on the 31st of March group liquidity was £67.1m comprising of £6.6m of cash and liquid short-term investments, £65.5m un- drawn RCF facilities, and a further £20m of undrawn funds due from fixed lending within the next twelve months. In addition there is a further £40m of committed undrawn funds due from fixed lending within the twelve months after.

Capital Structure and Treasury Policy

The Group's financial instruments comprise borrowings, some cash and liquid resources and various items such as trade debtors, creditors etc. that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. It is the Group's policy to not trade in financial instruments. The main risk arising from the Group's financial instruments is liquidity risk. The Board reviews and agrees policies for managing this risk, details of which are summarised below. The policy was last updated in August 2024.

Treasury activities are controlled and monitored by the Finance Director, with the assistance of external consultants as required, and are carried out in accordance with policies and strategies approved by the Board. A Finance and Investment Committee operated in the year to review the short- and long-term funding strategy for the Group. The Board undertakes regular reviews of treasury management activity and covenant compliance. The Company has adopted a policy that balances the need to keep the cash levels necessary only to meet immediate business requirements but also protecting the long-term position by taking advantage of long-term rates, when the opportunity arises.

The overall aim is to manage the Company's exposure to interest rates and have a debt profile that supports the needs of the business. The Group finances its operations through a mixture of retained profits, bank funding and bonds taken at fixed rates of interest. The majority of borrowings are at fixed rates in GBP and the Group has no currency exposures. Any movements in interest rates will therefore not materially impact on the surplus before tax. The Group does not hold any derivative financial instruments.

Funding & Treasury Performance

Total long-term borrowings of £295m (£254m 2024) Overall net debt has increased by £37.9m to £284.8m at the year end. Net debt is defined as debt less cash available to repay funders. The organisation remains largely protected from interest rate risk with 95% of the debt portfolio obtained at fixed rate (94.5% 2024) with 5.0% at floating rates of interest. However, interest rate risk exposure will decrease over the coming year as new fixed lending facilities are utilised.

The group security structure remains in the long term with 92.0% (91.4% 2024) of drawn debt being due after 5 years. This is part of our control framework to reduce the refinancing risk by ensuring a mixture of loan terms. The Group weighted average cost of capital was 4.48% (4.25% 2024).

The Group remains well funded, the reported period of financing at the 31 March 2025 was 131 months to March 2036. This was supported by the approval of our latest business plan where the period of financing was significantly greater than the Regulatory requirement of 18 months, demonstrating sufficient funding for both our Capital Improvement and Development programmes.

Moody's Rating A3 stable

The Groups credit rating was confirmed by Moody's during the year, and the long-term rating was maintained at A3, however the outlook was changed from stable to negative in response to the significant investment required in customers properties to achieve SAP C by 2030. The ratings and outlook are supported by Connexus' focus on low-risk social housing activity and low treasury risks, including limited further refinancing needs. Connexus ESG Credit Impact Score was confirmed at CIS-3.

Accounting Policies

The principal accounting policies are set out in note 2 to the financial statements on pages 61 to 69.

Internal Control Assurance Statement

The Board accepts full responsibility for establishing and maintaining a comprehensive internal control system and for assessing its effectiveness. It acknowledges that no internal control system can offer absolute assurance or completely eliminate risk. Instead, the system is intended to manage risk and provide a reasonable level of assurance that the organisation's key objectives and desired outcomes will be met. It also aims to ensure the accuracy and reliability of financial and operational reporting, as well as the protection of Connexus' assets and interests.

To fulfil these responsibilities, the Board has implemented a risk-based internal control framework that is integrated into the organisation's standard management and governance practices. This includes ongoing assessments of the nature and scale of risks the organisation may face.

The Board confirms that a continuous process is in place for identifying, assessing, and managing significant risks affecting Connexus. This process has been operational throughout the financial year and up to the date of approval of the annual report and financial statements. The Board's review of the internal control system's effectiveness involves several key components of the control framework, including:

Identification and evaluation of key risks

Clear accountability has been established for identifying, assessing, and managing significant risks. The Senior Management Team oversees the management of corporate risks. The Audit and Risk Committee routinely evaluates how effectively controls are applied to the strategic risk register. Meanwhile, the Board conducts a comprehensive review of the strategic risk profile, ensuring that the risks identified are relevant and represent the most critical threats to the successful execution of the corporate strategy. Additionally, the Board is responsible for setting the organisation's overall risk appetite.

Control environment, procedures, and monitoring

Routine reporting on risk provides layered assurance throughout the organisation, ultimately reaching the Board. The risk management framework supports this by enabling the reporting of incidents where risks have materialised, helping to identify weaknesses in internal controls and ensuring that appropriate corrective measures are implemented. The Board maintains oversight of a clearly defined set of responsibilities that span strategic, operational, financial, and compliance matters. A suite of policies and procedures is in place to address areas such as delegated authority, separation of duties, financial reporting, treasury operations, health and safety, data security, asset protection, and the prevention of fraud. These documents are subject to regular review and are updated as necessary to remain effective and relevant.

Key Performance Indicators and Financial Reporting Systems

The Board routinely monitors key performance indicators to evaluate progress toward achieving core business goals, targets, and outcomes. Financial reporting processes include the preparation of detailed annual budgets and multi-year forecasts, both of which are subject to review and formal approval by the Board on an annual basis.

Independent Review

Connexus has a G1/V2 rating. This means that we meet governance requirements and have the financial capacity to deal with a reasonable range of adverse scenarios but need to manage material risks to ensure continued compliance.

Connexus' internal control system and risk management framework undergo routine evaluation by Beever & Struthers, the appointed independent internal auditor. This process offers objective assurance to the Board through the Audit and Risk Committee. The Audit and Risk Committee reviews matters related to internal control at each of its meetings throughout the year and can escalate matters to the Board, if so required.

While the Board retains ultimate accountability for the internal control system, it has delegated responsibility to the Audit and Risk Committee to carry out regular reviews of its effectiveness. The Audit and Risk Committee has reviewed the annual assessment of Connexus' internal control system, along with the internal auditor's annual report, and has presented its conclusions to the Board.

Based on this, the Board is confident that there is sufficient evidence to demonstrate that effective internal control systems were in place and functioning throughout the year, and that these systems supported the ongoing management of the organisation's key risks.

Statement of Compliance

The Board confirms that these financial statements are prepared in accordance with Financial Reporting Standard 102 – the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice for Registered Social Housing Providers 2019 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022. The Board confirms Connexus are fully compliant with the Governance and Viability standard, following the review undertaken during the year.

Going Concern Statement

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

The Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in June 2025 by the Board. The Business Plan considers the assessed principal risks set out in pages 45 to 46 and other matters discussed in connection with the Viability statement below.

As well as considering the impact of a number of scenarios on the business plan, the Board also adopted a stress testing framework against the base plan linked to the strategic risk register. The stress testing impacts were measured against loan covenants and peak borrowing levels at an entity level, compared to agreed facilities. Following the practice adopted in previous years, the Group has undertaken a series of further scenario testing including severe but plausible downsides in the 'Perfect Storm' worst case assessment. The risk mitigation plan has been fully reviewed and contains levers to respond to any breaches identified in the stress test. The core mitigating actions either reduce expenditure or increase income.

The board, after reviewing the group and company budgets for 2025/26, and the group's medium term financial position as detailed in the 30-year business plan, which includes changes to economic assumption in the current operating environment, is of the opinion that, taking account of severe but plausible downsides, the group and company have adequate resources to continue in business for a period of at least 12 months from the date of approval of these financial statements (the going concern assessment period).

In order to reach this conclusion, the Board have considered:

- The property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values, and potential conversion of market sale to social homes.
- Maintenance costs – budget and business plan scenarios have been modelled to take account of increased volume, cost increases, and delays in maintenance expenditure, a compliance only programme and major works being phased into future years.
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents.
- Increases to inflation, management costs, and interest (SONIA) rates and the associated impacts on affordability.
- The Group's ability to tolerate one-off financial shocks.
- Liquidity - available cash and unutilised loan facilities at the financial year end was £92,126k (£70,781k 2024), a further £21,178k will be available from a sinking fund once security is in place, along with £40,000k due from fixed lending in October 2026. This gives significant headroom for committed spend and other forecast cash flows that arise.
- The Group's ability to withstand other adverse scenarios such as higher interest rates and number of void properties.
- The Group's continued ability to generate operating surpluses and positive operating cashflows.

The Group's headroom in its financial covenants aligned to the risk appetite set by the Group Board through the adoption of a set of Golden Rules.

The board believe the group and company has sufficient funding in place and expect the group to be compliant with its debt covenants even in severe but plausible downside scenarios. The Directors are confident that the Group and Association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have continued to adopt the going concern basis in their preparation.

Viability Statement

During the year the Group Board has assessed the viability of the Group in line with the business plan. This assessment has been made through the business planning process which takes account of both the Group's current position and its principal risks, which are detailed on pages 45 to 46 of the Financial Statements.

The Group Board has determined that the period to 2030 is an appropriate period over which to provide its viability statement. While the Group Board believes that Connexus will be viable over a much longer period, this period has been chosen as it has a much greater degree of certainty.

Asset maintenance and compliance are key to the Group's continued success, key to this is the maintenance of a Group-wide assets and liabilities register and risk management processes that flow through to all of the Group's subsidiaries and operations.

The business planning process includes the Group's most recent targets, operational plans, and a review of external factors. The operational plans provide long-term direction and are reviewed on at least an annual basis.

The base plan is externally tested through rigorous sensitivity analysis and stress testing using a series of robust downside financial scenarios which result in a financial impact. The testing also identifies the principal risks that may adversely impact the Group linked to its Risk Registers, including operational,

economic, political, business, liquidity, market and credit risk. and credit risk. The results of the testing ensure potential mitigating actions are appropriately developed.

Due to the inherent uncertainty involved in all business planning, it is not possible for the review to consider every risk that the Group may face. However, the Group Board considers that the stress testing performed includes all major risks and therefore provides strong assurance of the Group's financial viability. These risks include and not limited to potential impact of forecast inflation levels, interest rate forecasts, welfare reform on our tenant's ability to pay their rent, further reductions in social rents in response to government policy changes, and the impacts of cost base increases as a result in changes to global socio-economic and political volatility.

External assurance of the Group's viability is demonstrated by the Group's credit ratings (Moody's: A3). Moody's assessment changed from stable to negative outlook in the year, and this was a factor for the Board to have regraded their assessment of principal risks in relation to Finance and Asset Management as outlined in pages 45 to 46. The updated Asset Management Strategy will outline how the Group proposes to overcome these challenges in relation to managing the risk of an ageing stock profile. The Group has strong liquidity and has demonstrated that funding is available to the Group. During the year, the Group secured new funding of £40m through the Affordable Homes Guarantee Scheme, and £60m through a private placement investor, the private placement is not yet drawn.

The Group Board has therefore concluded, based on the extent of the business planning process and strong financial position, that there is a reasonable expectation the Group and the Association have adequate resources and will continue to operate and meet their liabilities as they fall due over the period of their assessment.

The Group Board can also confirm that it has complied with the Governance and Financial Viability Standard set out by the Regulator Social Housing and at the year-end held the rating G1/V2.

Independent Auditor

Crowe U.K. LLP were reappointed at the AGM in September 2024. A resolution to reappoint Crowe U.K. LLP, as independent auditor, will be put to the members at the annual general meeting.

Annual General Meeting

The report of the Board and strategic report was approved by the Group Board on 11 August 2025 and signed on its behalf by myself as Chair.

The annual general meeting will be held online on 3 September 2025.

Michele Ibbs

Michele Ibbs
Chair

11 August 2025

Strategic Report

Who are we?

Connexus is a rural housing association with its heritage in Shropshire and Herefordshire, providing good quality, affordable and safe homes that customers are proud to live in. We aim to create inclusive neighbourhoods, sustainable rural communities, and provide services that supports customers to build a life in their home.

Our purpose

To provide good quality, safe, affordable homes.

Our mission

We are a business, with social objectives at our heart, providing good quality, affordable and safe homes that our customers are proud to live in. We create inclusive neighbourhoods, sustainable rural communities, and provide services that support our customers to build a life in their home.

Our vision

Homes you can build a life in.

What are we doing?

At the end of the year, we launched our Corporate Plan 2025-30, which was developed with feedback and insight from key stakeholders including customers, colleagues and the Board. We began working to deliver against the commitments set out in the plan and further embed our Pride values.

Our Corporate Plan commitments

Our Corporate Plan 2025-2030 is based around four commitments, which reflect the areas where Connexus can make most impact for its customers and communities. Each commitment explains in detail what we will do, with associated strategies and plans put in place to ensure the necessary resources and funding are available to deliver the outcomes needed.

- **Committing to better affordable homes**
  We will build and maintain safe, good quality, affordable homes that our customers can build a life in.
- **Driving efficiency and improving services for customers**
  We will provide amongst the best customer experience, delivering efficient and effective services for our customers.
- **Investing in communities, opportunities and skills**
  We will invest in communities through the provision of homes, services and jobs delivering this in a colleague environment that makes a social difference to our communities, values contribution, hard work and effort, and provides opportunities for all to progress a career and learn skills.
- **Being a leading voice in rural affordable housing**
  We will become a leading voice for rural affordable housing, campaigning for investment to maintain sustainable communities.

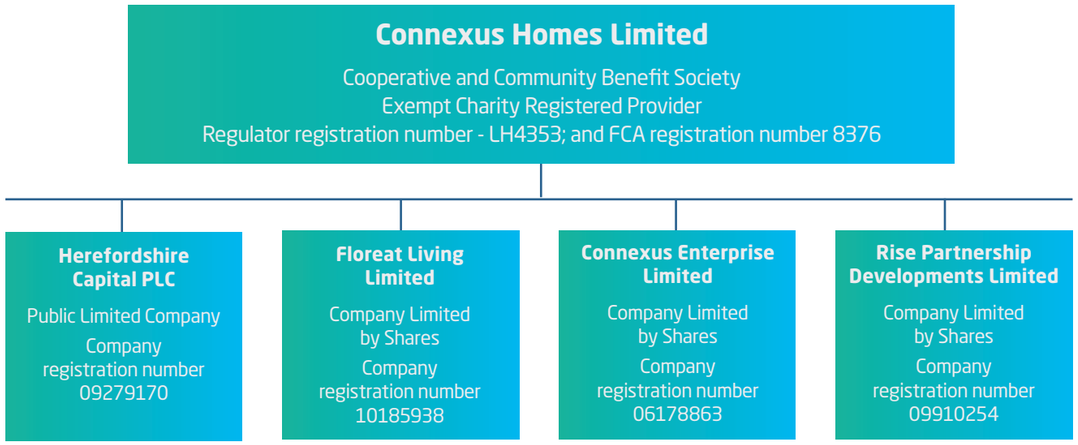
The Connexus Corporate Plan 2025-2030 is available to read in full on the Connexus website at www.connexus-group.co.uk/corporate-plan-2025-2030

Our Values

Our Pride values are key to supporting the culture at Connexus.
We are:

Passionate	We care deeply about our work and our customers and take pride in serving people and communities. This shows in our energy, enthusiasm and commitment to going the extra mile, and building for the future.
Respectful	We deal with people of all ages, all backgrounds, all needs and requirements and we treat everyone fairly, considerately and as individuals.
Involving	We develop services for people, making sure we listen to what they need and involve them all the way. We learn from our experiences and always look to grow and develop together.
Determined	When we start something, we see it through. We are decisive, focused, and tenacious and work around challenges to find the best outcome.
Effective	We aim to get it right first time and to do the simple things well, because that sets the standard and everything else follows. We deliver.

