Connexus

Annual Report and Financial Statements

2025/26



Registered Society 8376
Regulator Registration Number LH4353

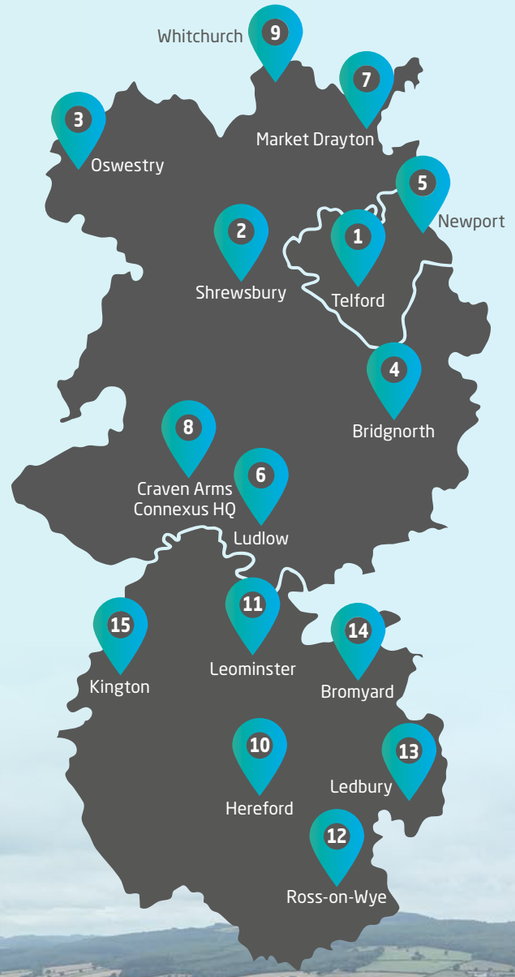
About Connexus

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 11,000 affordable rented homes and associated support and later living services across our two counties.

Our operating area



Shropshire

1 Telford
2 Shrewsbury
3 Oswestry
4 Bridgnorth
5 Newport
6 Ludlow
7 Market Drayton
8 Craven Arms (Connexus HQ)
9 Whitchurch

Herefordshire

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 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 allows 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. Later living services support 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

In March 2026, following a scheduled inspection by the Regulator of Social Housing, Connexus received updated gradings of G2 for governance, V2 for financial viability and C3 for consumer standards. These ratings reflect the Regulator's assessment of our governance, financial resilience and the quality of outcomes for our customers.

While the G2 and V2 gradings confirm that Connexus remains effectively governed and financially stable, the C3 rating highlights that improvement is required in delivering customer outcomes. In particular, this relates to the quality and reliability of data about homes and customers.

We had already begun addressing these areas through a strengthened, customer-focused approach, supported by a new Customer Service Strategy and the introduction of new systems and ways of working. While these changes are at an early stage, they provide a clear foundation for improvement.

We are committed to delivering lasting change, improving our homes, services and engagement with customers.

Taking our next steps

When we launched our Corporate Plan in early 2025, we described our long-term ambition to provide homes you can build a life in. It was a new vision for Connexus, one that recognised both the opportunities and challenges facing rural communities and the role we must play in helping those communities thrive.

This year marks the first full year of delivery against that plan, and, while there is still much more to do, we have taken important steps forward.

Modernising our business

Across Connexus, we have been focused on modernising how we work, strengthening our foundations and creating the capacity we need to deliver better outcomes for our customers. We have introduced a new core housing management system, launched new strategies to guide our approach to customer service, asset management, development and regeneration, invested in our homes and communities, and continued to build a culture that is focused on improvement, accountability and value for money. We have also strengthened our leadership teams and brought new talent into the organisation, ensuring we have the skills and experience needed to deliver our strategic priorities.

All of this is happening against a backdrop that remains challenging for many of our customers. Demand for affordable housing continues to grow, particularly in rural areas, while ongoing cost of living pressures mean many households are facing difficult financial choices and increasing uncertainty.

At the same time, housing associations like Connexus are operating in an increasingly complex environment. Expectations of social landlords continues to rise, regulation is providing greater scrutiny of the sector, and we must balance the need to invest in existing homes, improve services, maintain safety and deliver new affordable housing for future generations.

Investing in homes and services

I'm pleased that we have been able to invest heavily in maintaining and improving our customers' homes this year - carrying out hundreds of upgrades and improvements while also making our properties more energy efficient. We have also delivered 90 new homes across Herefordshire and Shropshire and laid the foundations for future developments through a new Development and Regeneration Strategy. This has already seen new sites identified and plans being developed across our operating area.

Just as importantly, we have begun a significant refocusing on the customer experience. During the year, we launched our new Customer Service Strategy, developed with customers and colleagues, which sets a clear direction for how we will improve services over the next five years.

"By staying focused on what matters most, we can continue to make a lasting difference."

The strategy is designed to make Connexus easier to deal with, more responsive and more accountable, while giving customers a stronger voice in shaping the services they receive. Beyond the boundaries of our organisation, we have also strengthened our own voice.

Through our Rural Voice campaigning and wider advocacy work, we have sought to highlight the realities of rural life and the barriers many people face in accessing affordable housing, employment, services and opportunities. Too often, rural communities are viewed as prosperous places to live without recognising the hidden challenges experienced by those who live there. We know the reality is often much more complex, because we see it every day.

Taking action

This year also brought important regulatory scrutiny. Following our inspection by the Regulator of Social Housing, we received gradings of G2 for governance, V2 for financial viability and C3 for consumer standards.



While the governance and viability ratings confirm that Connexus remains a well-governed and financially resilient organisation, the consumer grading highlighted areas where improvement is required, particularly around the quality and reliability of our data.

We accepted these findings and had already begun taking action ahead of the inspection. Our renewed focus on customers, combined with investment in new systems, improved processes and stronger performance management, provides a clear foundation for change. We are not where we want to be yet, though we are clear about where we need to improve and committed to delivering better outcomes for customers.

Future ambition

As we enter the second year of our Corporate Plan, we will continue the work we've started – investing in our homes, improving our services and developing new rural affordable housing. Continuing on our modernisation journey will also be important, so the organisation is fit for the future. Listening to customers and acting on what they tell us will be at the heart of this approach.

And while delivering our ambitions will not be without challenges, they can only be achieved through the collective effort of colleagues, customers and partners working together. By staying focused on what matters most, we can continue to make a lasting difference to the rural communities we serve.

On behalf of Connexus, thank you for supporting us as we take our next steps.

Kate Smith
Chief Executive

2025/26 at a glance

2025/26 was the first full year of delivery against our Corporate Plan, Homes You Can Build a Life In. The figures below highlight some of the key activity and progress made during the year, from delivering new affordable homes and investing in existing properties, to maintaining safety, strengthening services and preparing for the future.

Over
11,000
homes managed across Shropshire and Herefordshire

£19.1m
invested in existing homes

90
new affordable homes delivered

£200m+
planned investment in homes by 2030

More than
700
major components replaced in customers' homes

82.0%
satisfaction that homes are safe

£35m
of major property investment contracts awarded

20,000+
compliance checks completed

How we performed

Delivering good services, maintaining safe homes and remaining financially strong are all essential to achieving our purpose and meeting the expectations of our customers, communities and the Regulator.

Throughout the year, we monitor a wide range of performance measures that help us understand where we are doing well, where improvements are needed and how we compare against the standards expected of a modern housing association.

The next few pages explain how Connexus performed during 2025/26 across customer satisfaction, service delivery, financial performance and regulatory compliance. It also outlines some of the key improvements made during the year to strengthen services, invest in our homes and rural communities, and ensure we are well placed to meet future challenges and opportunities.

Tenant satisfaction measures

In 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 are 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 10 management information measures and 12 satisfaction measures which cover five key themes:

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

Connexus customers are asked the TSM questions in telephone surveys carried out by an independent research company.



Our performance against the TSMS

You can see how Connexus performed last year in the table below. More commentary about our TSM performance can be found on the Connexus website on the How We're Performing page.