Group Structure and Entities



Connexus Homes Limited is the Group Parent company and registered provider of social housing. It has four subsidiary companies as follows:

- Herefordshire Capital PLC is the funding special purpose subsidiary.
- Floreat Living Limited is the market sales subsidiary.
- Rise Partnership Developments Limited is the Development Design & Build subsidiary.
- Connexus Enterprise Limited is a dormant commercial subsidiary.

Board Members and Non-Executive Directors

The Connexus Homes Group operates a Board of Management, where the Board Members act for and on behalf of the whole Group. However, the members of the Finance and Investment Committee also form the membership of the Board of Management of the following subsidiaries, within the Group:

- Connexus Enterprise Limited
- Floreat Living Limited
- Rise Partnership Developments Limited

Directors:

Non-Executive Director	Patricia Anne Turner (Chair)
Non-Executive Director	Andrew Battrum
Non-Executive Director	Simon Gibbs
Non-Executive Director	Michele Ibbs
Non-Executive Director	James Savage
Executive Director	Kathryn Smith

In addition, the following individuals are Directors of Herefordshire Capital Plc

Non-Executive Director	Patricia Anne Turner (Chair)
Non-Executive Director	Michele Ibbs
Executive Director	Kathryn Smith
Executive Director	James Taylor

The non-executive directors of the Group who were in office during the year and up to the date of signing the financial statements are set out below. The Board comprises of ten Ordinary Board Members and the Group's Chief Executive Officer.

The Group has insurance policies that indemnify both its Board Members and Executive Directors against liability when acting for the Companies. Except for the Chief Executive, Kathryn Smith and James Taylor (for Herefordshire Capital PLC only) Executive Directors are not Board Members for any subsidiaries and act as executives within the authority delegated by the Board.

Michele Ibbs - Chair

Michele has a track record of delivering growth and change in private, public and not-for-profit organisations and in diverse sectors - food and drink, luxury consumer goods and higher education. As a leader with professional background in marketing, she is focused on customers being at the heart of a successful business.

She is an experienced non-executive director having been Senior Independent Director and Chair of Nominations and Remuneration Board Committees at The Marsden Building Society; Non- Executive Director and Chair of Finance and Performance Committee with Blackpool Teaching Hospitals NHS Foundation Trust; and Non- Executive Director of The Ombudsman Service Limited (now Trust Alliance Group). She is currently a Non-Executive Director and Shareholder Representative on the Board of the Cambridge and Counties Bank Limited and Senior Independent Director and Chair of Remuneration Committee at Melton Building Society.

As Chair, Michele is responsible for the leadership of the board and committees, ensuring oversight of corporate governance and assurance. She supports the Chief Executive and the Executive Management Team to determine the organisation's strategic direction and delivery of agreed corporate priorities.

Andrew Battrum

Andrew was the Finance Director of Bromford Housing Group, for 17 years retiring in 2016. His experience at Bromford provides him with a good insight into the social housing sector and equips him with an understanding of the locality.

In addition to his financial management and treasury expertise, he brings strong analytical skills and an ability to move easily between the bigger picture and detailed thinking. He has experienced different ways of working at Bromford, which has broadened his thinking both in terms of organisational and Board operations.

Nicola de Iongh

Nicola is passionate about social impact, and in particular the systemic relationship between education, health and housing. Nicola is Connexus' Senior Independent Director.

As Chair of Council at the University of Gloucestershire, she is an advocate for education as a means of transforming people's lives so that they can make the world a better place. She is also a strong voice for the civic role the University plays in its community. She is Chair of the UK's University Chairs' representative body, the CUC. Nicola serves as Vice Chair and Senior Independent Director of the Gloucestershire Health and Care NHS Foundation Trust.

In the private sector, Nicola chairs the Reference Committee for the Premier Miton UK Responsible Investment Fund, with a remit to advise on the fund's investment policy and scrutinise investment decisions from the perspective of sustainability and ethics. Previously, Nicola worked in the financial services sector as a global transformation lead. She also spent several years working as a freelance management consultant majoring in strategic and complex change across a number of sectors in the UK and Europe.

Simon Ewins

Simon is the Managing Director of Whitbread Plc Hotels & Restaurants, overseeing the day to day running of 1,300 operations and a team of 35,000 people, delivering in excess of £2.5bn annual turnover. His strengths centre on leading complex and scale operations, transformational change, and rapid organisational growth. This through a lens of sustainable 21st century leadership.

His life experiences, combined with family ties to Shropshire and Herefordshire, have given Simon a real passion for the Connexus journey.

Simon Gibbs

Simon has Board experience of both public and private companies across sectors including Property, Retail, and Media. He has executive experience over 25 years as a CEO/MD. He is a Chartered Accountant with investment banking experience and has specialist knowledge in both Treasury Management and Property Development, most recently through his role at Curo as Executive Director – Finance and Strategy.

Simon has commercial expertise to drive growth within a housing building context. He has experience, understanding and an appreciation of the social housing sector bringing something different given his blended professional profile.

Imran Patel

Imran is an experienced director in the telecoms sector with extensive experience driving results in large scale leadership roles, with a track record improving customer experience, transforming operations, and increasing employee engagement. He has experience in collaborating with executives to successfully lead strategic change initiatives and new business ventures. Imran recently moved into an executive role as Group Director of Customer Experience at Yorkshire Water.

He joined Connexus as a Co-optee to the Customer Services and Enterprise and Development Committees in November 2020 before the Board in November 2021.

Abigail Reilly

Abigail comes from a military background and has fifteen years' experience at senior management level within Social Housing. This includes three years as Executive Director responsible for a wide portfolio including Organisational Development, HR, Governance, ICT, Communications, Project Management, Facilities, Fleet Management and Corporate Strategy, Performance and Planning.

Abigail is a Business Psychologist and Fellow of the CIPD and has a particular interest in organisational culture. She is currently the Director of Organisational Effectiveness and Development at Oxford Brookes University.

Anne Turner

A qualified accountant, Anne spent 25 years in executive positions in three large housing association groups in the Midlands which has given her an excellent knowledge and understanding of the sector and the issues it faces. Over the years she has highlighted the importance of sound finances, excellent treasury and cash management as well as the need for surpluses to invest in new and improved homes and services.

Since retiring from her role as chief operating officer at Orbit Group in March 2016, she has concentrated on non-executive positions, primarily in housing associations. This has included group board roles in three large and varied registered social landlords, including chairing treasury and audit committees.

Having previously served on numerous CIPFA and NHF committees and working groups on housing related issues, Anne was a regular speaker at housing and finance conferences. In 2023 she was appointed as treasurer trustee of the Stratford upon Avon Foodbank, as she was keen to use her skills to support local projects and initiatives.

James Savage

James served in the Royal Air Force (RAF) for more than 35 years. His career encompassed senior roles leading HR strategy for both the RAF and all three UK Armed Forces; and in infrastructure, with responsibility for major portfolios of military bases in the UK and overseas.

He rose to lead the RAF's infrastructure profession and, in his final role, led the provision of housing to circa 40,000 families of all three Armed Forces in the UK and across 16 countries in Europe. For his work leading Defence housing through an exceptionally challenging period while setting the conditions for a major programme of improvements, he was made a CBE in the 2025 New Year's Honours List.

He has experienced housing services as both a customer and the provider of military housing and is passionate about the importance of delivering high-quality housing and related services. He also brings extensive experience developing strategy for very large organisations, and leading large, dispersed teams through major change.

Helen Southwell

Helen has over 30 years' professional experience as a senior leader in the health sector, primarily in the NHS. Her roles extend across general management, transformation and organisational change, strategic planning, and commissioning both at local system and regional level in the Midlands.

She is an experienced non-executive director across several Midlands-based housing associations as well as holding trustee roles in special education. Helen recently retired from the board of Platform Housing Group, where she was chair of their people and governance committee and board member responsible for complaints.

Helen is a passionate advocate for listening to customers, and through strong partnerships and governance, delivering positive impact to people and local communities. Helen lives in rural Worcestershire with her family.

Julian Bill

Julian has board experience within both financial services and social housing. He is a chartered accountant and in a 30-year career within financial services has held executive roles in finance, risk and internal audit. His most recent role is chief risk officer at Monmouthshire Building Society. He has served for 10 years as a non-executive director at Pobl Housing Group in South Wales, where he chaired the audit and risk committee.

Committee Structure

Audit and Risk Committee

The role of this Committee is to provide assurance to the Connexus Homes Board and subsidiary Boards for the whole Group to ensure that the following functions are effective and well managed:

- The systems of internal control
- Risk management
- Internal audit function
- External audit function

This also includes the lead role for the areas of health and safety, procurement and value for money, providing assurance to the Boards that legal and regulatory requirements are being met.

The following strategies/policies set the parameters within which this Committee operates:

- Risk Management Framework

Customer Experience Committee

The role of this Committee is to provide assurance to the Connexus Homes Board on the performance, quality and value for money of all services provided to Connexus properties and residents. This includes housing and support services, customer services, customer and community involvement, and the repairs service. The Committee's responsibilities also include IT operational issues.

The Committee has responsibility for approval of service specific strategies.

The following strategies set the parameters within which this Committee operates:

- Connexus Corporate Plan and Annual Targets
- Customer Strategy
- Any other policies that fall under the remit of this committee

Finance and Investment Committee

This Committee is responsible for:

- Overseeing the delivery of the Homes Strategy on behalf of the Group, including the approval of commercial development schemes.
- The evaluation and approval of new business opportunities within overall Group strategy parameters and maintaining oversight of commercial activities and the commercial companies on behalf of the Connexus Homes Board.
- Overseeing the financial health and stability of the Group.
- Overseeing the delivery of the Asset Management programme.

The Committee has common membership with the following subsidiary boards and will discharge its duties to these organisations in accordance with their constitutional documents, these Standing Orders and the Financial Regulations:

- Connexus Enterprise Limited
- Floreat Living Limited
- Rise Partnership Developments Limited

The following set the parameters within which this Committee operates:

- Corporate Plan
- Homes Strategy
- Asset Management Strategy
- Long-Term Financial Forecast
- Any group strategy that relates to new business

People, Remuneration and Culture Committee

This Committee has responsibility for strategic human resource planning to support the delivery of the Group's Corporate Plan. This includes keeping the leadership needs of the Group under review for both executive and non- executive roles and the review of Group-wide employment and remuneration arrangements.

The following strategies set the parameters within which this Committee operates:

- Connexus Corporate Plan
- People Strategy

Transformation Oversight Committee

The role of this Committee is to provide assurance to the Connexus Homes Board on the direction, and implementation of projects across the organisation to support business transformation and the realisation of benefits.

While a major project is being managed by Project Management then Transformation Oversight Committee will monitor performance data for the area of the project.

The Committee has responsibility for approval of service specific strategies.

The following strategies set the parameters within which this Committee operates:

- Connexus Corporate Plan and Annual Targets
- Any other strategies that fall under the remit of this committee

Risk Management

Connexus is exposed to risks which may have material and adverse effects on its reputation, performance, and financial position. The group measures risks by reviewing the likelihood and impact of the inherent risk of an event occurring, mitigations and management controls are applied, and the residual risk calculated. The Audit and Risk Committee reviews the risk register and principal strategic and operational risks on a quarterly basis, as part of the assurance framework. The senior management team monitor risks for any emerging threats.

The board reviews its risk appetite on an annual basis; the last review was in July 2025. The Group sets its risk appetite across the following categories:

Hungry
Eager to be innovative and take on a very high level of risk but only in the right circumstances.

Open
Willing to consider all potential options, subject to continued application and/or establishment of controls: recognising that there could be a high-risk exposure.

Balanced
Preference for safe, though accept there will be some risk exposure: medium likelihood of occurrence of the risk after application of controls.

Minimal
Safe leading to only minimum risk exposure as far as practicably possible: a negligible/ low likelihood of occurrence of the risk after application of controls.

Averse
Avoidance of the risk is the objective. Every reasonable action taken to reduce the risk as far as is practicably possible.

The eight most significant strategic risks are shown in the tables shown on pages 45 to 46. The Audit and Risk Committee, Board, and Senior Management Team continually reassess the risk registers which means reporting is an iterative process.

	Risk	Approved Risk Appetite	Mitigations
1	**Financial Issues** The risk of failing to fund all non- discretionary expenditure from operational income in line with regulatory expectations, meet golden rules and covenants and maintain cost-effective long-term funding - all in line with the G&V Standard.	Balanced	Connexus maintains strong financial oversight through an annually approved business plan and budget, supported by treasury advisors (Savills). Stress testing and covenant monitoring are regularly conducted, with risks escalated promptly. Financial performance is reviewed monthly by leadership and quarterly by the Board, with forecasting, contingency planning, and internal audit ensuring resilience. A key operational focus is on repairs and maintenance, driven by efficiency goals and rising customer demand.
2	**Poor data quality & integrity** The risk from unreliable data on decision making and reporting.	Minimal	Connexus has a structured approach to data quality, supported by a formal policy outlining principles, roles, and responsibilities, and reinforced through annual e-learning. Internal audits report to the Audit and Risk Committee, while external advisors Carruthers & Jackson support a new data strategy and maturity assessment. A dedicated data strategy project is overseen by the Transformation Oversight Committee, with ongoing efforts focused on data cleansing.
3	**People** The risk of failing to ensure we recruit and retain people with the necessary skills, capabilities and engagement to deliver our priorities and objectives.	Balanced	Connexus has strengthened its people agenda through the appointment of a new People Director and senior support, alongside a revised and approved People Strategy. It promotes internal secondments and apprenticeships, pays the Real Living Wage, and conducts succession planning at senior leadership levels. Oversight is provided by the People, Remuneration & Culture Committee.
4	**Data & cyber security** The risk of failing to protect our data and systems.	Minimal	Connexus has a comprehensive cyber security framework in place, including regular penetration testing, disaster recovery planning, and continuous process reviews. Technical safeguards such as multi-factor authentication, encryption, firewalls, and endpoint protection are complemented by staff training and awareness programmes. External certifications, third-party reviews, and cyber insurance further strengthen resilience, with clear policies and escalation procedures to manage incidents effectively.
5	**Landlord safety and quality** The risk of failing to ensure homes meet H&S or quality standards.	Minimal	Connexus maintains a structured approach to property compliance and asset management. Stock condition surveys are conducted every three years and audited, with a new repairs system enabling real-time issue reporting by trades. Compliance is governed by policies developed with Pennington Choices, supported by clear process maps and regular audits. Performance is closely monitored through weekly and monthly reporting to senior leadership, with quarterly dashboards reviewed by the Audit and Risk Committee. Customer engagement supports access for surveys and safety checks, while external contractors are managed through formal contract oversight.