Tenant Satisfaction Measures Category		2025/26 Performance
TP01	Overall satisfaction	74.7%
TP02	Satisfaction with repairs	79.3%
TP03	Satisfaction with time taken to complete most recent repair	75.0%
TP04	Satisfaction that the home is well maintained	74.4%
TP05	Satisfaction that the home is safe	82.0%
TP06	Satisfaction that the landlord listens to tenant views and acts upon them	67.4%
TP07	Satisfaction that the landlord keeps tenants informed about things that matter to them	72.8%
TP08	Agreement that the landlord treats tenants fairly and with respect	81.5%
TP09	Satisfaction with the landlord's approach to handling complaints	43.5%
TP10	Satisfaction that the landlord keeps communal areas clean and well maintained	72.3%
TP11	Satisfaction that the landlord makes a positive contribution to neighbourhoods	69.5%
TP12	Satisfaction with the landlord's approach to handling anti-social behaviour	65.5%

Tenant Satisfaction Measures Category		LCRA*	LCHO**	2025/26 Performance
Building safety				
BS01	Proportion of homes for which all required gas safety checks have been carried out.			99.8%
BS02	Proportion of homes for which all required fire risk assessments have been carried out.			98.7%
BS03	Proportion of homes for which all required asbestos management surveys or re-inspections have been carried out.			98%
BS04	Proportion of homes for which all required legionella risk assessments have been carried out.			100%
BS05	Proportion of homes for which all required communal passenger lift safety checks have been carried out.			100%
Anti-social Behaviour				
NM01	Number of anti-social behaviour cases, opened per 1,000 homes.			34.8
NM02	Number of anti-social behaviour cases that involve hate incidents opened per 1,000 homes			0.5
Decent Homes Standard and Repairs				
RP01	Proportion of homes that do not meet the Decent Homes Standard.	2.4		
RP02	Proportion of non-emergency responsive repairs completed within the landlord's target timescale.	55.4		
RP02	Proportion of emergency responsive repairs completed within the landlord's target timescale.	72.1		
Complaints				
CH01	Number of stage one complaints received per 1,000 homes.	68.5		
CH01	Number of stage two complaints received per 1,000 homes.	16.6		
CH02	Proportion of stage one complaints responded to within the Housing Ombudsman's Complaint Handling Code timescales.	77.0		
CH02	Proportion of stage two complaints responded to within the Housing Ombudsman's Complaint Handling Code timescales.	79.7		

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

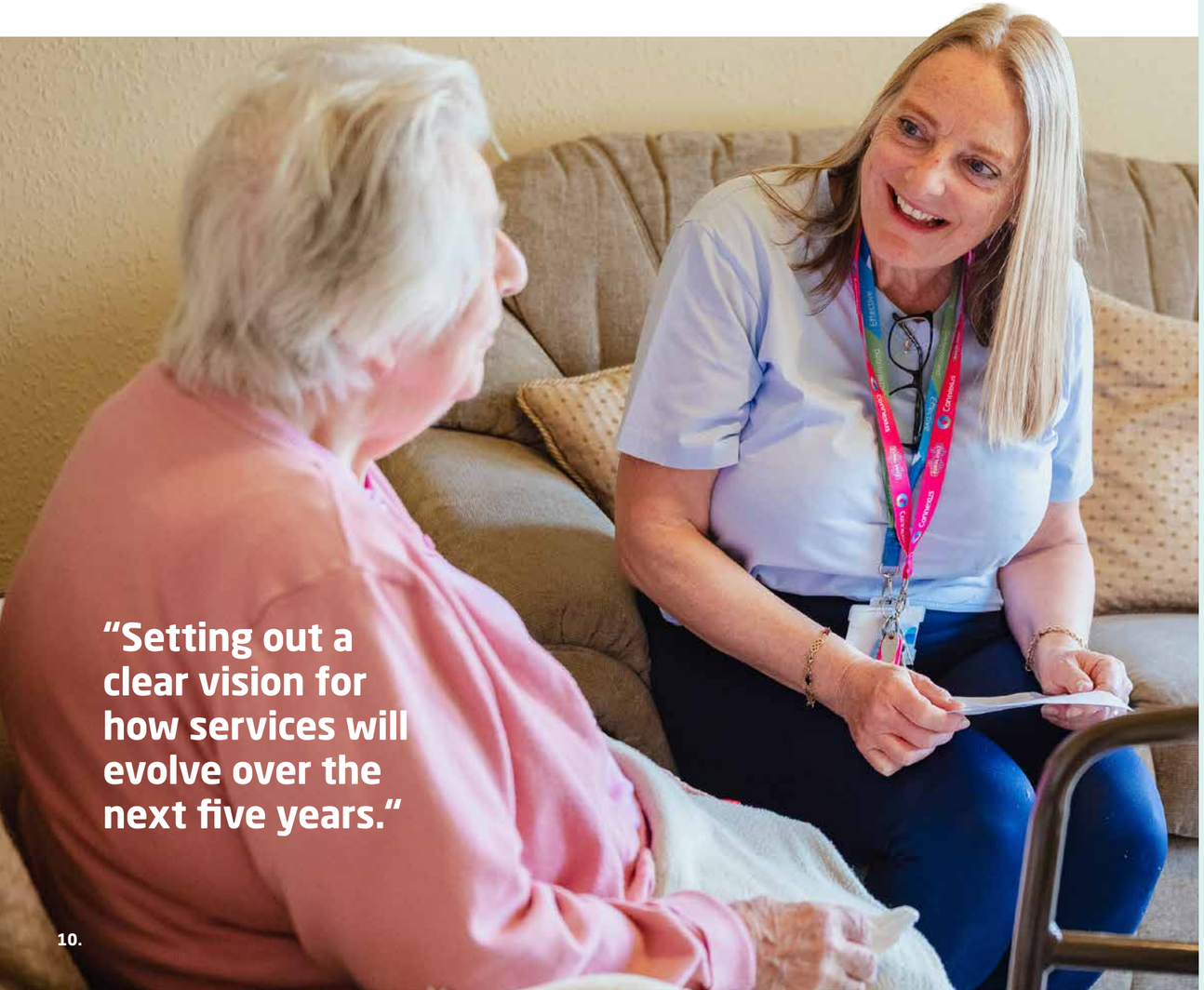
Putting customers at the heart of what we do

This year, Connexus launched its new Customer Service Strategy 2025-30, setting out a clear vision for how services will evolve over the next five years.

Developed in partnership with customers and colleagues, the strategy responds to changing customer expectations, increasing regulatory focus and our commitment to delivering excellent services. It provides a roadmap for creating services that are consistent, accessible and responsive, while ensuring customers have greater opportunities to influence the decisions that affect them.

The strategy is built around several key priorities, including improving service consistency, expanding digital and self-service options, transforming the repairs experience, strengthening customer engagement and using performance data to drive continuous improvement.

Delivery will take place in phases, beginning with foundational improvements before building on customer insight and feedback over time. By focusing on what matters most to customers, the strategy will help ensure Connexus is easy to deal with, caring and trustworthy, while supporting people to build stable lives in their homes.



Cost-aware culture delivers results

Despite a challenging economic environment, Connexus delivered a strong financial performance during 2025/26, demonstrating the benefits of a growing cost-aware culture and a continued focus on value for money.

A key measure of our financial health is the Social Housing Lettings Margin (SHLM), which shows how much rental income remains after covering the day-to-day costs of managing and maintaining our homes. This year, Connexus achieved an SHLM of 18.7%, closely aligned with the budgeted target of 18.3%.

This represented a significant improvement on the previous year's margin of 15.3%, despite considerable cost pressures, including inflation and increased employer National Insurance contributions.

Through careful financial management, improved efficiency and a collective focus on controlling costs, Connexus not only absorbed these additional pressures but strengthened its overall position. The result was an estimated £3.1 million improvement against underlying expectations, creating additional capacity to invest in new homes, regeneration activity, future improvement programmes and other strategic priorities.

The result reflects the contribution of colleagues across the organisation and provides a strong foundation as Connexus continues to invest in homes, services and communities.



Responding to Awaab's Law

The introduction of Awaab's Law in October 2025 set clear expectations for how social landlords respond to hazards in the home, particularly damp and mould. The law requires providers like Connexus to investigate and address serious risks within fixed timescales, including responding to emergency hazards within 24 hours and ensuring customers are kept informed throughout.

In response, Connexus strengthened its approach to managing damp and mould by introducing a clearer, more structured process supported by enhanced systems and case management arrangements.

All reports are risk assessed and prioritised, with cases classified according to severity. Higher-risk cases are treated as urgent, with attendance arranged within 24 hours, immediate action taken to make the home safe, and temporary accommodation offered where required. Lower-risk cases are inspected within defined timescales and followed by an appropriate programme of investigation, treatment and repair.

Customers are supported throughout the process by a designated colleague who provides updates and shares a clear summary of findings, recommended actions and next steps following inspection.

The new approach is supported by improved systems, allowing cases to be tracked more effectively, actions to be monitored, and communication with customers to remain consistent and transparent. Appropriate follow-up visits and inspections help confirm that issues have been resolved and identify any further action needed.

Together, these changes have strengthened how we respond to damp and mould, ensuring compliance with legal and regulatory requirements while supporting our commitment to providing safe, healthy homes for our customers.

Transforming our core systems

A core housing management system brought together multiple applications into a single, integrated platform to improve how Connexus manages customer, property and operational data.

Work began in early 2025, with teams configuring the system, preparing data and developing training ahead of launch.

The platform went live on 9 December 2025, becoming Connexus' core system for managing customer interactions and operational processes.

The introduction of a single platform has improved the way information is managed, giving colleagues access to a complete view of customer data in one place and removing duplication. For customers, this means more consistent and efficient services, with quicker access to accurate information, fewer delays in resolving queries and a more joined-up experience across Connexus.



Strengthening our supply chain

During the year, Connexus completed a major procurement exercise to appoint new suppliers for repairs and maintenance materials. The tender process involved input from colleagues and customers, helping to shape a solution that reflected the needs of a rural housing association and the communities we serve.

Contracts were awarded to Wolseley UK Ltd for plumbing and heating materials, City Electrical Factors (CEF) for electrical materials and Travis Perkins Trading Company Ltd for general building materials. The new arrangements commenced in June 2026 and are valued at around £5 million per year, with contracts running for up to seven years.

The new supplier model has been designed to support Connexus' long-term ambitions, providing strong coverage across our operating area, access to specialist expertise and a network of local suppliers to support colleagues in delivering services to customers.

The contracts also include a social value commitment of up to 5% each year, creating opportunities to invest in projects that benefit customers and rural communities.

A new Chair for Connexus

This year saw a change in leadership for the Connexus Board, with Anne Turner appointed as Chair, succeeding Michele Ibbs following three years in the role.

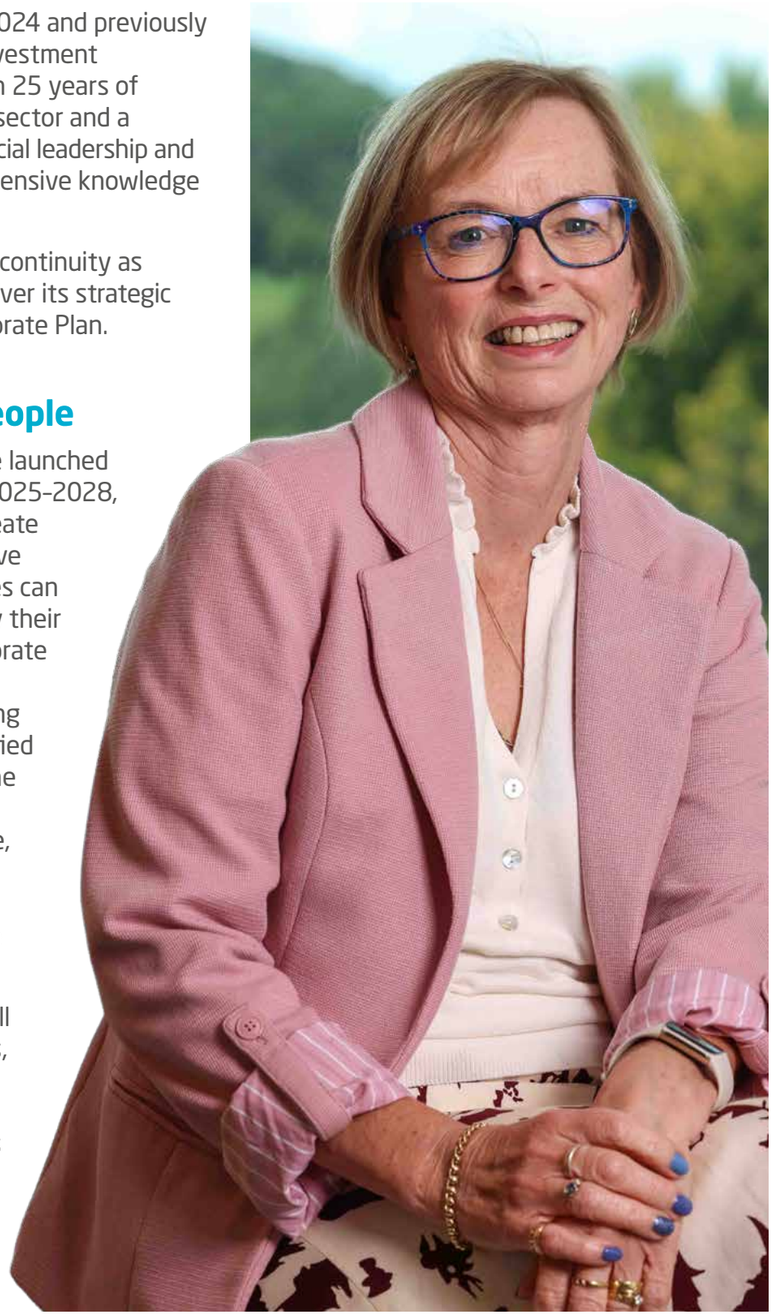
Anne joined the Board in 2024 and previously chaired the Finance and Investment Committee. With more than 25 years of experience in the housing sector and a strong track record in financial leadership and governance, she brings extensive knowledge and insight to the role.

The appointment provides continuity as Connexus continues to deliver its strategic priorities through the Corporate Plan.

Investing in our people

At the start of the year, we launched our new People Strategy 2025-2028, setting out how we will create an empowering and inclusive workplace where colleagues can do their best work and play their part in delivering the Corporate Plan. The strategy is built around four pillars: becoming stronger together as a unified organisation, developing the skills and capabilities we need now and in the future, attracting and retaining talented people, and being recognised as a great place to work.

Delivery of the strategy will take place over three years, beginning with a focus on fixing the basics through improved people processes and activities, before embedding new ways of working and moving towards transformed delivery. By the end of the strategy period, the aim is to have an agile, efficient and high-performing organisation where colleagues feel valued, understand their contribution and are supported to help Connexus deliver for its customers more effectively.



Delivering new affordable housing

Providing new affordable homes remains one of the most important ways we can support individuals, families and communities across Herefordshire and Shropshire. Demand for affordable housing continues to grow, particularly in rural areas where people can often struggle to find homes close to their work, family and support networks.

During 2025/26, we delivered 90 new homes across a mix of social rent, affordable rent and shared ownership. Many were secured through Section 106 agreements, which require developers to include affordable housing as part of new residential schemes.

New homes were completed in Ledbury, Ross-on-Wye, Baschurch, Holmer, Whitchurch and Weston Rhyn. The largest scheme was at Hopfields, Ledbury, which provided over 50 social rent and shared ownership homes for local people.

Alongside these completions, work continued on a number of major development and regeneration projects, helping to create more affordable housing opportunities and support thriving local communities in the years ahead.



A new strategic approach to delivering new homes

During 2025/26, we developed and launched our new Development and Regeneration Strategy with input from customers and stakeholders, which will guide investment and development activity over the next three years. The strategy sets out a clear vision to create and regenerate places that enable people to thrive, providing safe, good-quality and affordable homes while supporting vibrant and resilient rural communities.

At its heart is a commitment to make the best possible use of our homes, land and other assets. Through a combination of new affordable housing, regeneration projects and stronger partnerships, the strategy aims to increase the number of social rented homes available across our communities while ensuring investment is directed where it can have the greatest impact.

A key element of the strategy is the principle of "replace in place". Previously, where older properties were no longer suitable, uneconomical to repair and could not be refurbished, disposal was our only option. Our strategy now helps mitigate some of these disposals by replacing a proportion of these homes 'in place' to help maintain a long-term presence in rural communities and ensure there is a net increase in affordable housing overall. This approach allows us to balance investment in existing homes with the need to provide high-quality, energy-efficient homes that meet local needs now and in the future.

More new affordable homes for Ledbury

Connexus completed the delivery of 56 affordable homes at Leadon Way in Ledbury. Delivered through Section 106 agreements as part of a wider 140 home mixed-tenure scheme with Vistry, the homes provide a mix of affordable rent and shared ownership opportunities for local people.

The development builds on Connexus' continued investment in Ledbury following the completion of the nearby Platinum Way development last year. Designed with sustainability in mind, the homes include EV charging points, solar panels, high-performance insulation and wastewater heat recovery systems. The scheme also incorporates new public open space and features to support local biodiversity, helping create a thriving place for both residents and wildlife.


Homes in Leadon Way, Hereford

Final homes completed at Radbrook Village

During 2025/26, Connexus through its Floreat Homes outright sale brand and SJ Roberts Construction marked the completion of Radbrook Village, bringing to a close an ambitious multi-phase development that transformed a former college site over an eight-year period.

The development created a distinctive new neighbourhood through the restoration and conversion of historic buildings, including Radbrook Hall and Walker House, alongside the delivery of 88 new homes and 22 assisted living apartments. The final phase included the conversion of Walker House into two large semi-detached homes and the construction of a further 25 properties, including four shared ownership homes.

The homes sold through Floreat Homes generated a surplus which has been reinvested into the delivery of new affordable homes across Herefordshire and Shropshire.



Celebrating the completion of Radbrook Village

Future developments

Alongside delivering new homes during the year, we continued to invest in the next generation of affordable housing schemes. The following case studies highlight two different approaches to meeting housing need: bringing a previously developed office site back into use through regeneration and delivering affordable homes on a rural exception site to help sustain a village community.

Edinburgh House, Wem

Work started during the year on the redevelopment of Edinburgh House in Wem, transforming a former police station and office complex into a new affordable housing development.

The scheme will provide 31 homes, including 13 apartments created through the conversion of part of the existing building and 18 new houses for social rent and shared ownership. Supported by Homes England funding, the development demonstrates how underused sites can be repurposed to create high-quality, energy-efficient homes while making the best use of existing land and assets.