	Risk	Approved Risk Appetite	Mitigations
6	**Development** The risk of failing to deliver our development programme within the financial parameters or timescales and to the right quality.	Balanced	Connexus actively monitors housing sector developments and regulatory guidance, aligning its approach with bodies such as the Regulator, National Housing Federation, and others. Development appraisals are reviewed and approved annually by the Board, integrated into the business plan and stress testing. Key performance indicators are tracked monthly, with quarterly reporting to leadership. Risk is managed through fixed-price design and build contracts, pre-contract viability checks, and warranties or retentions to cover defects and disputes.
7	**Customer Service Quality** The risk of failing to provide high quality services in line with Corporate Plan and Consumer Standards.	Minimal	Connexus maintains a strong customer focus through specific KPIs embedded in its Corporate Plan and performance dashboards, with regular reviews by senior leadership and the Customer Experience Committee. A dedicated programme ensures compliance with Consumer Standards and Ombudsman requirements, supported by self- assessments, independent service feedback, and targeted action plans. Customer engagement is prioritised through forums and involved customer initiatives, while new technology systems are being implemented to improve service delivery. A new Customer Service Strategy is also in development for launch in Autumn 2026.
8	**Asset Management** The risk of failing to deliver repairs effectively and efficiently, manage aging stock, meet sustainability and net zero requirements. Corporate Objective: • Committing to more and better affordable housing • Investing in communities • Driving efficiency and improving services for customers • Being a leading voice in rural affordable housing Relevant Corporate Strategy: Asset Management Strategy	Minimal	Connexus is undertaking stock condition surveys across all properties, to be completed by March 2026, alongside EPC assessments. A disposal programme targets up to 75 of the least energy-efficient homes annually, supported by grant funding for energy improvements. These initiatives are integrated into the 2025 Business Plan, with modelling aligned to achieving SAP C ratings.

Data Protection and UK-General Data Protection Regulation

The Data Protection Act (DPA) 2018 (came into effect on the 25 May 2018) and the UK-General Data Protection Regulation (which was adopted by the UK Government following Brexit in January 2021) and applies to any data companies hold or process within the UK and EU. The overall goal of the DPA 2018 and UK-GDPR is to safeguard consumer data and enforce data security rights.At the same time, it forces organisations to think about what they collect, and how they use it.

Connexus is committed to the proper and appropriate use of data held regarding customers and colleagues, storing all date securely and only retaining whilst there is valid reason to do so. We have a dedicated Data Protection Officer to strengthen our controls around the DPA 2018 and UK- GDPR. A Document and Data retention schedule is in place and all data is retained in line with this schedule, as such we are compliant with DPA 2018 retention regulations. All colleagues are required to undertake mandatory GDPR refresher training.

Value for money (VfM)

The Group Board has been given assurance in respect to compliance via a VfM compliance checklist, this articulates all strands of the standard which Executive colleagues have presented documented evidence to the Audit & Risk Committee for approval.

The required outcomes from the RSH are that Registered Providers must:

Clearly state their strategic objectives – the current Corporate Plan was approved in 2025 by the Group Board it detailed four clear commitments as identified in page 37.

The current Group Value for Money strategy was approved in August 2021, and the latest version is in preparation for completion in 2025. The current strategic objectives are to:

- Generate the optimal outcomes for the Group, tenants, customers, and communities from the considered use of all resources.
- Create efficiencies in the way we operate.
- Utilise profits from commercial activities to provide better services for our customers.
- Understand the return on our assets and utilise this to assist in the prioritisation of activities against our strategic objectives making new development decisions based on social and financial return to the Group, our customers and communities.
- Create and embed a VfM culture across the Connexus group.
- Use growth in the business to provide local employment opportunities, apprenticeships and reduce dependency.
- Provide social and economic benefits to individuals and communities in our core geographical areas.
- Create environmental efficiencies.

The financial efficiencies generated will provide funding to:

- Develop new homes.
- Invest in existing homes.
- Improve customer services.
- Maintain sustainable communities.
- Support business growth and development.

Approach agreed by Board in delivering value for money

The VfM agenda is embedded at Connexus through the creation of a Better Value Together Group (BVTG). Chaired by the Finance Director, the BVTG includes colleagues across the Group at all levels. A detailed efficiency log is at the heart of the BVTG, this is accessible by all. Colleagues within the organisation have the ability to enter onto the log savings that have been demonstrated. Finance then validates these savings as cash backed, and the benefits are reported to Senior Management, Executive Management, and Group Board income and expenditure via the monthly management accounts.

Our approach is designed to ensure that value for money is provided for our customers. Specifically:

- Connexus has adopted a Customer First approach to focus on delivering to purpose and what matters most to the customer rather than being driven by costs, targets, and budgets. All of these will be measured and monitored but will not drive delivery.
- Connexus has developed a Customer and Community Involvement Strategy and will listen to the concerns of customers in order to deliver better services and amend our approach in response to customer feedback. We communicate with our customers in a variety of ways, via our website, telephone and text messaging, meetings, face-to-face contact, and social media but we principally communicate our VfM story and service changes etc. through our customer newsletters.
- Customer scrutiny, focus groups and insight analysis are all used to assist in the process of service review and improvement.
- Connexus has partnership working as a key priority and will work closely with other landlords across our operating area to better address the collective needs of residents, tenants and customers and to be responsive to priority issues facing our Council partners.

Ensure that optimal benefit is derived from resources and assets to optimise economy, efficiency, and effectiveness. The approved VFM strategy states that Connexus will:

- Prioritise our expenditure and ensure that expenditure is only incurred if it directly benefits our customers or indirectly benefits our wider customer base.
- Create a business case for major decisions and scrutinise these at the Better Value Together Group Project Board, Senior Management Team meetings, Executive Management Team meetings, Enterprise and Development Committee, Audit & Risk Committee, Customer Services Committee or Parent Board as appropriate.

The business case will be backed up by a financial appraisal linked to the quality and benefits to our customers.

- Understand our performance and cost base in relation to outcomes and review these in comparison to other similar organisations (including commercial organisations where available) on at least an annual basis using analysis to drive service improvement where appropriate.
- Monitor trends against performance monthly and have processes in place to improve, introducing continual learning cycles.
- Review its performance through balanced scorecards and management accounts on a monthly basis and at least quarterly report to Board and relevant Committees.
- Drive efficiencies in procurement by creating a procurement plan and monitoring outcomes.
- Set annual targets for VfM efficiencies, recording and scrutinising efficiencies delivered.
- Have robust business planning and budget process and review to ensure that financial performance will comply with funders' covenants.
- Include an annual efficiency target approved by the Group Board in our Long-Term Financial Forecast.
- Where possible we generate a profit by providing services to non-residents and use the profit to reduce costs or improve the service to our residents.
- Implement an Asset Management Strategy to optimise the return on our assets.

- Use a variety of data from a number of sources (including customer satisfaction, customer profiling and complaints/ compliments analysis) to review and triangulate evidence to value for money.
- Involve customers through representative tenant groups, resident inspectors, and scrutiny panels.
- Challenge our delivery models and ensure that our corporate structure provides VfM.

Specific expectations from the RSH are that Registered Providers must demonstrate:

1. Robust approach to achieving value for money, including "rigorous appraisal of potential options for improving performance".

Options appraisals are considered for significant decisions and reviewed by ELT, relevant Committees or the Group Board as appropriate, which include merger savings and team restructures. Options appraisal and VfM section of the Board reports ensure there is regular and appropriate consideration of VfM by the Board.

2. Consideration of value for money across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case.

The Finance & Investment Committee is well established and ensures that non-social housing returns are properly evaluated. New business finances are prepared by the Finance Team and reviewed by the Finance Director in conjunction with the lead Director or, if material, by the Executive Leadership Team. Development management accounts are presented to the Finance & Investment Committee, which provides assurance in respect to non-social housing activity. The Group Board have set Golden rules for the on-lending cap between Connexus Homes Limited and Floreat Living as part of the Business planning process and reviewed the organisational Golden Rules limiting the exposure to non-social housing activity. Stress Testing, Mitigations and Early Warning Indicators have been established in the Long-Term Financial Forecast to ensure risks relating to non-social housing activity are appropriately managed.

3. That they have appropriate targets in place for measuring performance in achieving value for money in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets.

Targets delivered to date have been developed from the efficiency targets approved by the Board, the standard metrics produced by the Regulator of Social Housing and other metrics that ELT and SMT have identified. These are included in the VfM Strategy. We report on our financial VfM targets (where they can be derived from the Statement of Comprehensive income) in our quarterly financial reports to Board.

4. Registered providers must annually publish evidence in the statutory accounts as follows:

- Performance against VfM targets, metrics set by the regulator and performance compared to peers.
- Measurable plans to address any areas of underperformance.

Value for Money Achievements 2024/25

Getting value for money is extremely important, particularly when it comes to getting the balance of understanding about what matters most to our customers. We always want to get the best possible service for the best price, but that doesn't always mean going for the cheapest option. To represent this more accurately, we now call our value for money activity Better Value Together.

Better Value Together is the balance of understanding what matters most to customers and delivering the best possible service for the most efficient costs. Our approach has been embedded since its implementation in 2021.

Our Better Value Together log shows the savings delivered through the year by operating effectively, was £75k the total includes costs avoided by our methods of procurement and price negotiation. Furthermore, in 2024/25 the group achieved efficiency savings of £669k following a number of efficiency saving workstreams delivered by senior management team and budget holders.

Value for Money Metrics

The Board is provided with a suite of, Key Performance Indicators in quarterly dashboards to provide assurance about progress to key corporate objectives. The Regulator for Social Housing also requires associations to report against 7 VFM Metrics.

Connexus VFM metrics are calculated and benchmarked against the median of 15 of our peers of similar size and demographic. It should be noted that the sector and peer comparisons relate to the previous financial year and therefore do not account for the impact of inflation in direct comparison to the financial year ending 31 March 2025.

	2025/26	2024/25	2023/24	2022/23	2021/22	2024/25	2024/25	2023/24	2023/24
VfM Metric	Connexus Forecast	Connexus Actual	Connexus Actual	Connexus Actual	Connexus Actual	Connexus Target	Connexus variance vs. Target	Sector Median	Peer Group Median
Metric 1 - Reinvestment %	9.3%	10.9%	11.2%	10.1%	7.6%	12.2%	(1.3%)	7.7%	8.9%
Metric 2 - New Supply Delivered % (Social housing units)	1.3%	1.7%	1.4%	2.0%	1.6%	1.2%	0.5%	1.4%	1.4%
Metric 3 - Gearing %	60.0%	49.3%	56.7%	60.2%	53.3%	59.1%	9.8%	45.6%	51.8%
Metric 4 - Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %	59.0%	42.8%	54.3%	65.8%	120.6%	46.0%	(3.3%)	122%	122.0%
Metric 5 - Headline social housing cost per unit (£)	5,448	7,016	5,456	4,627	3,937	5,730	(1,286)	5,136	4,415
Metric 5a - Management cost per unit (£)	1,556	1,499	1,419	1,326	1,321	1,596	96	1,274	973
Metric 6 - Operating margin % (Social housing letting only)	18.3%	15.3%	14.7%	15.4%	21.3%	19.0%	(3.6%)	20.4%	17.6%
Metric 6 - Operating margin % (Overall)	18.9%	23.3%	23.3%	18.6%	23.1%	24.9%	(1.6%)	18.5%	17.0%
Metric 7 - Return on capital employed %	3.9%	3.5%	3.6%	2.8%	3.9%	3.6%	(0.1%)	2.8%	3.5%

Connexus is underperforming year on year due to a continuation of high operating costs and levels of investment in existing homes against prior year comparisons of itself, its benchmark peers' median, and the sector median scores. Challenges remain in relation to those metrics sensitive to investment in existing homes, as improving our customer homes remains a priority. A new Asset Management Strategy and Value for Money Strategy to support the delivery of the Corporate Plan 2025-30 are in the preparation stages, and these will actively address the Group performance versus the peer group.

The Executive Leadership Team (ELT) recognised underperformance and low productivity in several areas notably its repairs service and empty property (void) loss that all contributed negatively to VfM metrics performing lower versus peer averages. This underperformance is primarily driven by sustained high operating costs and significant investment in existing homes. While these investments are aligned with our strategic priority to improve the quality and safety of customer homes, they have adversely impacted metrics such as:

- Headline Social Housing Cost per Unit – Elevated due to increased spend on repairs, compliance, and planned maintenance.
- Return on Capital Employed (ROCE) – Lower as a result of higher capital investment in existing stock without a corresponding increase in operating surplus.
- Reinvestment % – Higher than peer median, reflecting our commitment to asset improvement, but contributing to weaker short-term financial efficiency indicators.

In response, ELT have taken a zero-based approach to cost control, and staff resource rationalisation has commenced through restructuring of the repairs team (See Note 25 – provisions for liabilities). The management team continue to operate several regular efficiency saving workstreams, and further savings are expected within the next twelve months. New appointments with financial and asset management experience have been made to the Board, and a VFM strategy with an improvement plan will be submitted to the Board later in 2025.

While current performance is below expectations, the organisation is taking decisive steps to improve efficiency, reduce costs, and enhance service delivery. The new strategies will ensure that investment decisions are better aligned with long-term value creation and customer outcomes.

The Board will continue to monitor progress closely through enhanced reporting and governance arrangements.

Financial covenants

The Group business model is funded through lending and retained surpluses to invest in the improvement of existing customer homes and the development of new homes. The lending facilities carry financial and business covenants to ensure there is no risk of default. The Board monitors the risk against the financial covenants by setting prudent golden rules and ensure compliance is maintained. Each lender agrees the accounting methodology of their covenants and so a direct comparison between lenders covenant tests are not prepared on a like-for-like basis.