When complete, Edinburgh House will provide much-needed affordable housing in the heart of Wem, creating a new lease of life from a site that has served the town for many years.



A Homes England tour of the Edinburgh House site



Regeneration work taking place at Wem

"The scheme will provide 31 homes, including 13 apartments."

Marton rural exception site

Work also began on a new rural exception site in Marton, Shropshire, where ten affordable homes are being delivered to meet identified local housing need.

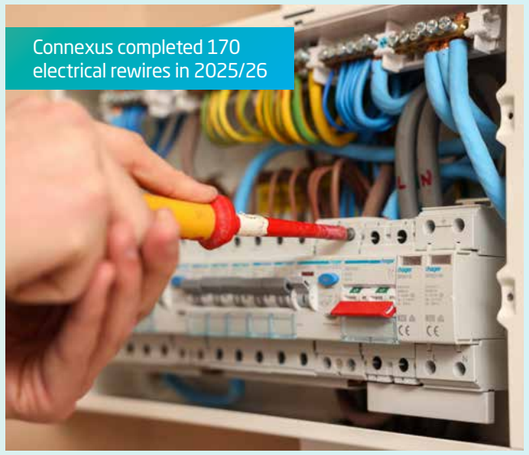
The development will provide a mix of social rent and shared ownership homes, helping local people remain in the community where they have family, employment and support networks. Built alongside an existing Connexus development, the scheme reflects the important role rural exception sites play in supporting the long-term sustainability of villages where opportunities for affordable housing are often limited.

The homes will incorporate energy-efficient technologies alongside new planting, wildlife-friendly features and public open space, ensuring the development delivers benefits for both residents and the wider community.

Investing in our existing homes

Providing safe, warm and well-maintained homes remains one of our highest priorities. During 2025/26, we invested £19.1 million in our existing homes, helping to maintain the quality of our properties, improve energy efficiency and ensure customers continue to live in homes that are fit for the future.

Alongside our ongoing programme of planned maintenance and compliance activity, we launched a new five-year Asset Management Strategy, setting out how we will invest in, maintain and improve our homes over the long term. We also secured a number of significant new contracts that will support the delivery of major investment works across our housing stock in the years ahead.



Connexus completed 170 electrical rewires in 2025/26



Delivering improvements to homes

Throughout the year, we carried out a significant programme of investment works across our homes, replacing key components and improving the condition of our properties.

This included:

106	kitchens replaced
214	boilers replaced
92	central heating systems renewed
170	electrical rewires completed
134	roofs replaced

In total, more than 700 major component parts were replaced, helping to extend the life of our homes and improve the experience of customers living in them.

Improving energy efficiency

Improving the energy performance of our homes remains a key priority as we work towards a more sustainable future.

During the year, 87 homes achieved an EPC rating of SAP C through the Warm Homes: Social Housing Fund Wave 3 programme. These improvements will help customers reduce energy consumption, lower household bills and live in more comfortable homes.

This work forms part of our wider commitment to improving the environmental performance of our housing stock and preparing for the challenges of net zero, which included the development and launch of an ESG (Environmental, Social, Governance) strategy in summer 2026.



Newly installed solar panels on homes in Shropshire

Keeping homes safe & compliant

Safety remains at the heart of everything we do. During 2025/26, we completed more than 20,000 compliance checks, ensuring we continued to meet our responsibilities as a landlord and maintain high standards across our homes.

Through a data-led approach, we are strengthening our ability to monitor compliance, manage risks proactively and ensure customers can have confidence that their homes are safe and well managed.



We completed over 20,000 compliance checks

A new Asset Management Strategy

This year saw the launch of our new Asset Management Strategy, which provides a clear five-year framework for managing our homes and supporting the delivery of our Corporate Plan.

It is built around a simple vision: to ensure our homes are safe, sustainable and fit for the future, supporting thriving rural communities across Shropshire, Herefordshire and the surrounding areas.

The strategy also helps address key organisational risks, including landlord safety, data quality, asset condition and financial sustainability, while ensuring we continue to invest in the homes that matter most to our customers.

Investing for the future

To support the delivery of our long-term investment plans, we awarded a number of major contracts during the year with a combined value of approximately £35 million.

These contracts include:

- Warm Homes Wave 3 works – Broad Oak Properties
- Windows and doors programme – Nationwide Windows and Doors
- Major asset works and Decent Homes delivery – Novus Property Solutions
- Heating services – Dodd Group

These partnerships will play an important role in helping us deliver future improvements to our homes, strengthen our supply chain and ensure customers continue to benefit from high-quality, reliable services.

Looking ahead, our Asset Management Strategy commits more than £200 million of investment in our homes by 2030, ensuring we can continue to provide safe, secure and sustainable homes for current and future generations.



Supporting our communities

During the year, we continued to play an active role in the communities we serve, bringing people together, investing in skills and creating opportunities for customers to come together and thrive. From improving shared spaces and supporting later living customers, to developing our future workforce and giving younger people a platform to be heard, our work focused on strengthening our rural communities, creating impact and making a real difference for customers.

Something big in spring

Customers at independent living schemes in Herefordshire and Shropshire took part in the Big Spring Thing, helping to refresh communal gardens for the months ahead.

Customers, Connexus colleagues and contractor volunteers worked together at Henffordd Gardens in Hereford and Beech Gardens in Ludlow to tidy and improve outdoor spaces.

Support also came from volunteers from Herefordshire Council's waste management team, Radis and AAFD Cleaning Services, helping make the areas more welcoming for customers.

Activities included planting flowers and vegetables, cleaning garden furniture and shelters, and clearing paths. Indoor pot planting was also arranged so more customers could take part.

The events helped improve shared spaces while giving customers a chance to spend time together and get involved in scheme life.



Customers planting flowers for the summer



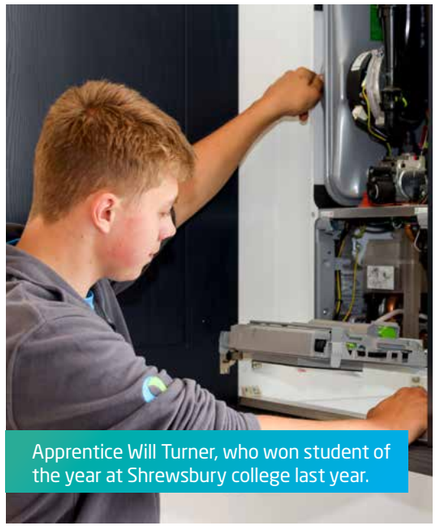
Work taking place at Henffordd Gardens

Investing in our future workforce

Connexus welcomed five new property maintenance apprentices during the year, taking the total number of apprentices across the organisation to 25. The apprentices began working alongside experienced mentors, gaining hands-on experience while studying towards a Level 2 NVQ in Property Maintenance.

We have set ourselves ambitious targets to raise the number of apprentices across the whole team to ensure we future proof our workforce.

This includes making digital apprenticeships available to colleagues, which are aimed at using and manipulating data more effectively.



Apprentice Will Turner, who won student of the year at Shrewsbury college last year.

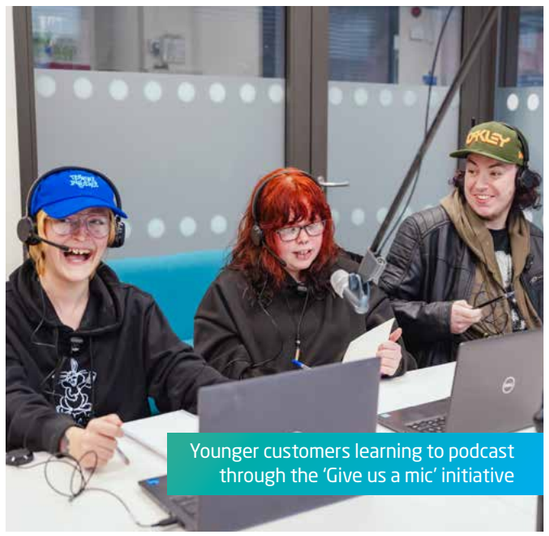
Katie scoops apprentice of the year award

During the year, we celebrated the success of Katie Lane from our customer service team, who was named Apprentice of the Year at the County Training annual awards evening, part of the Herefordshire, Ludlow and North Shropshire College Group.

Katie was recognised for her dedication, positive attitude and consistently high performance throughout her apprenticeship. Alongside her role at Connexus, she balanced a full-time apprenticeship, family care responsibilities and part-time university study.



Apprentice Katie Lane



Younger customers learning to podcast through the 'Give us a mic' initiative

Giving younger people a voice

Connexus launched the 'Give us a mic' initiative towards the end of the year, a podcast training project for young people using support services, with backing from MRI Software, our housing system partner.

MRI donated podcasting equipment and software licences and, alongside podcaster Alex Bevis and local artist Macy O, provided workshops and mentoring to help young people build skills, confidence and create engaging content.

The project launched at Ludlow Assembly Rooms, where young people met the partners supporting the pilot. Local charities also offered volunteering opportunities that could provide material for future episodes while helping participants feel more connected to their communities.

Making the case for rural affordable housing



Our Rural Voice

During 2025, we strengthened our commitment to championing rural communities through the launch of *Rural Voice*, a companion piece to our Corporate Plan 2025-2030: *Homes You Can Build A Life In.*

Launched to coincide with Rural Housing Week, *Rural Voice* built on our earlier Rural Ambition campaigning, evolving our approach into a clearer framework on which to take action. It set out both the challenges facing the rural communities we serve and the role we must play in addressing them and influencing wider change.

Rural Voice brings together evidence to highlight issues that have often been overlooked, drawing attention to long-standing inequalities, including the "rurality premium", where those living in the countryside face higher costs for housing, goods and services, alongside more limited access to opportunities, infrastructure and services.

The evidence outlined in *Rural Voice* reinforced the scale of the challenge. Demand for affordable housing in rural areas continues to rise, while supply remains limited. Wider pressures such as transport, connectivity and access to services are contributing to people, particularly those who are younger, feeling unable to remain in their communities.

In response, *Rural Voice* set out three clear priority areas to guide our work: investing in new and existing affordable homes, raising awareness of the realities of rural life, and taking a leading role in shaping the future of our communities. These priorities reflect both our responsibilities as a rural housing association and our wider role as a partner and advocate for the countryside.

The launch also strengthened how we engage externally, providing a consistent narrative to support conversations with policymakers, partners and industry peers, and enabled a more targeted approach to stakeholder engagement. This is helping ensure rural issues are better understood and represented.

Developed through collaboration across Connexus, *Rural Voice* aligns closely with our 2025-2030 Corporate Plan and so is grounded in the work we are already delivering. It provides a clear framework for action and a platform for influence as we continue to make the case for rural communities.



Showcasing new rural developments on a scheme tour with local MP Helen Morgan



Highlighting rural challenges in the House of Lords

A key moment this year was Chief Executive Kate Smith's invitation to give evidence to a House of Lords committee inquiry into rural social mobility. The inquiry is looking at how education and employment can be better connected, how young people are supported into work, and how those not in education, employment or training can take their first steps onto the career ladder.

Kate's evidence highlighted the critical role housing plays in life chances, particularly in rural areas where a lack of affordable homes is limiting access to jobs, skills and opportunities.

Rural Housing Week

During Rural Housing Week 2025 (7-11 July), Connexus used the national spotlight to reinforce the importance of affordable housing in rural communities. We shared case studies across our digital channels, highlighting the difference our homes and services make to people's lives, while contributing to wider sector conversations about funding, standards and the future of rural housing.

Starts at Home Day

In September, we supported the National Housing Federation's Starts at Home Day, using the opportunity to highlight the vital role supported housing plays in rural communities.

Colleagues visited schemes to hear directly from residents and share their messages of support, helping to bring real lived experiences to a wider audience across our social media channels.



Residents campaigning during Starts at Home day

Connexus Homes Limited

Financial Statements for the year ending 31 March 2026



Registered Society 8376
Regulator Registration Number LH4353

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Company Information

Board Members:

Member	Appointment	Date of Appointment	Resigned/ Retired
Michele Ibbs	Chair Board member	15/10/2022	03/09/2025
Patricia Anne Turner	Chair of Finance & Investment Committee until 03/12/2025 Chair of Connexus Homes Board from 29/08/2025 Board member	01/09/2024	
Andrew Battrum	Board member	19/09/2019	03/09/2025
Julian Bill	Chair of Audit and Risk Committee Board member	01/09/2024	
Anne Copeland	Board member	01/01/2026	
Nicola de Iongh	Chair of People Committee Board member	15/09/2020	
Simon Ewins	Chair of Customer Committee Board member	15/09/2020	
Simon Gibbs	Board member	19/09/2019	03/09/2025
Philip Ingle	Chair of Finance & Investment Committee from 03/12/2025 Board member	03/12/2025	
Imran Patel	Chair of Transformation Oversight Committee until 03/12/2025 Board member	14/09/2021	
Abigail Reilly	Board member	19/09/2019	03/09/2025
James Savage	Board member	01/09/2024	
Kathryn Smith	Chief Executive Officer Board member	27/01/2024	
Helen Southwell	Board member	01/09/2024	

Company Secretary:

Vikki Hall -
Interim Governance Consultant (appointed 29 November 2024, resigned 4 June 2025).

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

Society Registration Number:
Registered Society 8376. Registered as a Co-operative and Community Benefit Society.

Financial Conduct Authority Registration number:
8376.

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

Executive Directors:

Chief Executive
Property Director
Finance Director
Officer
Chief Operating Officer

Kathryn Smith
Fleur Whittingham (resigned 26 June 2026)
James Taylor (resigned 16 July 2026)Chief People
Matt Pitt
Nick Batt

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

Internal Auditor:
Menzies, One Express, 1 George Leigh Street, Manchester, M4 5DL – until 31 March 2026

Validera, Unit 3 Crompton Court, Attwood Road, Burntwood, Staffordshire, WS7 3GG - from 01 April 2026

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
Lloyds Bank PLC
Canada Life Limited
Phoenix Life Limited
Saltaire Finance PLC
Shropshire Council
Herefordshire Capital PLC

Chair's introduction

I am pleased to introduce the Annual Report and Financial Statements of the Connexus Group for the year ending 31 March 2026.

This year has been my first as Chair of the Board and also marks the beginning of delivery against our new Corporate Plan, with a clear focus on modernising the organisation, improving services for our customers, and ensuring Connexus is well placed to meet future challenges.

I am proud of the progress we have made. We have continued to build stronger foundations, taking meaningful steps to improve the consistency and quality of our services. While there is more to do, we are moving forward with clarity and pace.

This context is important in understanding our latest regulatory assessment, where Connexus received grades of G2 for governance, V2 for viability and C3 for consumer from the Regulator of Social Housing. While the consumer outcome was disappointing, it was not unexpected and reflects issues we already understood and had been actively engaging with the Regulator on. In particular, these concern long-standing legacy challenges in data quality, aspects of stock condition and knowledge of our customers.

In response to the judgement, we have a clear plan in place, are delivering against it, and are already seeing encouraging progress. The retention of a compliant governance grade reflects our Regulator's confidence that the steps we are taking are the right ones, and that the Board continues to provide effective oversight as this work progresses.

Our viability grading remained unchanged, and I am pleased to report strong financial performance in the year. We met our efficiency targets, delivering over £2.9m of savings, and delivered a robust Social Housing Lettings Margin performance of 18.7%. At the start of the year, we had recognised that cost pressures were likely to reduce this margin – however we have been working to achieve a cost-aware culture, with a sustained focus on value for money. As a result, we improved our overall position, delivering an operating surplus of £18.4m, £1.4m (8.6%) better than the previous year. This has created additional capacity which can be reinvested in future improvement programmes, development and regeneration activity and key organisational projects.

We have also further strengthened our financial position through the establishment of new revolving credit facilities with our lenders worth around £55 million over five years. In addition, we agreed positive changes to our loan covenants which have increased flexibility to support the delivery of our longer-term ambitions. Overall, this also provides better resilience as we continue to navigate a demanding operating environment and respond to ongoing cost pressures and wider economic turbulence and uncertainty.

Delivery of new homes and improving existing ones remains an important part of supporting rural communities and is a key commitment within our Corporate Plan. During 2025/26 we completed 90 new homes across a range of tenures. Alongside this, I am pleased that a clearer, more strategic approach to regeneration and asset investment is now in place, with projects underway. This is an important step forward, committing us to replacing a proportion of our homes 'in place,' making better use of our existing places and spaces where rural land is at a premium and significantly more costly. This approach will help ensure that future development opportunities provide homes where they are most needed, while remaining sustainable for Connexus to deliver.

Alongside this, significant investment in existing homes has delivered clear improvements for customers, with £19.1m invested across component replacement and large-scale refurbishment programmes. This has improved the quality of homes, making them more comfortable and energy efficient for households. Securing around £35m in new contracts for future energy and major asset improvement work, including Decent Homes, has further strengthened our ability to invest in our customers' homes.

Our work in these areas reflects a wider move to a stronger, more joined-up strategic approach across the organisation, encompassing people, customer services, asset management, data, value for money and environmental, social, and governance activity. Underpinning our Corporate Plan commitments, it provides a clearer framework for prioritisation and ensures that our work is aligned, deliverable, and focused on achieving long-term benefit for our customers, communities, and colleagues. It also places Connexus in a stronger position to respond to regulatory expectations and make informed investment decisions in the years ahead.