The Board sets a series of Golden rules to measure performance and manage risk, and these are set at a prudent level to ensure covenant compliance is always maintained. In the event of a breach of Golden rule, management would take steps to ensure covenant compliance is maintained.

All financial covenants in 2024/25 remained compliant throughout the period. The AHGS and Phoenix Life funding were new facilities agreed in the period.

Funder	Covenant Test	2024/25	2023/24
Canada Life	Interest Cover (Net Finance Costs) Interest Cover (Interest Payments) Asset Cover Test	2.40 1.42 1.48	2.78 1.16 1.43
Lloyds	HPAC Gearing** Interest Cover (Net Interest Payable)	49.29% 1.80	- 1.99
NatWest	HPAC Gearing** Interest Cover (Net Interest Payable)	49.29% 2.39	- 2.68
Herefordshire Capital Bond	Interest Cover (Net Interest Payable) Asset Cover Test	1.60 1.77	1.85 2.23
AHGS	Interest Cover (Net Interest Payable) Asset Cover Test*	2.43 -	- -
Phoenix Life	Interest Cover (Net Interest Payable) Asset Cover Test*	2.45 -	- -

*Securitisation of charged properties is ongoing as at 31 March 2025 and therefore the Asset Cover test cannot be applied.

**The Gearing covenants of Lloyds and NatWest were changed in period from Net Debt per Unit Gearing % to Housing Properties at Cost Gearing%

Statement of the responsibilities of the Board

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations. Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the group and the association and of the income and expenditure of the group and the association for that period.

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

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

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

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

The Board members who held office at the date of approval of this statement confirm, so far as they are each aware, there is no relevant audit information of which our independent auditors are unaware; and each Board member has taken all the steps they ought to have taken as a Board member to make them aware of any relevant audit information and to establish that our independent auditors are aware of that information.

Michele Ibbs

Michele Ibbs Chair
11 August 2025

Independent Auditor's Report to the Members of Connexus Homes Limited

Opinion

We have audited the financial statements of Connexus Homes Limited (the "Association") and its subsidiaries (the "Group") for the year ended 31 March 2025 which comprise the consolidated and Association Statement of Comprehensive Income, the consolidated and Association Statement of Financial Position, the consolidated and Association Statement of Changes in Capital and Reserves, the consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2025 and the Group and Association's surplus or deficit 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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 Group's or 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 Board is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the group; or
- a satisfactory system of controls over transactions has not been maintained; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 53, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the Association operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Co-operative and Community Benefit Societies Act 2014 (and related Directions and regulations), the Housing and Regeneration Act 2008 and other laws and regulations application to a registered social housing

provider in England together with the Housing SORP. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statements items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Association's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Association for fraud. The laws and regulations we considered in this context for the UK operations were requirements imposed by the Regulator of Social Housing, building safety, health and safety, taxation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of support services and other income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence, designing audit procedures over the timing of the above income streams and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non- detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non- compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

Use of our report

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

Crowe UK LLP.

Crowe U.K. LLP
Statutory Auditor
4th Floor
St James House
St James Square
Cheltenham
GL50 3PR

Date: 15 August 2025

Statement of Comprehensive Income

	Note	**Group 2025 £'000**	Group 2024 £'000	**Company 2025 £'000**	Company 2024 £'000
Turnover	3	**82,156**	67,542	**73,987**	68,876
Operating expenditure	3	**(71,816)**	(57,827)	**(63,320)**	(58,420)
Surplus on disposal of fixed assets	5	**6,456**	5,616	**6,456**	5,616
Movement in investment property valuation		**149**	6	**149**	6
Operating surplus	**3.4**	**16,945**	**15,337**	**17,272**	**16,078**
Interest receivable and other income	7	215	603	647	740
Interest and financing costs	8	(11,942)	(9,979)	(12,496)	(10,235)
Surplus before tax		**5,218**	**5,961**	**5,423**	**6,583**
Taxation	9	-	(1)	-	(1)
Surplus for the year		**5,218**	**5,960**	**5,423**	**6,582**
Actuarial (loss) / gain in respect of pension schemes	31	**325**	625	**325**	625
Total comprehensive income for the year		**5,543**	**6,585**	**5,748**	**7,207**

All results derive from continuing operations.

The financial statements were approved and authorised for issue by the Board on 11 August 2025.

Michele Ibbs	Gemma Bourne	Kathryn Smith
Michele Ibbs Chair	Gemma Bourne Company Secretary	Kathryn Smith Chief Executive

Statement of Financial Position as at 31 March 2025

	Note	Group 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Fixed assets					
Tangible fixed assets-housing properties	12	**470,769**	434,492	**477,171**	440,593
Other fixed assets	13	**4,617**	5,930	**4,617**	5,930
Investment properties	14	**5,787**	4,668	**5,787**	4,668
Investment in subsidiaries		**-**	-	**13**	13
Pension Asset	31	-	-	-	-
		481,173	**445,090**	**487,588**	**451,204**
Current assets					
Properties held for sale	15	**5,505**	12,620	**1,636**	3,237
Stock and work in progress	15	**492**	312	**492**	312
Pension Asset	31	**-**	2,062	**-**	2,062
Trade and other debtors	16	**25,963**	4,770	**27,851**	10,475
Debtors: amounts due after more than one year	17	**4**	38	**4**	38
Short term investments	18	**3,131**	4,219	**3,052**	4,125
Cash and cash equivalents	18	**3,495**	562	**1,711**	426
		38,590	**24,583**	**34,746**	**20,675**
Current liabilities					
Creditors: amounts falling due within one year	19	**(19,768)**	(16,079)	**(23,489)**	(19,766)
Net current assets		**18,822**	8,504	**11,257**	909
Total assets less current liabilities		**499,995**	**453,594**	**498,845**	**452,113**
Non-current liabilities					
Creditors: amounts falling due after more than one year	20	**(366,766)**	(325,144)	**(362,633)**	(320,885)
Provisions for liabilities					
Pension provision	31	**(1,343)**	(2,203)	**(1,343)**	(2,203)
Other provisions	25	**(540)**	(444)	**(540)**	(444)
Total net assets		**131,346**	**125,803**	**134,329**	**128,581**
Reserves					
Income and expenditure reserve		**131,346**	125,803	**134,329**	128,581
Total reserves		**131,346**	**125,803**	**134,329**	**128,581**

The financial statements were approved and authorised for issue by the Board on 11 August 2025.

Michele Ibbs

Michele Ibbs
Chair

Gemma Bourne

Gemma Bourne
Company Secretary

Kathryn Smith

Kathryn Smith
Chief Executive

Statement of Changes in Capital and Reserves

Group	Share capital £'000	Income and expenditure reserve £'000	Combined total capital and reserves £'000
Balance as at 1 April 2023	**-**	**119,218**	**119,218**
Surplus for the year	-	5,960	5,960
Other comprehensive income for the year	-	625	625
Balance at 31 March 2024	**-**	**125,803**	**125,803**
Surplus for the year	-	**5,218**	**5,218**
Other comprehensive income for the year	-	**325**	**325**
Balance at 31 March 2025	**-**	**131,346**	**131,346**

Company	Share capital £'000	Income and expenditure reserve £'000	Combined total capital and reserves £'000
Balance as at 1 April 2023	**-**	**121,374**	**121,374**
Surplus for the year	-	6,582	6,582
Other comprehensive income for the year	-	625	625
Balance at 31 March 2024	**-**	**128,581**	**128,581**
Surplus for the year	-	**5,423**	**5,423**
Other comprehensive income for the year	-	**325**	**325**
Balance at 31 March 2025	**-**	**134,329**	**134,329**

Statement of Cash Flows

Group	Note	2025 £'000	2024 £'000
Net cash generated from operating activities	27	**13,065**	**13,884**
Cash flow from Investing activities			
Purchase of tangible fixed assets - housing properties		(49,004)	(45,807)
Purchase of other tangible fixed assets		(1,107)	(772)
(Purchase) / sale of investment properties		(970)	-
Proceeds from sale of tangible fixed assets		8,426	8,774
Sale / (purchase) of short term investments		1,088	18,704
Grants received		6,181	2,357
Interest received	-	215	433
	-	**(35,171)**	**(16,311)**
Cash flow from financing activities			
Interest paid		(12,585)	(10,758)
Loan arrangement fee		(698)	(120)
Loan breakage fee		-	-
New secured loans		46,667	14,000
Repayments of borrowings		(8,345)	(1,055)
Transfer of Independence Trust from Group		-	-
Capital element of finance lease repayments		-	-
		25,039	**2,067**
Net change in cash and cash equivalents	28	**2,933**	**(360)**
Cash and cash equivalents at the beginning of the year		**562**	**922**
Cash and cash equivalents at the end of the year		**3,495**	**562**

Notes to the Financial Statements

1. Legal status

The Company, Connexus Homes Limited, (Registered office The Gateway, The Auction Yard, Craven Arms, Shropshire, SY7 9BW) is registered with the Cooperative and Community Benefit Societies Act 2014, Registered Society No. 8376. It is also registered as a social housing provider and regulated by the Regulator of Social Housing Agent in accordance with the Housing and Regeneration Act 2008, Registered No. LH4353.

2. Accounting policies

The following accounting policies have been adopted as being appropriate to the Group's circumstances with regard to giving a true and fair view and have been applied consistently in dealing with items which are considered to be material in relation to the Groups' financial statements.

a. Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 102 the applicable financial reporting standard in the UK and Republic of Ireland (FRS102) and the Statement of Recommended Practice: Accounting 2019 for Registered Social Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

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

The individual accounts of Connexus Homes Group have also adopted the following disclosure exemption:

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

Operating Segment Reporting: It is a requirement under SORP 2018 to apply IFRS8 Operating Segments. Management have determined that the group's operating segments are:

Social Housing letting:

General Needs Housing
Supported Housing and Housing for Older people
Temporary Social Housing
Low-Cost Home Ownership

Other Social Housing Activities:

Current Asset Property Sales
Supporting People
Other Support Services

Non-Social Housing Activities

Market Sales
Wellbeing Services
Other
Surplus on Disposal of Fixed Asset

All income, expenditure and net assets are derived from UK operations.

b. Going concern

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

The Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in June 2025 by the Board. The Business Plan considers the assessed principal risks set out in pages 45 to 46 and other matters discussed in connection with the Viability statement on the next page.

As well as considering the impact of a number of scenarios on the business plan, the Board also adopted a stress testing framework against the base plan linked to the strategic risk register. The stress testing impacts were measured against loan covenants and peak borrowing levels at an entity level, compared to agreed facilities. Following the practice adopted in previous years, the Group has undertaken a series of further scenario testing including severe but plausible downsides in the 'Perfect Storm' worst case assessment. The risk mitigation plan has been fully reviewed and contains levers to respond to any breaches identified in the stress test. The core mitigating actions either reduce expenditure or increase income.

The board, after reviewing the group and company budgets for 2025/26, and the group's medium term financial position as detailed in the 30-year business plan, which includes changes to economic assumption in the current operating environment, is of the opinion that, taking account of severe but plausible downsides, the group and company have adequate resources to continue in business for a period of at least 12 months from the date of approval of these financial statements (the going concern assessment period).

In order to reach this conclusion, the Board have considered:

- The property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values, and potential conversion of market sale to social homes.
- Maintenance costs – budget and business plan scenarios have been modelled to take account of increased volume, cost increases, and delays in maintenance expenditure, a compliance only programme and major works being phased into future years.
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents.
- Increases to inflation, management costs, and interest (SONIA) rates and the associated impacts on affordability.
- The Group's ability to tolerate one-off financial shocks.
- Liquidity - available cash and unutilised loan facilities at the financial year end was £92,126k (£70,781k 2024), a further £21,178k will be available from a sinking fund once security is in place, along with £40,000k due from fixed lending in October 2026. This gives significant headroom for committed spend and other forecast cash flows that arise.
- The Group's ability to withstand other adverse scenarios such as higher interest rates and number of void properties.
- The Group's continued ability to generate operating surpluses and positive operating cashflows.

The Group's headroom in its financial covenants aligned to the risk appetite set by the Group Board through the adoption of a set of Golden Rules.

The board believe the group and company has sufficient funding in place and expect the group to be compliant with its debt covenants even in severe but plausible downside scenarios. The Directors are confident that the Group and Association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have continued to adopt the going concern basis in their preparation.

c. Significant judgements and estimates

The preparation of the financial statements requires management to make significant judgements estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes may differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- **Property, plant and equipment**

The Group has undertaken a review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The Group has determined that market rented property, as it is developed are investment properties. The Group has determined that the small number of shops held, due to their nature and low level of rentals charged are held as property, plant and equipment are held for their social benefit.

- **Capitalisation of property development costs**

The Group capitalises development expenditure in accordance with the accounting policy described within these notes. Initial capitalisation of costs is based on management's judgement that development scheme is likely to proceed. Costs capitalised in this way are regularly reviewed and any costs identifies as abortive are charged to the Statement of Comprehensive Income. The total amount capitalised is disclosed in the notes.

- **Impairment**

The Group has identified a cash generating unit for impairment assessment purposes during development and construction at a programme level, with subsequent impairment assessment once in management at a property level.

Estimation uncertainty

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

- **Useful lives of depreciable assets**

Other than investment properties, tangible fixed assets are depreciated over their useful lives. Management reviews the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes in homes standards which may require more frequent replacement of key components.

The key judgements and estimates applied in respect of housing property are contained within these notes and include:

- The useful economic life of properties
- That properties have no residual value at the end of useful life.

Defined benefit obligation (DBO)

The Group has obligations to pay pension benefits to colleagues. The cost of these benefits and the present value of the obligation depend on several critical underlying assumptions. These include standard rates of inflation, mortality, discount rate and anticipation of future salary increases provided by the pension administrators and actuaries. Variations in these assumptions may significantly impact the net pension obligation in the balance sheet and the annual defined benefit expenses.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument.

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

d. Exemptions taken

The Group does not currently apply any exemptions.

e. Basis of consolidation

The Group's financial statements consolidate the financial statements of Connexus Homes Limited, and its subsidiaries, Floreat Living Limited, Rise Partnership Developments Limited, Connexus Enterprise Limited and Herefordshire Capital Plc. in accordance with the requirements of Financial Reporting Standard 2 "Accounting for subsidiary undertakings". Subsidiaries are entities over which, either directly or indirectly, the Company has control through the power to govern financial operating policies so as to obtain benefit from their activities. Intra-group balances, transactions, income and expenses are eliminated.

f. Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the association and entities (including special purpose entities) controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

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

g. Turnover and revenue recognition

Turnover represents rental income receivable in the year, income from shared ownership first tranche sales, and properties built for open market sales and other services included at invoice value (excluding VAT where recoverable) of goods and service supplied in the year and revenue grants receivable in the year.