When it comes to supporting the organisation to continue making effective long-term decisions, I was pleased to welcome two new Non-Executive Directors to our Committees and Board: Anne Copeland and Phil Ingle, both of whom bring valuable experience which will strengthen our governance and strategic oversight. I would also like to thank Michele Ibbs, Abigail Reilly, Andrew Battrum, and Simon Gibbs who stepped down from Board and Committee roles during the year. Their commitment and service to Connexus has been much valued and appreciated.

Finally, I would like to thank our involved customers, colleagues, Board members and partners for their continued hard work and support over the last twelve months. Their contribution remains fundamental to delivering improved homes, stronger services, and a Connexus that is well governed, financially resilient, and firmly focused on meeting the needs of the rural communities we serve.

Patricia Anne Turner

Patricia Anne Turner
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 2026.

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 Co-operative 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 £16k charitable donations during the financial year (2025: £39k). No political donations were made during the financial year (2025 £nil).

The level of reserves for the Group at the end of the financial year was £134.4m (2025 £131.3m). This is after the transfer of the surplus for the financial year of £3.0m (2025 £5.5m)

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. Under the Code of Governance Connexus is required to comply or explain. During the year, the Chair of the Finance and Investment Committee was appointed as the Chair of the Board. This meant that the Chair of the Board was briefly a member of the Audit and Risk Committee, from 29 August 2025 to 03 December 2025 while a Chair of the Finance and Investment Committee was being recruited for.

Upon Philip Ingle's appointment as Chair of Finance and Investment Committee, the Chair of the Board ceased to be an Audit and Risk Committee member.

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 2026, there were 9 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 performance in achieving this in the year to 31 March 2026 are included in the Strategic Report.

Financial Performance

Group turnover was £75.4m for the year which decreased by £6.8m (2025: £82.2m). Social housing lettings income increased in year by net £1.8m due to rent inflation and the increase in unit numbers from new build development. Market sales decreased by £7.2m due to the completion of the open market scheme at Radbrook village, and Shared Ownership sales were £0.9m lower in the year.

The operating surplus for the year was £18.4m, which was £1.5m higher than previous year (2025: £16.9m). Operating expenditure was £62.2m for the year, £9.6m lower than previous year (2025: £71.8m), with the main driver being £6.7m lower cost of sales in relation to the open market and shared ownership sales.

The key drivers for the improved performance overall were:

The surplus on disposal of fixed assets was £5.4m for the year and £1.1m lower than the previous year (2025: £6.5m). Connexus has a strategic focus on reducing the number of economically unviable properties held in the stock portfolio, with 44 uneconomic disposals in the year (2025: 60 disposals).

Social Housing Lettings operating surplus was £12.1m for the year and £2.4m higher than the previous year (2025: £9.7m) despite additional cost incurred in relation to Employer National Insurance contributions and ongoing high levels of cost inflation. This cost reduction is following the deliberate actions by management to reduce, redesign, and reorganise the operating resources through the year-on-year efficiency programme to balance strong customer outcomes within available resources.

Turnover from Social Housing Lettings was £64.8m for the year and £1.8m higher than

the previous year (2025: £63.0m) due to rent inflation and handover of additional units.

Operating expenditure on social housing lettings was £52.7m for the year and £0.7m lower than the previous year (2025: £53.4). Despite the continuation of high levels of cost inflation impacting the cost of goods & services received by the Group, proactive measures by management have reduced the overall cost base. Routine maintenance costs decreased during the year by £2.7m to £19.0m (2025: £21.7m) due to better management of materials and sub-contractor costs aligned with team re-design.

The Shared Ownership Sales surplus was £544k for the year, £91k higher than the previous year (2025: £453k) due to rising values and higher first tranche shares being purchased by customers.

Investment property values continued to hold to previous valuations despite the economic conditions. A stable position in Investment property values, with a £240k net decrease recognised in the year following the receipt of external valuations conducted by Savills, RICS Valuers.

Interest and Financing costs were £3.7m higher at £15.6m (2025: £11.9m) due to one-off breakage fees of £2.2m and unwinding of £0.5m of amortised loan arrangement fees. This was as a result of the Board approved Treasury Strategy to repay £33.0m of fixed rate loans in order to maximise long term funding of the 30-year business plan.

The Group made a surplus for the year ended 31 March 2026 of £3.0m after tax, compared to £5.2m in 2025.

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.

In the year, a provision of £176k was recognised for £141k Corporation Tax and £35k interest in relation to HMRC (2025: £nil). This is due to their determination from the assessment under paragraph 76, schedule 18 Finance Act 1998 – Excessive Group Relief. The Group continues to appeal this HMRC decision.

Total Comprehensive Income

There was an £82k 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 2026 Housing Properties had a net book value of £499.3m increased from 470.8m in 2025. £9.8m of social housing letting schemes were completed in the year compared to £23.4m in 2025, and £6.5m of Shared-Ownership properties were also completed compared to £11.4m in 2025. The value of properties under construction at the year-end was £37.9m (£33.8m 2025), with one property at Radbrook Village Phase 4 constructed for Outright Sale with a value of £565k held for sale at the year-end (£3.9m 2025).

The level of reserves for the Group at the end of the financial year was £134.4m (2025: £131.3m). This is after the transfer of the surplus for the financial year of £3.1m (2025: £5.5m).

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 2026 are set out in the cash flow statement on page 58. 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 homes, spend on development of new housing 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 £53.1m (2025: £13.1m). After investing and financing activities cash and bank balances for the year ended 31 March 2026 increased by £1.3m (2025: £2.9m increased).

The Group continues to have strong operating cash performance, on the 31st of March group liquidity was £103.5m comprising of £8.5m of cash and liquid short-term investments, £55m un-drawn RCF facilities, and 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 June 2026.

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 £291.4m (2025: £295m) with overall net debt decreased by £4.5m to £280.3m 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 for 91.4% (2025: 95.0%) of the debt portfolio.

The group security structure remains in the long term with 91.4% (2025: 92.0%) 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 4.32% (2025: 4.48%)

The Group remains well funded, the reported period of financing at the 31 March 2026 was 120 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 Group's credit rating was confirmed by Moody's during the year, and the long-term rating was maintained at A3, however the outlook was upgraded from negative to stable due to improvement in financial performance and contained debt growth. 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 maintained at CIS-3.

Accounting Policies

The principal accounting policies are set out in note 2 to the financial statements on pages 59 to 67.

Internal Control Assurance Statement

The Board recognises and accepts its overarching responsibility for developing and upholding an effective system of internal control, as well as for evaluating its performance. While it is understood that no system can guarantee absolute assurance or completely eradicate risk, the framework in place is designed to manage risk and provide a reasonable degree of confidence that the organisation's principal aims and intended results will be achieved. Furthermore, the system supports the reliability and integrity of both financial and operational reporting, in addition to safeguarding 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. During the year, the Board refreshed its risk appetite and reviewed risks on a quarterly basis. 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

Robust accountability structures are in place for recognising, evaluating, and addressing significant risks. Corporate risk management is overseen by the Executive Leadership Team, while the Audit and Risk Committee regularly review the effectiveness of controls in relation to the strategic risk register. In addition, the Board undertakes a thorough assessment of the strategic risk landscape to confirm that identified risks are pertinent and represent the key challenges to delivering the corporate strategy. The Board also determines the organisation's overarching risk appetite and reviews this at least annually.

Control environment, procedures, and monitoring

Regular risk reports provide assurance at multiple levels within the organisation, culminating with the Board. This risk management structure facilitates the reporting of incidents where risks have occurred, which assists in pinpointing internal control weaknesses and ensures suitable corrective actions are taken. The Board oversees a well-defined range of responsibilities covering strategic, operational, financial, and compliance domains.

In the coming financial year, Connexus will continue to enhance and strengthen its control environment, to ensure robust risk management and effective governance across the organisation.

A comprehensive set of policies and procedures exists to govern matters such as delegated powers, segregation of duties, financial oversight, treasury management, health and safety, information security, asset safeguarding, and fraud prevention. These policies are reviewed periodically and revised as needed to maintain their effectiveness and relevance.

Key Performance Indicators and Financial Reporting Systems

The Board regularly reviews key performance indicators to track progress against its principal business objectives, targets, and intended outcomes. Financial reporting procedures involve the creation of comprehensive yearly budgets alongside longer-term financial projections, both of which are examined and signed off by the Board each year.

Independent Review

Connexus completed its regulatory inspection during 2025/26 and was awarded a G2/V2/C3 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. This is the first time a consumer grade has been issued for Connexus.

Connexus' internal control system and risk management framework undergo routine evaluation by its internal audit provision. Until 31 March 2026, this was Menzies (formerly Beever & Struthers), and from 01 April 2026 this moved to Validera. Internal audit 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 through the internal audit reports and can escalate matters to the Board, if so required. Additionally, the Audit and Risk Committee receive an annual report from the internal auditors.

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 2018 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 2026 by the Board. The Business Plan considers the assessed principal risks set out in pages 43 to 45

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 2026/27, and the Group medium term financial position as detailed in the 30-year business plan, which includes changes to economic assumptions 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 £103.5m (2025: £92.1m) including a further £40m 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 43 to 45 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. 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 is reviewed annually and is currently a stable outlook, upgraded from negative in the previous year. The updated Asset Management Strategy will outline how the Group proposes to overcome challenges in relation to managing the risk of an ageing stock profile. The Group manages this credit risk with strong liquidity and has funding in place for future years.

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 of Social Housing and at the year-end held the rating G2/V2.

Independent Auditor

Crowe U.K. LLP were reappointed at the AGM in September 2025. 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 16 September 2026 and signed on its behalf by the Chair. The annual general meeting was held on 16 September 2026.

Patricia Anne Turner

Patricia Anne Turner
Chair

16 September 2026

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?

Our Corporate Plan 2025-30 was developed with feedback and insight from key stakeholders including customers, colleagues, and the Board.

Our Corporate Plan commitments

The plan is based around four commitments, which reflect the areas where Connexus can make most impact for customers and the rural communities we serve. 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.

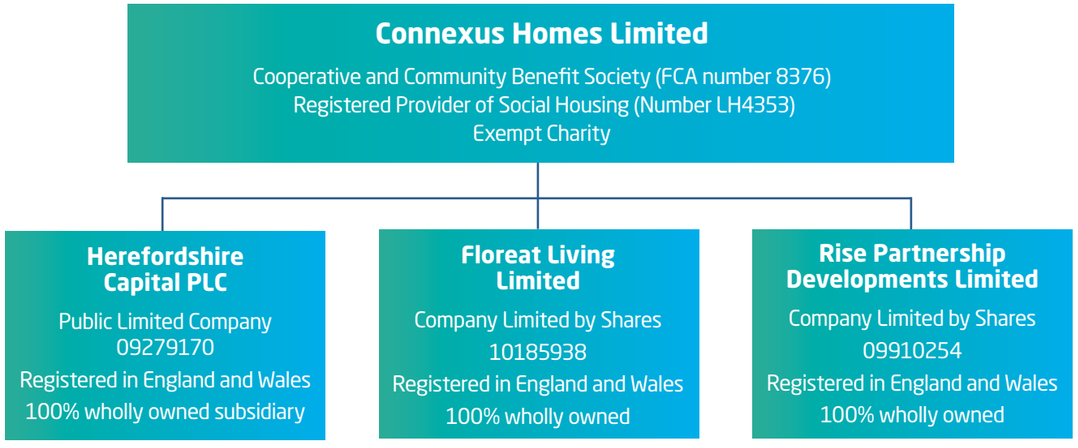
The Connexus Corporate Plan 2025-2030 is available to read in full on the Connexus website at: www.connexus-group.co.uk/corporate-plan-2025-2030

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. The company was dissolved on 11th August 2026.

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:

- Floreat Living Limited
- Rise Partnership Developments Limited

Directors:

Non-Executive Director	Philip Ingle, Chair (appointed 03 December 2025))
Non-Executive Director	Patricia Anne Turner
Non-Executive Director	Julian Bill (appointed 03 December 2025)
Non-Executive Director	James Savage
Executive Director	Kathryn Smith
Non-Executive Director	Andrew Battrum (resigned 03 September 2025)
Non-Executive Director	Simon Gibbs (resigned 03 September 2025)
Non-Executive Director	Michele Ibbs (resigned 03 September 2025)

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

Non-Executive Director	Philip Ingle, Chair (appointed 03 December 2025)
Non-Executive Director	Patricia Anne Turner
Non-Executive Director	Julian Bill (appointed 03 December 2025)
Non-Executive Director	Michele Ibbs (resigned 03 September 2025)
Executive Director	Kathryn Smith
Executive Director	James Taylor (resigned 16 July 2026)

The Board comprises of ten Ordinary Board Members and the Group's Chief Executive Officer. The non-executive directors of the Group who were in office during the year and up to the date of signing the financial statements can be found at:

https://connexus-group.co.uk/aboutcontact/corporate/meet-team

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. Executive Directors are not Board Members for any subsidiaries and act as executives within the authority delegated by the Board.

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 Committee

During 2025/26, this Committee was renamed from Customer Experience Committee to the Customer 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 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 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 Committee

During the year, this Committee was renamed from People, Remuneration, and Culture Committee to the People 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 was 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. This Committee was dissolved on 03 December 2025 as it had fulfilled its purpose. An internal governance structure to oversee projects was established. Oversight of any continuing projects was distributed between the Audit and Risk Committee and Customer Committee, dependent upon the nature of the project.

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 group risks on a quarterly basis, as part of the assurance framework. Emerging risks are also reviewed on a quarterly basis.

The regulatory inspection identified that Connexus' risk management and control framework is aligned to its strategic risks. The judgement found that there was an understanding at Board and the Executive Leadership Team of the risks facing Connexus and its mitigations. The inspection identified that the changes to the risk management framework were relatively new and had not yet demonstrated they were effective at ensuring risks are brought within appetite in a timely fashion. Connexus continues to implement the risk management framework.

The Board reviews its risk appetite on an annual basis; the last review was in June 2026.

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 on the following pages. The Audit and Risk Committee, Board, and Executive Leadership Team continually reassess the risk registers which means reporting is an iterative process.

	Risk	Approved Risk Appetite	Management Actions
1a	**Asset Management (Stock)** Risk arising from an older stock profile to achieve energy efficiency and net zero levels and other regulatory requirements. Corporate Objective: • Committing to more and better affordable housing, • Investing in communities • Driving efficiency and improving services or customers • Being a leading voice in rural affordable housing Relevant Corporate Strategy: Asset Management Strategy	Minimal	Connexus continues to complete stock condition surveys and EPC assessments across all properties. These will be completed to target levels by 31 March 2027. The results will provide Connexus with detailed data on its stock profile, enabling it to understand the energy efficiency, net zero and other regulatory requirements for our homes.
1b	**Asset Management (Financial Issues)** Risk arising from the level of investment required to achieve new energy efficiency/net zero levels and other regulatory 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	Balanced	As above, Connexus continues to complete stock condition surveys and EPC assessments across all properties, which will be completed to target by 31 March 2027. The results will not only provide Connexus with detailed data on its stock profile but will also enable Connexus to understand the financial cost of investment to achieve the new energy efficient/net zero levels Minimum Energy Efficiency Standards (MEES), and other regulatory requirements that may arise. Annually, disposal programme targets of the least energy-efficient homes are set and delivered. Grant funding for energy improvements to existing homes is accessed. These initiatives are integrated into the Business Plan, with modelling aligned to achieving SAP C ratings in line with compliance.
2	**Poor data quality & integrity** The risk from unreliable data on decision making and reporting.	Minimal	Connexus has a structured approach to data quality through the data strategy. This is supported by a formal policy outlining principles, roles, and responsibilities, and reinforced through annual e-learning. A Data Steering Group has been established. Process and cultural improvements continue to be driven, led by new heads of service and data specialist staff.

	Risk	Approved Risk Appetite	Management Actions
3	**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 exercises robust financial management, with its business financial plan and budget formally approved each year and guided by expert treasury advisors (Savills). Regular stress testing and monitoring of covenants are undertaken to identify and escalate risks swiftly. Leadership undertakes monthly reviews of financial performance, with Early Warning Indicators embedded in reporting, while the Board examines results quarterly. Forecasting, contingency arrangements, and internal audits all contribute to organisational resilience. A central operational priority remains repairs and maintenance, underpinned by a drive for greater efficiency and a response to increasing customer demand. Efficiencies for operational costs continue to be an area of focus. Connexus has enacted its Treasury strategy in year, including the repayment of £33m Fixed Rate Loans, extending RCF facilities for another 5 years, and improving covenant definitions, all to improve financial capacity and resilience.
4	**Customer Service Quality** The risk of failing to provide high quality services in line with Corporate Plan and Consumer Standards.	Minimal	Connexus' Customer Service Strategy outlines a clear approach to customer service. Customer satisfaction KPIs are integrated into the Corporate Plan, and dashboards are regularly reviewed by the Executive Leadership Team, Customer Committee and Board. The strategy's implementation is supported by a Single Core Platform, new leadership within the customer directorate, and a dedicated programme ensuring compliance with Consumer Standards and Ombudsman requirements. Customer involvement continues to be enhanced in keeping with the Customer Service Strategy, including forums and initiatives that encourage participation.
5	**Data & cyber security** The risk of failing to protect our data and systems.	Minimal	Connexus has a cyber security framework, which incorporates frequent penetration testing, robust disaster recovery measures, and ongoing review of processes. Technical protections (such as multi-factor authentication, data encryption, firewalls, and endpoint security) are reinforced by comprehensive staff training and awareness initiatives. Resilience is further enhanced through external accreditations, policies and protocols.
6	**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	The People Strategy and Equality, Diversity and Inclusion Plan are in place. Succession planning is undertaken for the Executive Leadership Team and Senior Leadership Team and will be rolled out across the organisation. A skills and behaviour framework has been introduced at Executive Leadership Team level and will be cascaded through the organisation. Oversight is provided by the People Committee which meets quarterly.
7	**Landlord safety and quality** The risk of failing to ensure homes meet H&S or quality standards.	Minimal	Stock condition surveys continue to be undertaken to identify Housing Health & Safety Rating System (HHSRS), with a completion date of 31 March 2027. Awaab's law continues to be implemented, with implementation plans for subsequent phases of Awaab's law being developed. Performance is monitored through weekly and monthly reporting to senior leadership, with quarterly dashboards reviewed by the Audit and Risk Committee and the Customer Committee. Customer engagement supports access for surveys and safety checks, while external contractors are managed through formal contract oversight.
8	**Development** The risk of failing to deliver our development programme within the financial parameters or timescales and to the right quality.	Balanced	Connexus routinely keeps abreast of developments within the housing sector and updates to regulatory guidance, ensuring its practices are in accordance with organisations such as the Regulator, National Housing Federation, and similar bodies. The Board reviews annually (and approves) development appraisals, which are incorporated into the business plan alongside stress testing. Progress is monitored via monthly key performance indicators, with leadership receiving quarterly updates. Risks are mitigated by utilising fixed-price contracts for design and construction, conducting viability assessments prior to contract agreements, and securing warranties or retentions to address any defects or disputes.