Government grants received for housing properties are included in turnover amortised over the expected useful life of the housing property structure.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche shared ownership and open market sales of properties built for sale is recognised at the point of legal completion.

h. Accrued income

Where goods or services are provided but not yet invoiced, that revenue is accrued for.

i. Deferred taxation

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

j. Loan interest costs

Interest payable and similar charges include interest payable, loan fees, and finance leases recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount of the financial liability.

k. Finance and issue costs

Costs directly connected with the raising of finance are deducted from loans and written off over the life of the loan to the Statement of comprehensive income (SOCI).

l. Preserved Right to Buy Income and Sales

Surpluses and deficits arising from the disposal of properties under the Preserved Right to Buy legislation are disclosed on the face of the Statement of comprehensive income before the operating result. On the occurrence of a sale a relevant proportion of the proceeds are clawed back by Herefordshire Council. There is no claw back arrangement in place for Shropshire Council. The surplus or deficit is calculated by comparing the net proceeds received with the carrying value of the property sold.

m. Management costs

Management costs are allocated to revenue accounts on the basis of an estimation of colleague time allocated, except for specific items of expenditure, which are allocated directly.

n. Reserves

The Group establishes restricted reserves for specific purposes where their use is subject to external restrictions.

o. Tangible fixed assets

Housing properties

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 historical cost less accumulated depreciation and impairment losses. The cost of properties represents the acquisition price of land and buildings, development costs, interest charges incurred in the development period, and expenditure incurred in respect of improvements.

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

Properties in the course of construction are stated at cost and are transferred into housing properties, when complete. Properties in the course of construction are not depreciated.

Donated land and other assets

Where land has been donated as part of an intended development, the land is recorded at its current value at the gifting date within cost of construction and the income treated as a grant if from a government body and as turnover if from a non-government body. Current value takes into account any restrictions on use.

Shared ownership properties

Shared ownership properties are split between fixed and current assets in line with the expectation relating to the first tranche sale percentage. The expected first tranche proportion is classified as a current asset until the point of the first tranche sale. The current asset is then transferred to cost of sales and matched against sales proceeds within the operating surplus in the Statement of Comprehensive Income. Any operating surplus is restricted to the overall surplus which takes into account the Existing Use Value- Social Housing (EUV-SH) of the remaining fixed asset element.

The remaining element of the asset is classified as a fixed asset and included in housing properties at cost, less any provision for depreciation or impairment.

p. Investment Properties

The classification of properties as investment property or property plant and equipment is based upon the intended use of the property. Properties held to earn commercial rentals or for capital appreciation are treated as investment properties and those that are held for the provision of social housing are treated as property plant and equipment.

Where land is acquired for use in the provision of social housing or for a social benefit it is accounted for as property, plant and equipment. Investment properties are reported at market valuation.

q. Government grants

Government grants include grants receivable from the 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 method.

Grants relating to revenue are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

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

Government grants received for housing properties are subordinate to the repayment of loans by agreement by the Homes England. Government grants released on sale of a property may be repayable but are normally available to be recycled are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised 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 the Statement of Comprehensive Income. Upon disposal of the associated property, the Group is required to recycle these proceeds and recognise them as a liability.

r. Other grants

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

s. Depreciation

Property, plant, and equipment; The Group separately identifies the major components which comprise in its housing properties, and charges depreciation, to write-down the cost of each component to its estimated residual value on a straight-line basis.

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

The expected useful lives of assets identified separately are as follows:

Structure	Connexus Homes Ltd
Non-traditional	30 years
Pre-1974 construction	75 years
Post 1974 construction	100 years

Other Major Components:	
Roofs	60 years
Windows	30 years
Doors	30 years
Heating systems	36 years
Wiring	40 years
Kitchens	20 years
Bathrooms	30 years
Boilers	12 years
Lifts	20 years
Leasehold Properties	Remaining life of lease
Garages	25 years
Freehold Land	Is not depreciated

Other Components:	
Monitoring technology	5-10 years
Furniture, fixtures and fittings	4 years

Other tangible fixed assets

Tangible fixed assets other than housing properties are stated at cost (less grant) less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use.

Depreciation (to residual value) is charged on a straight line over the expected useful life of the asset from the month of acquisition, at the following annual rates:

Computers and other equipment	15% - 33%
Plant and Equipment	20% - 33%
Vehicles	25%
Furniture, fixtures and fittings	25%
Monitoring technology	10% - 20%

Depreciation on offices is calculated on a straight-line basis over the following periods:

Newly constructed offices:	50 Years from the date of practical completion.
Refurbished offices:	Are depreciated based on the individual component lives.
Leasehold offices:	Over the period of the lease.

t. Impairment

The Group's internal controls are designed to identify where the value of property, plant and equipment and work in progress held in the Statement of financial position is more than the lower of cost or net realisable value. Where there is evidence of impairment, fixed assets are written down to the recoverable amount, this is likely to be the value in use of the asset based on its service potential. The resulting impairment loss is recognised as expenditure in the Statement of comprehensive income. Where an asset is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell. Depreciated replacement cost is taken as a suitable measurable model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of comprehensive income.

u. Capitalisation of development overheads and interest

Only specific and directly attributable costs are capitalised in line with the Statement of recommended practice. Interest on loans financing new development is capitalised up to the date of practical completion if it represents either:

- Interest on borrowings specifically financing the programme after deduction of interest on Social Housing Grant (SHG) in advance, or
- Interest on borrowings of the company as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

v. Properties for sale

Shared ownership first tranches sales and completed properties for outright sale are disclosed as: a current asset stated at the lower of cost and net realisable value. Cost comprises materials, direct labour costs and other direct overheads, as identified above. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

w. Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivables are measured initially at fair value, net of any transactional costs, and subsequently measured at amortised cost using the effective interest method, less any impairment.

x. Creditors

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

y. Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

z. Finance leases

Where the Group enters into a lease which entails taking employer substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the Statement of financial position as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the Statement of comprehensive income, and the capital element which reduces the outstanding obligation for future instalments.

aa. Operating leases

Costs in respect of operating leases are charged to the Statement of comprehensive income on a straight-line basis over the lease term.

bb. Stocks

The value of stock is shown at the lower of cost (the original purchase price) or net realisable value in accordance with accounting standards. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. The value of stores stock is calculated using the weighted average method.

cc. Bad and doubtful debts

Provision is made for current and former tenant arrears, as well as other miscellaneous debts (service charges, community alarm income, and fees receivable for the provision of services) to the extent that recovery is considered doubtful.

dd. Provisions

Due to the numbers of properties and the establishment of regular programme of repair and maintenance, the Group does not generally make a provision for future works. Actual costs are charged to the Statement of comprehensive income.

The Group will recognise provisions where it has a present obligation (legal or constructive) as a result of a past event or where a transfer of economic benefit will be required to settle the obligation and an estimate can be made. Where properties are leased a provision will be made for dilapidations where specified in the terms of the lease based on the annual rent for that property.

The Group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

ee. Pensions

Connexus Homes Group participates in the following defined benefit pension schemes:

Social Housing Pension Scheme (SHPS)

This scheme is administered independently by the Pension Trust. The group has two defined benefit schemes in place (Historic CH1L and historic CH2L). The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates.

In the year ended 31 March 2025, 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 within the income and expenditure account. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income. Refer to Note 31 for details.

ff. Corporation tax

The charge for taxation is based on the results for the year and takes into account taxation deferred (or accelerated) because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax on a full provision basis.

Connexus Homes Limited is an exempt charity for tax purposes however they do undertake some non-charitable activities are therefore subject to Corporation tax on these non-charitable activities.

Where the Group undertakes activities that are outside of its charitable purpose and exceeds the permitted threshold corporation tax may be payable.

Connexus Enterprise Limited, Herefordshire Capital plc, Rise Partnership Developments Ltd and Floreat Living Limited are subject to taxation.

gg. Value Added Tax (VAT)

The Group is VAT registered, with a large proportion of its income being housing rents, and Right to Buy sales which are exempt for VAT purposes, while other income sources being standard, zero rated or outside of scope gives rise to a partial exemption calculation.

Connexus Homes Limited, Floreat Living Limited and Connexus Enterprise Ltd are registered within the same VAT group. Rise Partnership Developments Limited has its own VAT registration.

The financial statements include VAT to the extent that it is suffered and not recoverable from HM Revenue and Customs. The balance recoverable or payable at the year-end is included as a current liability or asset.

hh. Financial instruments

Financial instruments which meet the criteria of basic financial instrument as defined in Section 11 of FRS102 are accounted for under an amortised historic cost model.

Basic financial instruments are recognised at amortised historical cost. Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses reported in surplus or deficit.

ii. Liquid resources

Liquid resources are readily disposable current asset investments. They include some money market deposits, held for more than 24 hours that can only be withdrawn without penalty on maturity or by giving some notice of more than one working day.

3. Turnover, operating costs and operating surplus

The Groups activities consist solely of social housing and non-social housing activities within the UK.

Group 2025	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	**63,042**	-	(53,378)	**9,664**
Other social housing activities				
Current asset property sales	**3,052**	(2,599)	-	**453**
Other support services	**2,030**	-	(1,969)	**61**
Non-social housing activities				
Market sales	**10,822**	(9,168)	-	**1,654**
Other	**3,210**	-	(3,085)	**125**
Total from social and non-social housing activities	**82,156**	**(11,767)**	**(58,432)**	**11,957**
Surplus on disposal of fixed assets				**6,456**
Revaluation of investment properties				**149**
Impairment of other tangible fixed assets				**(1,522)**
Exceptional items				
Pension Risk Review & Cyber Support				**(95)**
Total operating surplus				**16,945**

Group 2024	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	**58,236**	-	(49,671)	**8,565**
Other social housing activities				
Current asset property sales	**3,702**	(2,705)	-	**997**
Supporting people	**-**	-	-	**-**
Other support services	**1,919**	-	(1,810)	**109**
Non-social housing activities				
Market sales	**239**	(247)	-	**(8)**
Other	**3,446**	-	(3,211)	**235**
Total from social and non-social housing activities	**67,542**	**(2,952)**	**(54,692)**	**9,898**
Surplus on disposal of fixed assets				**5,616**
Revaluation of investment properties				**6**
Impairment of other tangible fixed assets				**-**
Exceptional items				
Pension Risk Review & Cyber Support				**(183)**
Total operating surplus				**15,337**

3. Turnover, operating costs and operating surplus (continued)

Group & Company	General needs housing £'000	Supported housing and housing for older people £'000	Intermediate rent housing £'000	Low cost home ownership £'000	Total 2025 £'000	Total 2024 £'000
Income						
Rent receivable	47,370	8,913	883	2,206	**59,372**	54,763
Service charges receivable	1,027	1,557	16	164	**2,764**	2,584
Amortised government grants	565	119	34	130	**848**	792
Other revenue grants	58	-	-	-	**58**	97
Turnover from social housing lettings	**49,020**	**10,589**	**933**	**2,500**	**63,042**	**58,236**
Operating Expenditure						
Management	(13,438)	(2,679)	(182)	(778)	**(17,077)**	(16,018)
Services	(1,535)	(1,428)	(8)	(175)	**(3,146)**	(3,723)
Routine maintenance	(16,831)	(4,701)	(99)	(52)	**(21,683)**	(18,787)
Planned maintenance	(291)	(27)	-	-	**(318)**	(414)
Bad debts	71	82	(2)	(13)	**138**	(529)
Depreciation of housing properties	(8,463)	(1,438)	(311)	(523)	**(10,735)**	(10,126)
Impairment of housing properties	(469)	-	-	-	**(469)**	(151)
Pension operating costs	(70)	(13)	(1)	(4)	**(88)**	77
Operating expenditure on social housing lettings	**(41,026)**	**(10,204)**	**(603)**	**(1,545)**	**(53,378)**	**(49,671)**
Operating surplus on social housing lettings	**7,994**	**385**	**330**	**955**	**9,664**	**8,565**
Voids losses	(1,521)	(397)	(34)	(113)	(2,065)	(1,433)
Prior period operating surplus on social housing lettings	6,154	1,509	290	612	8,565	

3. Turnover, operating costs and operating surplus (continued)

The companies' activities consist solely of social housing and non-social housing activities within the UK.

Company 2025	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	**63,042**	-	(53,378)	**9,664**
Other social housing activities				
Current asset property sales	**3,052**	(2,599)	-	**453**
Other support services	**2,030**	-	(1,969)	**61**
Non-social housing activities				
Provision of services to group	**610**	-	(592)	**18**
Gift aid receipts from group entities	**2,059**	-	-	**2,059**
Other	**3,194**	-	(3,165)	**29**
Total from social and non-social housing activities	**73,987**	**(2,599)**	**(59,104)**	**12,284**
Surplus on disposal of fixed assets				**6,456**
Revaluation of investment properties				**149**
Impairment of other tangible fixed assets				**(1,522)**
Exceptional items				
Pension Risk Review & Cyber Support				**(95)**
Total operating surplus				**17,272**

Company 2024	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	**58,236**	-	(49,671)	**8,565**
Other social housing activities				
Current asset property sales	**3,702**	(2,705)	-	**997**
Other support services	**1,919**	-	(1,810)	**109**
Non-social housing activities				
Provision of services to group	**628**	-	(608)	**20**
Gift aid receipts from group entities	**706**	-	-	**706**
Market sales	**239**	(239)	-	**-**
Other	**3,446**	-	(3,204)	**242**
Total from social and non-social housing activities	**68,876**	**(2,944)**	**(55,293)**	**10,639**
Surplus on disposal of fixed assets				**5,616**
Revaluation of investment properties				**6**
Impairment of other tangible fixed assets				**-**
Exceptional items				
Pension Risk Review & Cyber Support				**(183)**
Total operating surplus				**16,078**

4. Operating surplus

	2025 Group £'000	2024 Group £'000	2025 Company £'000	2024 Company £'000
Operating surplus is arrived at after charging / (crediting)				
Depreciation and impairment				
Depreciation of housing properties	**10,735**	10,126	**10,735**	10,126
Impairment of housing properties	**469**	151	**469**	151
Depreciation of other fixed assets	**898**	838	**898**	838
Impairment of other fixed assets	**1,522**	-	**1,522**	-
Grant amortisation	**(848)**	(792)	**(848)**	(792)
Grant recognised in surplus on disposal of property	**(93)**	(29)	**(93)**	(29)
Operating lease rentals				
Service fleet	**328**	328	**328**	328
Office equipment	**4**	5	**4**	5
Auditors' remuneration (excluding VAT)				
for external audit services	**71**	65	**43**	40
Exceptional items				
Pension Risk Review & Cyber Support	**95**	183	**95**	183

5. Surplus on sale of fixed assets

	2025 Group £'000	2024 Group £'000	2025 Company £'000	2024 Company £'000
Disposal proceeds	**8,601**	8,774	**8,601**	8,774
Carrying value of fixed assets	**(2,145)**	(3,158)	**(2,145)**	(3,158)
Surplus on disposal of fixed assets	**6,456**	**5,616**	**6,456**	**5,616**

6. Accommodation in management

	2025 Number	2024 Number
Units owned / managed at end of year:		
General housing - social rent	**6,982**	7,008
General housing - affordable rent	**1,625**	1,556
Housing for older people and other supported housing	**1,501**	1,506
HFOP/SH - affordable rent	**127**	131
Intermediate rent	**123**	102
Shared ownership	**541**	478
Social housing owned	**10,899**	**10,781**
Market rent	**43**	33
Commercial units	**41**	43
Total Owned Units Managed	**10,983**	**10,857**
Leasehold properties	**432**	433
Total managed properties	**11,415**	**11,290**
Units out of management (included above)	**26**	41

7. Interest receivable and other income

	2025 Group £'000	2024 Group £'000	2025 Company £'000	2024 Company £'000
Interest receivable from deposits and investments	**215**	433	**210**	377
Interest receivable from deposits and investments intercompany	-	-	**437**	193
Pension Finance Net Interest receivable	-	170	**-**	170
	215	**603**	**647**	**740**

8. Interest and financing costs

	2025 Group £'000	2024 Group £'000	2025 Company £'000	2024 Company £'000
Interest payable on loans	**12,225**	10,350	**12,225**	10,350
Interest on finance leases	**-**	-	**-**	-
Other charges*	**362**	408	**362**	408
	12,587	**10,758**	**12,587**	**10,758**
Pension finance costs	**93**	84	**93**	84
Interest payable capitalised on housing properties under construction**	**(920)**	(1,040)	**(488)**	(902)
Loan amortisation	**285**	295	**285**	295
Bond premium amortisation	**(122)**	(118)	**-**	-
Bond discount amortisation	**19**	-	**19**	-
	11,942	**9,979**	**12,496**	**10,235**
Capitalisation rate used to determine the finance costs capitalised during the financial year:	5.46%	4.50%	4.24%	4.25%

* incl interest charged in period from Sinking Funds £0.039m (£0.011m 2024) and RCGF £0.003 (£0.004m 2024)
** incl interest taken to current assets in period £0.432m (0m 2024)

9. Tax on ordinary activities

Connexus Homes Limited is an exempt charity for tax purposes and is therefore not liable to corporation tax on surpluses on its charitable activities. However, during the year, it has undertaken a number of activities that are outside of its charitable purpose and has exceeded the £80,000 permitted threshold.

The tax charge on the surplus / (deficit) on ordinary activities for the year was as follows:

	2025 Group £'000	2024 Group £'000	2025 Company £'000	2024 Company £'000
Current tax:				
UK Corporation tax on surplus for the year	**-**	-	**-**	-
Adjustment in respect of prior years	**-**	1	**-**	1
Total current tax	**-**	1	**-**	1
Total tax reconciliation:				
Surplus on ordinary activities before tax	**5,218**	5,961	**5,423**	6,583
Theoretical tax at UK corporation tax rate 25%	**1,305**	1,490	**1,356**	1,646
Adjustment in respect of prior years	**-**	1	**-**	1
Profit not taxable	**(1,274)**	(1,446)	**(1,318)**	(1,593)
Adjustments to tax *	**(31)**	(44)	**(38)**	(53)
	-	**1**	**-**	**1**

* this is relation to losses in year and loss sharing

10. Employees

Average monthly number of colleagues (including the Chief Executive), employed during the financial year:

	2025 Group Number	2024 Group Number
Management and support	**114**	110
Development	**12**	17
Asset management	**49**	49
Housing management	**98**	91
Property and maintenance	**212**	215
Care and support	**79**	83
	564	**565**

Average monthly number of colleagues expressed in 35-hour full time equivalents (full-time staff actually work 35 / 37 hours):

	2025 Number	2024 Number
Management and support	**102**	96
Development	**10**	17
Asset management	**47**	47
Housing management	**94**	87
Property and maintenance	**208**	222
Care and support	**74**	74
	535	**543**

Colleague numbers are calculated on the basis of the average number employed each month.

Colleague costs:	2025 £'000	2024 £'000
Wages and salaries	**20,123**	17,999
Social security costs	**1,879**	1,699
Other pension costs	**1,827**	1,518
	23,829	**21,216**

Including past pension deficit of £571,404.96 SHPS (2024 SHPS £541,616 offset by LGPS £159,819 credit)

The full-time equivalent number of colleagues who received remuneration (including employer pension contributions) greater than £60,000 (including the executive team):

Remuneration bandings for all employees earning over £60,000:	2025 Number	2024 Number
£240,001 to £250,000	**1**	-
£230,001 to £240,000	**-**	-
£220,001 to £230,000	**-**	-
£210,001 to £220,000	**-**	-
£200,001 to £210,000	**-**	-
£190,001 to £200,000	**-**	-
£180,001 to £190,000	**-**	-
£170,001 to £180,000	**-**	-
£160,001 to £170,000	**-**	-
£150,001 to £160,000	**1**	-
£140,001 to £150,000	**-**	1
£130,001 to £140,000	**-**	1
£120,001 to £130,000	**1**	1
£110,001 to £120,000	**-**	-
£100,001 to £110,000	**3**	1
£90,001 to £100,000	**4**	4
£80,001 to £90,000	**1**	5
£70,001 to £80,000	**1**	-
£60,000 to £70,000	**2**	-
	14	**13**

In addition to the above, £364,342 (186,833 2024) were payable to third parties in relation to management services provided by 1 Interim Director and 2 Specialist Consultants (3 Interim Directors 2024), and who would have earned over the earnings threshold on an FTE basis).

11. Board members and Executive Directors

The Directors of the Group are defined as the Chief Executive and any other person who is a full member of the Executive Leadership Team, or its equivalent. At the year end there are five Executive Directors all of whom accrue benefits under the SHPS pension scheme.

	2025 £'000	2024 £'000
Aggregate emoluments paid to non-executive directors (Board members)	**130**	90
Aggregate emoluments paid to executive directors	**662**	410
Pension payments relating to services as executive directors	**67**	36
	859	**536**

The Board members and Executive Directors are also directors of the subsidiaries within the Connexus Group. Their emoluments are paid by the parent company.

The emoluments of the highest paid Director in the year, Kathryn Smith, excluding pension contributions, were £220,000 (Andrew Cooke £135,000 2024). The Chief Executive is a member of the Social Housing Pension Scheme. No further contributions were made to an individual pension arrangement for the Chief Executive.

	Director	Basic salary & additional payments £'000	Taxable benefits in kind £'000	Pension contributions £'000	Total 2025 £'000	Total 2024 £'000
Chief Executive (appointed 01/04/19, resigned 09/11/23)	Richard Woolley	-	-	-	**-**	135
Chief Executive (appointed 29/01/24)	Kate Smith	200	20	30	**250**	44
Director of Customer Experience (appointed 10/01/22), resigned 14/2/25	Sara Woodall	109	11	7	**127**	126
Property Director (appointed 01/04/24)	Fleur Whittingham	123	12	19	**154**	-
Communites and Customer Service Director (appointed 03/03/25	Nick Batt	10	1	1	**12**	-
Finance Director (appointed 01/03/25)	James Taylor	9	1	1	**11**	-
People Director (appointed 01/11/24)	Matt Pitt	54	5	6	**65**	-
Director of Resources (appointed 01/10/19), resigned 31/12/24	Andrew Cooke	97	10	3	**110**	141
		602	**60**	**67**	**729**	**446**

James Taylor was appointed to Finance Director from his role as Head of Finance, on 1 March 2025. His remuneration relating to his position of Finance Director only is detailed in the above table.

In addition to the above, £196,500 (186,833 2024) were payable to third parties in relation to management services provided by 1 Interim Director (3 2024) who would have earned over the earnings threshold on an FTE basis.

The Directors and Board members listed below are directly employed and their emoluments paid by the parent Connexus Homes Limited.

Name	Appointed	Resigned / Retired	2025 £'000	2024 £'000
Michele Ibbs (Chair)	15/10/2022		**19**	15
Andrew Battrum	19/09/2019		**13**	7
Nicola de Iongh	15/09/2020		**14**	10
Simon Ewins	15/09/2020		**13**	7
Simon Gibbs	19/09/2019		**9**	7
Maggie Punyer	19/09/2019	13/05/2024	**1**	7
Abigail Reilly	19/09/2019		**9**	7
Paul Smith	11/12/2018	19/09/2024	**4**	7
Andrew Taylor	01/08/2019	13/05/2024	**2**	10
Nicholas Garner (Co-optee)	11/04/2019	31/03/2025	**3**	4
Paul O'Driscoll (Co-optee)	20/03/2017	31/03/2025	**4**	4
Imran Patel	15/09/2020		**13**	7
Julian Bill	01/09/2024		**8**	0
Anne Turner	01/09/2024		**7**	0
James Savage	01/09/2024		**5**	0
Helen Southwell	01/09/2024		**6**	0
			130	**90**

12. Tangible fixed assets - housing properties

Group	Social housing properties held for letting £'000	Housing properties for letting under construction £'000	Completed shared ownership housing properties £'000	Total housing properties £'000
Cost				
at 1 April 2024	**462,565**	34,806	**45,335**	**542,706**
Additions	**-**	28,083	**-**	**28,083**
Works to existing properties	**15,902**	7,136	**54**	**23,092**
Interest capitalised	**-**	488	**-**	**488**
Schemes completed	**23,348**	(34,708)	**11,600**	**-**
Transfer to other fixed assets	**-**	-	**-**	**-**
Transfer to investment properties	**-**	(1,145)	**-**	**(1,145)**
Transfer to current assets	**-**	(826)	**(220)**	**(1,046)**
Transfers	**(594)**	-	**594**	**-**
Disposals - Other	**(4,123)**	(26)	**(96)**	**(4,245)**
At 31 March 2025	**497,098**	**33,808**	**57,027**	**587,933**
Depreciation & Impairment				
at 1 April 2024	**105,413**	-	**2,801**	**108,214**
Depreciation charged in the year	**10,212**	-	**523**	**10,735**
Impairment charged in year	**469**	-	**-**	**469**
Transfer to current assets	**-**	-	**(20)**	**(20)**
Transfers	**(30)**	-	**30**	**-**
Released on disposal	**(2,232)**	-	**(2)**	**(2,234)**
At 31 March 2025	**113,832**	**-**	**3,332**	**117,164**
Net book value				
At 31 March 2025	**383,266**	**33,808**	**53,695**	**470,769**
At 31 March 2024	357,152	34,806	42,534	434,492

12. Tangible fixed assets - housing properties (continued)

Company	Social housing properties held for letting £'000	Housing properties for letting under construction £'000	Completed shared ownership housing properties £'000	Total housing properties £'000
Cost				
at 1 April 2024	**468,666**	34,806	**45,335**	**548,807**
Additions	**-**	28,384	**-**	**28,384**
Works to existing properties	**15,902**	7,136	**54**	**23,092**
Interest capitalised	**-**	488	**-**	**488**
Schemes completed	**23,648**	(35,008)	**11,360**	**-**
Transfer to investment properties	**-**	(1,145)	**-**	**(1,145)**
Transfer to current assets	**-**	(826)	**(220)**	**(1,046)**
Transfers	**(594)**	-	**594**	**-**
Disposals - Other	**(4,123)**	(26)	**(96)**	**(4,245)**
At 31 March 2025	**503,499**	**33,809**	**57,027**	**594,335**
Depreciation & Impairment				
at 1 April 2024	**105,413**	-	**2,801**	**108,214**
Depreciation charged in the year	**10,212**	-	**523**	**10,735**
Impairment charged in year	**469**	-	**-**	**469**
Transfer to current assets	**-**	-	**(20)**	**(20)**
Transfers	**(30)**	-	**30**	**-**
Released on disposal	**(2,232)**	-	**(2)**	**(2,234)**
At 31 March 2025	**113,832**	**-**	**3,332**	**117,164**
Net book value				
At 31 March 2025	**389,667**	**33,809**	**53,695**	**477,171**
At 31 March 2024	363,253	34,806	42,534	440,593

Housing properties, net of depreciation charges comprises:

	2025 Group £'000	2024 Group £'000	2025 Company £'000	2024 Company £'000
Freehold land and buildings	**470,019**	433,479	**476,421**	439,580
Long leasehold land and buildings	**750**	1,013	**750**	1,013
	470,769	434,492	**477,171**	440,593

Expenditure on works to existing properties

Group & Company	2025 £'000	2024 £'000
Components capitalised	**23,092**	20,849
Comprehensive Income	**22,001**	19,201
	45,093	40,050

Social housing assistance

Total social housing and other capital grants

Group & Company	2025 £'000	2024 £'000
Social housing assistance		
Total accumulated grant received or receivable at 31 March	**87,659**	81,436
Comprehensive Income	**12,505**	11,534
Grant received in advance	**-**	-
Held as deferred income	**75,154**	69,902
At 31 March	**87,659**	81,436

Impairment of Social Housing properties

Connexus Homes Limited assesses at each reporting date whether there is any indication that an asset (housing or non-housing) is impaired. The following indicators of impairment must, as a minimum, be considered by a social landlord in assessing whether there is an indication that assets are impaired:

a) Contamination not identified as part of a development which results in a material increase in development costs
b) Change in government policy, regulation or legislation which has a material detrimental impact on the development scheme;
c) Change in demand for a property;
d) Material reduction in the market value of the property; and
e) Obsolescence of the property e.g. where it is probable that a plan to regenerate existing properties by demolishing them or replacing of components of existing properties will go ahead.

Where a property is to be disposed, the net book value of these assets had been compared with the market value on disposal to determine whether impairment is required. No such properties existed at the year end other than those outlined below.

The assets relating to the impairment charge recognised in 2024 in relation to the obsolescence of four properties at the Radcliffe Court block due to structural and external wall insulation remediation work requirements, were written off in the year. As a result the impairment brought forward was reversed in the period at a credit value of £151k.

The impairment review 2025 recognised the need to reduce the carrying value of properties at Regeneration schemes as a result of Board approved works, including disposals, refurbishment of components, and redevelopment of properties. This amounted to an impairment charge of £620k to be recognised in 2025.

13. Other fixed assets

Group & Company	Land and buildings £'000	Furniture fixtures & fittings £'000	Computers and other equipment* £'000	Vehicles, plant and equipment £'000	Alarms £'000	Total £'000
Cost						
At 1 April 2024	**5,679**	**812**	**7,853**	**861**	**-**	**15,205**
Additions	**-**	1	878	165	63	**1,107**
Disposals	**-**	-	(2,839)	-	-	**(2,839)**
At 31 March 2025	**5,679**	**813**	**5,892**	**1,026**	**63**	**13,473**
Capital Grants						
At 1 April 2024	**-**	**-**	**6**	**-**	**-**	**6**
Received in year	**-**	-	**-**	**-**	-	**-**
Disposals	**-**	-	**-**	**-**	-	**-**
At 31 March 2025	**-**	**-**	**6**	**-**	**-**	**6**
Impairment						
At 1 April 2024	**-**	**-**	**-**	**-**	**-**	**-**
Charged in the year	1,522	-	-	-	-	**1,522**
Released on disposal	-	-	-	-	-	
At 31 March 2025	**1,522**	**-**	**-**	**-**	**-**	**1,522**
Depreciation						
At 1 April 2024	**828**	**801**	**6,900**	**740**	**-**	**9,269**
Charged in the year	231	5	591	71	-	**898**
Released on disposal	-	-	(2,839)	-	-	**(2,839)**
At 31 March 2025	**1,059**	**806**	**4,652**	**811**	**-**	**7,328**
Net book value						
At 31 March 2025	**3,098**	**7**	**1,234**	**215**	**63**	**4,617**
At 31 March 2024	4,851	11	947	121	-	**5,930**

* includes closing intangible fixed assets NBV of £0.712m (£0.193m 2024) relating to Computer Software

Impairment of Land and buildings

During the year a review of the office requirements was undertaken as part of the People Strategy and Connexus is committed to a hybrid work approach. It was noted that the utilisation of the Gateway office has reduced and it also requires significant repairs with the future plans for the property being uncertain. This together with the resulting significant decline in the market value created an indicator of impairment with an impairment of £1.5m (£nil 2024) being recognised.

14. Investment properties and non-social housing properties held for letting

Group & Company	2025 £'000	2024 £'000
Valuation		
At 1 April	**4,668**	5,777
Additions	**1,145**	-
Increase / (Decrease) in value	**149**	6
Transfer to Other Fixed Assets	**-**	-
Transfer to Properties Under Contruction	**-**	(1,115)
Disposals	**(175)**	-
	5,787	**4,668**

Investment properties were valued in 2025 by RICS registered valuers, Savills UK.

A number of investment properties saw increased valuations, and others decreased in valuation to give rise to an overall net increase in the year ended 31 March 2025. The continued buoyancy in the properties markets gives the Board confidence that use of the valuations for the period ending 2025 is appropriate.

15. Stock and properties held of sale

	2025 Group £'000	2024 Group £'000	2025 Company £'000	2024 Company £'000
Stock and work in progress:	**492**	**312**	**492**	**312**
Properties held for sale				
Shared ownership properties:				
Completed properties	**801**	470	**801**	470
Work in progress	**835**	2,767	**835**	2,767
Properties developed for outright sale:				
Completed properties	**2,005**	480	**-**	-
Work in progress	**1,864**	8,903	**-**	-
Land	**-**	-	**-**	-
Properties held for sale	**5,505**	**12,620**	**1,636**	**3,237**

16. Trade and other debtors: amounts falling due within one year

	2025 Group £'000	2024 Group £'000	2025 Company £'000	2024 Company £'000
Rent and service charges receivable	**2,217**	2,817	**2,217**	2,817
Less: Provision for bad and doubtful debts	**(1,861)**	(1,991)	**(1,861)**	(1,991)
Net rent arrears	**356**	**826**	**356**	**826**
Other debtors	**22,379**	1,916	**22,363**	1,916
Social housing grant receivable	**-**	-	**-**	-
Amounts owed by group undertakings	**-**	-	**1,954**	5,790
Other taxation and social security	**50**	85	**-**	-
Prepayments and accrued income	**3,178**	1,943	**3,178**	1,943
Other Debtors	**25,607**	**3,944**	**27,495**	**9,649**
	25,963	**4,770**	**27,851**	**10,475**

Other debtors includes £21,178k of AHGS funds (2024 nil) held in a sinking fund pending completion of property charging.

17. Debtors: amounts due after more than one year

	2025 Group £'000	2024 Group £'000	2025 Company £'000	2024 Company £'000
Prepayments due after more than one year	**4**	38	**4**	38
	4	**38**	**4**	**38**

18. Cash and short-term investments

	2025 Group £'000	2024 Group £'000	2025 Company £'000	2024 Company £'000
Short-term investments	**3,131**	4,219	**3,052**	4,125
Cash and cash equivalents	**3,495**	562	**1,711**	426
	6,626	**4,781**	**4,763**	**4,551**

19. Creditors: amounts falling due within one year

	2025 Group £'000	2024 Group £'000	2025 Company £'000	2024 Company £'000
Loans (Note 23 & Note 29)	**1,799**	345	**1,799**	345
Loans - Intercompany	**-**	-	**-**	-
Less: Issue costs	**(300)**	(277)	**(281)**	(258)
Less: Issue costs - Intercompany	**-**	-	**(19)**	(18)
Bond premium	**126**	122	**-**	-
Bond discount	**(65)**	-	**(65)**	-
Trade creditors	**4,327**	3,830	**3,101**	2,954
Council's share of Right to Buy proceeds	**548**	-	**548**	-
Rent and service charges received in advance*	**3,543**	2,350	**3,543**	2,350
Other taxation and social security	**479**	416	**479**	482
Accruals and deferred income	**6,561**	6,640	**3,673**	3,591
Other creditors	**1,030**	957	**1,030**	957
Recycled capital grant fund (Note 22)	**-**	-	**-**	-
Deferred grant income (Note 21)	**844**	788	**844**	788
Other amounts owed to group undertakings	**-**	-	**7,961**	7,667
Receipts in advance	**876**	908	**876**	908
	19,768	**16,079**	**23,489**	**19,766**

* Rent and service charges received in advance include £0.186m (£0.488m 2024) related to accounts that have ended

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

	2025 Group £'000	2024 Group £'000	2025 Company £'000	2024 Company £'000
Loans (Note 23 & Note 29)	**292,737**	254,036	**172,737**	134,036
Loans - Intercompany	**-**	-	**120,000**	120,000
Less: Issue costs	**(2,768)**	(2,378)	**(2,090)**	(1,681)
Less: Issue costs - Intercompany	**-**	-	**(678)**	(696)
Recycled capital grant fund (Note 22)	**103**	112	**103**	112
Deferred income	**-**	-	**-**	-
Deferred grant income (Note 21)	**74,310**	69,114	**74,310**	69,114
Deferred bond premium	**4,133**	4,260	**-**	-
Deferred bond discount	**(1,749)**	-	**(1,749)**	-
Improvement works	**-**	-	**-**	-
	366,766	**325,144**	**362,633**	**320,885**

21. Deferred grant income

Group & Company	2025 £'000	2024 £'000
At 1 April	**69,902**	68,433
Grant received in the year	**6,223**	2,357
Release of grant to Surplus on Disposal	**(93)**	(29)
Grant recycled	**(30)**	(67)
Released to income in the year	**(848)**	(792)
At 31 March	**75,154**	**69,902**
Amounts to be released within one year	**844**	788
Amounts to be released in more than one year	**74,310**	69,114
At 31 March	**75,154**	**69,902**

22. Recycled capital grant fund

Group & Company	2025 £'000	2024 £'000
At 1 April	**112**	**42**
Grants recycled	**30**	67
Interest accrued	**3**	3
Withdrawals	**(42)**	**-**
	103	**112**
Repayment of grant	**-**	**-**
At 31 March	**103**	**112**
Amount of grant due for repayment	**-**	**-**

23. Debt analysis

The funding has been sourced directly by Connexus Homes Ltd or Bond finance funding by the funding vehicle Herefordshire Capital PLC (H.Cap) and on-lent to Connexus Homes Ltd on the terms detailed in the table. Loans are secured against properties charged to M&G Security Trustees. This is with the exception of £40m of AHGS funding which was in the process of being secured against properties at 31 March 2025, with £20m held in a sinking fund shown within other debtors in Note 16.

	Source	Terms of repayment	2025 £'000	2024 £'000
NatWest	C.Homes	15 years	**25,245**	25,245
NatWest	C.Homes	21 years	**55,000**	55,000
RBS Revolver	C.Homes	2 years	**-**	-
Natwest Revolver	C.Homes	2 years	**6,000**	14,000
Lloyds Revolver	C.Homes	2 years	**8,500**	-
Canada Life	C.Homes	22 years	**25,000**	25,000
Shropshire Council	C.Homes	12-16 years	**6,791**	7,136
Lloyds Bank	C.Homes	13 years	**8,000**	8,000
AHGS	C.Homes	27 years	**40,000**	-
Phoenix	C.Homes	13-17 years	**-**	-
Bond Finance	H.Capital	25 years	**120,000**	120,000
Total borrowings			**294,536**	**254,381**
Less: Issue Costs			**(3,068)**	**(2,655)**
			291,468	**251,726**

Based on the lenders earliest repayment date, borrowings are repayable as follows: Accounted for at amortised cost.

Within one year or on demand	**1,499**	68
One year or more but less than two years	**15,927**	1,522
Two years of more but less than five years	**5,885**	20,085
Five years or more	**268,157**	230,051
	291,468	**251,726**

24. Financial commitments

Group & Company	2025 £'000	2024 £'000
Authorised expenditure not contracted	**109,515**	157,942
Authorised expenditure contracted	**61,278**	45,596
	170,793	**203,538**

At the reporting date the Group had £3.5m of cash and cash equivalents, £3.1m of short-term investments, and £125.5m of approved undrawn funding. The remaining £38.7m is expected to be funded by reserves, future surpluses, Social Housing Grant, loan finance, and new build asset sales.

The Group and Company were committed to making the following minimum lease payments under non-cancellable operating leases.

Group & Company	2025 £'000	2024 £'000
Due within one year	**383**	415
Due within two and five years	**819**	1,192
	1,202	**1,607**

25. Provisions for liabilities

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost for the period of absence. The Employer Relations provision relates to ongoing employment issues liabilities that met the threshold for recognition. The restructure provision relates to potential redundancy costs in relation to restructuring of the repairs service announced on 31st March 2025. LCHO repairs provision recognises the potential repairs liability in relation to the new share ownership model. The contract provision was released in year due to a liability recognised in 2023/24 that was settled.

Group & Company	Leave Pay £'000	Employer Relations £'000	Restructure £'000	LCHO Repairs £'000	Contract £'000	Total £'000
At 1 April 2024	**234**	**-**	-	12	198	**444**
Additions	**-**	**82**	170	40	-	**292**
Reversals	**2**	**-**	-	-	(198)	**(196)**
At 31 March 2025	**236**	**82**	**170**	**52**	**-**	**540**

26. Called up share capital

	2025 Group £'000	2024 Group £'000	2025 Company £'000	2024 Company £'000
Issued and fully paid shares of £1 each:				
At 1 April	**10**	9	**10**	9
Issued during the year	**4**	1	**4**	1
Relinquished during the year	**(3)**	-	**(3)**	-
At 31 March	**11**	**10**	**11**	**10**

The shareholders do not have the right to dividends, redemptions or distributions.

27. Reconciliation of operating surplus to net cash flow from operating activities

Group	2025 £'000	2024 £'000
Operating surplus	**16,945**	15,337
Depreciation of housing properties	**10,735**	10,126
Impairment of housing properties	**469**	151
Depreciation of other fixed assets	**898**	838
Impairment of other fixed assets	**1,522**	-
Movement in valuation of investment properties	**(149)**	(6)
Movement in properties held for sale	**7,547**	(4,773)
Surplus on disposal of properties	**(6,456)**	(5,616)
Other loss on disposal	**41**	(43)
Movement in stock	**(180)**	145
Movement in debtors	**(21,159)**	(431)
Movement in creditors	**2,263**	(648)
Movement in provisions	**96**	134
Pension cost less contributions payable	**1,434**	(510)
Taxation	**-**	1
Government grants utilised in the year	**(941)**	(821)
Net cash flow from operating activities	**13,065**	**13,884**

28. Analysis of changes in net debt

Group	1 April 2024 £'000	Cashflow £'000	Non-cash £'000	31 March 2025 £'000
Cash	**562**	**2,933**	**-**	**3,495**
Short term investments	**4,219**	**(1,088)**	**-**	**3,131**
	4,781	**1,845**	**-**	**6,626**
Debt (loans)	**(254,381)**	**(38,322)**	**(1,833)**	**(294,536)**
Debt (finance leases)	**-**	**-**	**-**	**-**
Issuance costs	**2,655**	**698**	**(285)**	**3,068**
	(246,945)	**(35,779)**	**(2,118)**	**(284,842)**

29. Financial assets and liabilities

Other than short term debtors, financial assets held are cash deposits at bank or placed on money markets at call or invested in sterling gilts. They attract interest at variable rates and amounts are shown below:

	2025 Group £'000	2024 Group £'000	2025 Company £'000	2024 Company £'000
Call account deposits & gilts (On which floating interest is earned)	**3,131**	4,219	**3,052**	4,125
Current account deposits (On which no interest is earned)	**3,495**	562	**1,711**	426
Total financial assets	**6,626**	**4,781**	**4,763**	**4,551**

Financial liabilities

Financial liabilities excluding trade creditors at 31 March were:	2025 £'000	2024 £'000
Under one year	-	-
Within two to five years	**14,500**	14,000
After five years	**280,036**	240,381
Interest rate basic:		
Fixed	**95.0%**	94.5%
Floating	**5.0%**	5.5%
Based on final repayment date		

The weighted average percentage of financial liabilities is 4.48% in 2025. (2024: 4.25%).

The interest rate profile of the Group's financial liabilities at 31 March was:

	2025 £'000	2024 £'000
Fixed Rate	**279,970**	240,315
Variable Rate	**14,566**	14,066
Total Borrowings	**294,536**	**254,381**

Borrowing facilities

The Group has undrawn committed borrowing facilities as follows based on the expiration date.

	2025 £'000	2024 £'000
Two years of more but less than five years	**65,500**	66,000
Five years or more	**60,000**	-
	125,500	**66,000**

Financial risk management

Risk management

The Financial Control and Compliance team is responsible for the management of funds and control associated risks. Its activities are governed by the Group Board who are responsible for treasury issues in all Connexus Homes Limited legal entities which include this company.

Interest rate risk

The Group currently borrows on a fixed rate basis from the capital market through Herefordshire Capital PLC which on-lends these funds to Connexus Homes Limited which then on-lends to the other entities in the Group on a similar fixed rate basis. The group also secures third party funding at fixed rates and floating rates through RCF facilities, with the Group debt portfolio being 95% fixed.

The Group does not have any hedging activities, and it does not have any derivatives.

The interest rate on all Herefordshire Capital borrowing is fixed at 4.193% until 2049, and with overall 92.0% of drawn Group debt being due after 5 years.

30. Contingent liabilities and contingent assets

As at 31 March 2025 the company had nil contingent liabilities (£nil 2024). As at 31 March 2025 the company had nil contingent assets (£nil 2024).

31. Pensions

All the company's employees are eligible to join the Social Housing Pension Scheme (SHPS) defined contribution scheme. During the year Connexus also operated one legacy defined benefit scheme which is not open to new members, the Social Housing Pension Scheme. The legacy Local Government defined benefit schemes, Shropshire County Pension Fund (SCPF) and Worcester Pension Fund (WPF) were both settled within the financial year, the net surplus recognised against the Statement of Financial Position Pension assets and liabilities. All of the defined benefit schemes were closed to new members on 31 January 2024 following a period of consultation.

Further information on each defined benefit scheme is given below.

	2025 Group £'000	2024 Group £'000
Total pension liability comprises of:		
SHPS	**1,343**	2,147
Shropshire Council (LGPS) for 455	-	56
	1,343	**2,203**

	2025 Group £'000	2024 Group £'000
Total pension asset comprises of:		
Shropshire Council (LGPS) for 430	-	1,212
Worcester County Council (LGPS)	-	850
	-	**2,062**

Shropshire County Pension Fund (SCPF)

The SCPF is a Local Government Pension Scheme and is a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state scheme.

The market value of the Group's share of the scheme assets at 31 January 2024, being the date of cessation, was £11.53m representing a funding level of 118% based on liabilities valued on actuarial assumptions. Liabilities having a market value of £9.78m.

Employer's contributions to the SCPF by the Group for the year ended 31 March 2024 were £0.13m. Employer's contribution rates were 0% Employer ref: 40 and 23.2% Employer ref 455, during the 2024 financial year with no annual past service deficit payments.

Employers can opt out to make an additional contribution to cover the McCloud judgement, Connexus had opted to do so, and it is included in the Secondary rate.

In practice, each employer's positionis assessed, and separate employer contribution rates are set based on individual circumstances.

There is no provision for unitising the assets of the SCPF under the Local Government Pension Scheme Regulations. The above assets are allocated as a whole to participating bodies on a consistent and reasonable basis and overall investment performance is attributed to employers on a pro-rata basis (i.e. a notional individual employer investment strategy that is identical to that adopted for the scheme as a whole).

During the financial year Connexus and SCPF settled its assets and liabilities resulting in a scheme net surplus payment to Connexus of £1.156m.

Analysis of the amount charged to the Statement of Comprehensive Income (SCPF)	**2025 £'000**	**2024 £'000**
Current service costs	-	92
Past Service Costs	-	-
Administration expenses	-	4
Amounts charged to other operating costs	**-**	**96**

	2025 £'000	**2024 £'000**
Interest on pension liabilities	-	396
Expected return on assets	-	(443)
Amounts charged to other finance costs	**-**	**(47)**

Statement of total recognised surpluses and deficits (SCPF)	**2025 £'000**	**2024 £'000**
Remeasurements in year (liabilities and assets)	-	608
Internal judgement - asset ceiling (applied) / reversed	-	1,062
FRS102 to actual termination basis difference in assumptions	-	(598)
Actuarial gain / (loss) recognised	**-**	**1,072**

Analysis of the amount recognised in the Statement of Financial Position (SCPF)	**2025 £'000**	**2024 £'000**
Present value of funded benefit obligations	-	(9,775)
Fair value of plan assets	-	11,529
Internal judgement - asset ceiling applied	-	-
FRS102 to actual termination basis difference in assumptions	-	598
(Surplus) / deficit related to the Group	**-**	**(1,156)**
Net (asset) / liability to the Group	**-**	**(1,156)**

Change in benefit obligation during the financial year (SCPF)	**2025 £'000**	**2024 £'000**
Opening scheme liabilities	**9,775**	9,899
Current service cost	-	92
Interest on pension liabilities	-	396
Member contributions	-	28
Past service cost (gain)	-	-
Re-measurements - gain/(loss): experience	-	25
Re-measurements - gain: assumptions	-	-
Remeasurements - loss on financial	-	(112)
Remeasurements - gain on demographic	-	(125)
Curtailments	-	-
Benefits paid	-	(428)
Released on settlement of net asset	**(9,775)**	-
Present value of benefit obligation at end of the year	**-**	**9,775**

Change in plan assets during the financial year (SCPF)	**2025 £'000**	**2024 £'000**
Opening fair value of plan assets	**11,529**	10,961
Interest on plan assets	-	443
Remeasurements (assets)	-	396
Administration expenses	-	(4)
Employer contributions	-	133
Member contributions	-	28
Benefits / transfers paid	-	(428)
Released on settlement of net asset	**(11,529)**	-
Closing fair value of plan assets	**-**	**11,529**

History of experience gains and losses (SCPF)	2025 £'000	2024 £'000
Defined benefit obligation	-	(9,775)
Plan assets	-	11,529
Internal judgement - asset ceiling (applied)	-	-
FRS102 to actual termination basis difference in assumptions	-	(598)
(Deficit) 455	**-**	**(56)**
Surplus 430	**-**	**1,212**
Gains / (losses) on plan liabilities	-	212
(Losses) / gains on plan assets	-	396
Internal judgement - asset ceiling (applied) / reversed	-	1,062
FRS102 to actual termination basis difference in assumptions	-	(598)

Worcestershire Pension Fund

The WPF is a multi-employer scheme with more than one participating employer, which is administered by Worcestershire County Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme.

The market value of the Company's share of the scheme assets at 31 January 2024, being the date of cessation, was £35.96m representing a funding level of 109% based on the liabilities valued on actuarial assumptions. Liabilities had a market value of £33.04m.

Employer's contributions to the WPF by the Company for the year ended 31 March 2024 were £0.39m. Less a Past Service Deficit Credit of £0.18m.

The company's employer's contribution rate was 19.5% during the financial year 2024.

Employers can also opt to make an additional contribution to cover the McCloud judgement, Connexus had opted to do so, and it is included in the Secondary Rate.

In practice, each employer's position is assessed, and separate employer contribution rates are set based on individual employer circumstances.

There is no provision for unitising the assets of the WPF under the Local Government Pension Scheme Regulations. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis and the overall investment performance is attributed to employers on a pro-rata basis (i.e. a notional individual employer investment strategy that is identical to that adopted for the Scheme as a whole).

During the financial year Connexus and WPF settled its assets and liabilities resulting in a scheme net surplus payment to Connexus of £0.850m.

Analysis of the amount charge to the Statement of Comprehensive Income (WPF)	2025 £'000	2024 £'000
Current service costs	-	532
Past service costs	-	-
Administration expenses	-	-
Amounts charged to operating costs	**-**	**532**

	2025 £'000	2024 £'000
Interest on pensions liabilities	-	1,245
Expected return on assets	-	(1,368)
Amounts charged to other finance costs	**-**	**(123)**

Statement of total recognised surpluses and deficits (WPF)	2025 £'000	2024 £'000
Remeasurements (liabilities & assets)	-	(201)
Internal judgement - asset ceiling applied	-	2,468
Administering Authority determination	-	(2,068)
Actuarial gain / (loss) recognised	**-**	**199**

Analysis of the amount recognised in the Statement of Financial Position (WPF)	2025 £'000	2024 £'000
Present value of funded benefit obligations	-	33,044
Fair value of plan assets	-	(35,962)
Internal judgement - asset ceiling applied	-	-
Administering Authority determination	-	2,068
(Surplus) / deficit related to the Company	**-**	**(850)**
Net (Asset) / liability to the Company	**-**	**(850)**

Change in benefit obligation during the financial year (WPF)	2025 £'000	2024 £'000
Opening scheme liabilities	**33,044**	30,951
Current service cost	-	532
Interest on pension liabilities	-	1,245
Member contributions	-	202
Re-measurements - gain/(loss): experience	-	(1,469)
Re-measurements - gain: assumptions	-	-
Remeasurements - gain on financial assumptions	-	1,276
Remeasurements - gain on demographic assumptions	-	944
Benefits paid	-	(637)
Released on settlement of net asset	**(33,044)**	-
Present value of benefit obligation at end of the year	**-**	**33,044**

Change in plan assets during the financial year (WPF)	2025 £'000	2024 £'000
Opening fair value of plan assets	**35,962**	34,094
Interest on plan assets	-	1,368
Remeasurements (assets)	-	550
Administration expenses	-	-
Employer contributions	-	385
Member contributions	-	202
Benefits / transfers paid	-	(637)
Released on settlement of net asset	**(35,962)**	-
Closing fair value of plan assets	**-**	**35,962**

History of experience gains and losses (WPF)	2025 £'000	2024 £'000
Defined benefit obligation	-	(33,044)
Plan assets	-	35,962
Internal judgement - asset ceiling applied	-	-
Administering Authority determination	-	(2,068)
Asset / (Deficit)	**-**	**850**
Gains / (losses) on plan liabilities	-	(751)
(Losses) / gains on plan assets	-	550
Internal judgement - asset ceiling applied	-	2,468
Administoring Authority determination	-	(2,068)

Social Housing Pension Scheme (SHPS)

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

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

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

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

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

The latest accounting valuation was carried out with an effective date of 30 September 2024. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2025 to 28 February 2026 inclusive.

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

Connexus were notified in 2021 by the Trustee of the Scheme that it had performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with the Court's determination expected no later than Summer of 2025. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. Connexus note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

The principle assumptions at the Statement of Financial Position are: (SHPS) Financial assumptions	**2025 % per annum**	**2024 % per annum**
Discount rate	**5.90**	4.92
Inflation (RPI)	**3.06**	3.11
Inflation (CPI)	**2.80**	2.79
Salary growth	**3.80**	3.79
Allowance for commutation of pension for cash at retirement	**75% of max allow**	75% of max allow

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

Post retirement Mortality assumptions:	**Life expectancy at age 65 Years 2025**	**Life expectancy at age 65 Years 2024**
Retiring today:		
Current pensioners - Male	**20.5**	20.5
Current pensioners - Female	**23.0**	23.0
Retiring in 20 years:		
Future pensioners - Male	**21.7**	21.8
Future pensioners - Female	**24.5**	24.4

Analysis of the amount charges to the Statement of Comprehensive Income (SHPS)	**2025 £'000**	**2024 £'000**
Current service costs	**-**	(22)
Expenses	**17**	18
Amounts charged to operating costs	**17**	**(4)**
Interest on pension liabilities	**544**	556
Expected return on assets	**(452)**	(472)
Amounts charged to other finance costs	**92**	**84**
Total recognised in statement of comprehensive income	**109**	**80**

Statement of total recognised surpluses and deficits (SHPS)	**2025 £'000**	**2024 £'000**
Remeasurements in year (liabilities & assets)	**325**	(646)

Analysis of the amounts recognised in the Statement of Financial Position (SHPS)	2025 £'000	2024 £'000
Present value of funded benefit obligations	**10,252**	11,218
Fair value of plan assets	**(8,909)**	(9,071)
Deficit related to the Group	**1,343**	**2,147**
Net liability to the Group	**1,343**	**2,147**

Change in the benefit obligation to 31 March (SHPS)	2025 £'000	2024 £'000
Opening benefit obligation	**11,218**	11,556
Current service cost	**-**	(22)
Expenses	**17**	18
Interest Cost	**544**	556
Member contributions	**-**	57
Actuarial losses (gains) - Experience	**485**	(411)
Actuarial losses (gains) - Demographics	**-**	(113)
Actuarial losses (gains) - Financial	**(1,667)**	(170)
Curtailments	**(345)**	-
Benefits paid and expenses	**-**	(253)
Closing benefit obligation	**10,252**	**11,218**

Change in plan assets to 31 March (SHPS)	2025 £'000	2024 £'000
Opening fair value of plan assets	**9,071**	9,519
Interest income	**452**	472
Remeasurements - Experience gain / (loss)	**(857)**	(1,340)
Employer contributions	**588**	616
Member contributions	**-**	57
Benefits paid and expenses	**(345)**	(253)
Closing fair value of plan assets	**8,909**	**9,071**

Analysis of plan assets (SHPS)	2025 £'000	2024 £'000
Global equity	**998**	904
Absolute return	**-**	354
Distressed opportunities	**-**	320
Credit relative value	**-**	297
Alternative risk premia	**-**	288
Liquid alternatives	**1,652**	-
Emerging market debt	**-**	117
Risk sharing	**-**	531
Insurance-linked securities	**27**	47
Property	**446**	364
Infrastructure	**2**	916
Private equity	**8**	7
Real assets	**1,067**	-
Opportunistic liquid credit	**-**	357
Private credit	**1,090**	-
Credit	**341**	-
Investment grade credit	**274**	-
High yield	**-**	355
Opportunistic credit	**-**	1
Cash	**121**	179
Corporate bond fund	**-**	-
Long lease property	**3**	59
Secured income	**149**	271
Liability driven investment	**2,698**	3,692
Currency hedging	**14**	(4)
Net current assets	**19**	16
Total assets	**8,909**	**9,071**

32. Related party transactions

There have been no related party transactions, outside of the group, identified at the year end 31 March 2025.

33. Disclosure of group activity Intra group transactions

Debtor and creditor balances between members of the Group are either debt subject to a market rate of interest, or trading balances which are non-interest bearing and are due to be settled within one year of their recognition. Costs are recharged to Floreat Living Limited at cost and to Rise Partnerships Development Limited at cost plus 5%.

Floreat Living Limited is a subsidiary of Connexus Homes Limited providing design and property sales services for the open market properties.

Rise Partnerships Development Limited charge Connexus Homes Limited at cost plus 5%. In accordance with FRS102, the group has taken advantage of the exemption from disclosing transactions or balances with entities which form part of the group.

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Connexus Homes Limited (Trading as Connexus) is a charitable Community Benefit Society registered under the Co-operative and Community Benefit Societies Act 2014 - registered number: 8376 and registered as a Registered Provider with the Regulator of Social Housing - registration number: LH4353 whose registered office is at The Gateway, The Auction Yard, Craven Arms, Shropshire, SY7 9BW