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 38.

The current Group Value for Money strategy was approved in December 2025. The Value for Money (VfM) Strategy is framed by the ambitions and priorities set out in the Connexus Corporate Plan 2025-30, which defines our purpose as providing good quality, safe, and affordable homes - "homes you can build a life in." Our mission is to be a business with social values at its heart, creating inclusive neighbourhoods, sustainable rural communities, and delivering services that support customers to thrive in their homes.

Connexus, like other registered providers, operates in a landscape shaped by national housing policy, local authority priorities, and the Regulator of Social Housing's VfM standard. Despite having competing stakeholder priorities, Connexus must always focus resources on its core objectives: developing new homes, investing in existing stock, improving customer services, and supporting sustainable communities.

To achieve the vision of the organisation to provide homes you can build a life in, the vision for the VfM strategy is:

"Every decision will prioritise available resources to focus on customer satisfaction, sustainability, and social value - ensuring Connexus delivers meaningful outcomes with transparency and efficiency in support of our Corporate Plan." The VfM strategy is underpinned by three pillars:

- Delivering effectiveness, efficiency & economy to customers.
- Driving social value through our activities.
- Providing compliance assurance & transparency.

The VFM savings generated by this strategy will be re-invested by prioritising the following areas before reduction in debt financing:

- **Investment in existing homes**. This will support the Asset Management strategy, deliver improved customer outcomes, and reduce the reliance on debt to fund this investment.
- **Delivery of Connexus strategies**. This will support the delivery of the strategies outlined that the VFM strategy provider underpinning support, such as Customer Service strategy.

Approach agreed by Board in delivering value for money

The VfM agenda is embedded at Connexus through the creation of a Connexus Value Group (CVG). Chaired by the Finance Director, the CVG includes colleagues across the Group at all levels. A detailed efficiency log is at the heart of the CVG. 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.

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:"

- Board approved Budget setting including the impact of the Budget on VfM metrics and Golden Rules.
- Finance & Investment Committee consider all new business opportunities including the framework set out in the New Business workflow.
- Annual Development appraisals approved by Finance & Investment Committee.
- VfM implications a standard item in all report templates.
- Standing Orders and Financial Regulations set out VfM procurement responsibilities.
- Audit & Risk Committee monitor the implementation of VfM action plans.
- Embed the Procurement Strategy which is a key underpinning strategy to support the outcomes of the VfM strategy.

2. Regular and appropriate consideration by the board of potential value for money gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures:

- Periodic review of subsidiary companies by Board to ensure delivery model is fit for purpose.
- Board approve annual business plan including VfM metrics, lender covenants, and ensuring Connexus is maximising use of resources.

3. 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:

- Non-social housing activity reported in Group Financial Statements.
- Periodic review of non-social housing activities to ensure delivering value for Group.
- Annual Development appraisal parameters ensure controls over non-social investments.
- Golden rules ensure financial compliance to core objectives.
- Finance & Investment Committee consider all new business opportunities including the framework set out in the New Business workflow.

4. 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:

- Budgets and Business Plans set VfM targets and indicators which performance is measured.
- Corporate Plan 2025-30 identifies priorities and objectives.
- Benchmarking information is reviewed by Board to ensure performance is understood against peers.
- Performance is monitored by Committees on a quarterly basis via the Finance & Treasury and BI reporting.
- Annual VfM performance is reported in the financial statements.

5. 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 under performance.

Value for Money Achievements 2025/26

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 does not always mean going for the cheapest option. To represent this more accurately, we now call our value for money activity Connexus Value Group (CVG). CVG 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 as the Better Value Together previously since its implementation in 2021, and the new group will be embedded as part of the VfM strategy 2025-30.

In 2025/26 the Group achieved efficiency savings of £2.9m following a number of efficiencies 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 nine 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 2026.

	2026/27	2025/26	2025/26	2025/26	2024/25	2024/25	2024/25	2025/26	2025/26	2025/26
VfM Metric	**Connexus Forecast**	**Connexus Actual**	**Connexus Target**	**Connexus variance vs. Target**	**Connexus Actual**	**Sector Median**	**Peer Group Median**	**Variance to Sector Median**	**Variance to Peer Group Median**	**Variance to Prior Year**
Metric 1 - Reinvestment %	10.2%	8.7%	9.3%	(0.6%)	10.9%	7.5%	8.5%	1.2%	0.2%	(2.2%)
Metric 2 - New Supply Delivered % (Social housing units)	1.1%	0.8%	1.3%	(0.5%)	1.7%	1.3%	1.0%	(0.5%)	(0.2%)	(0.9%)
Metric 3 - Gearing %	58.0%	45.4%	60.0%	14.6%	49.3%	45.5%	45.9%	0.1%	0.5%	3.9%
Metric 4 - Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %	(12.0%)	70.7%	59.0%	11.7%	42.8%	112.9%	101.8%	(42.2%)	(31.1%)	28.0%
Metric 5 - Headline social housing cost per unit (£)	6,806	6,572	5,448	(1,124)	7,016	5,688	5,740	(884)	(832)	445
Metric 5a - Management cost per unit (£)	1,789	1,661	1,556	(104)	1,499	1,387	1,423	(274)	(238)	(161)
Metric 6 - Operating margin % (Social housing letting only)	19.1%	18.7%	18.3%	0.4%	15.3%	20.0%	19.4%	(1.3%)	(0.7%)	3.4%
Metric 6 - Operating margin % (Overall)	18.5%	26.3%	18.9%	7.5%	23.3%	17.4%	18.4%	8.9%	7.9%	3.0%
Metric 7 - Return on capital employed %	3.6%	3.8%	3.9%	(0.1%)	3.5%	3.0%	3.0%	0.8%	0.8%	0.4%

Connexus has demonstrated improved performance year on year in 6 of the 9 metrics. Reinvestment, new supply delivered and management costs per unit have underperformed in comparison to prior year. In comparison to the sector and peer group medians, performance is improving but challenges remain to close the gap.

Challenges also 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 but an improvement over prior year.
- Return on Capital Employed (ROCE) – Slightly lower than target but better than prior year as a result of lower capital investment in existing stock with a corresponding increase in operating surplus. We are also performing better than sector and peer group medians.
- Reinvestment % – Higher than peer and sector 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 various team restructures. The management team continue to operate several regular efficiencies 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 2026.

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 2025/26 remained compliant throughout the period.

Funder	Covenant Test	Covenant Rule	2025/26	2024/25
Canada Life	Interest Cover (Net Finance Costs) Interest Cover (Interest Payments) Asset Cover Test	1.10 1.05 1.05	1.97 1.26 1.41	2.40 1.42 1.48
Lloyds	HPAC Gearing Interest Cover (Net Interest Payable)	70% 1.40	45.9% 2.52	49.3% 1.80
NatWest	HPAC Gearing Interest Cover (Net Interest Payable)	70% 1.70	45.9% 2.36	49.3% 2.39
Herefordshire Capital Bond	Interest Cover (Net Interest Payable) Asset Cover Test	1.00 1.05	1.35 1.40	1.60 1.77
AHGS	Interest Cover (Net Interest Payable) Asset Cover Test	1.30 1.05	2.54 1.65	2.43 1.64
Phoenix Life	Interest Cover (Net Interest Payable) Asset Cover Test	1.10 1.05	2.50 2.17	2.45 2.17

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 group's 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 areas.

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.

Patricia Anne Turner

Patricia Anne Turner
Chair

16 September 2026

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 2026 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 2026 and the Group and Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- have been prepared in accordance with t he 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 Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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 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 51, 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 applicable 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 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 U.K. LLP
Statutory Auditor
4th Floor
St James House
St James Square
Cheltenham
GL50 3PR

Date: 21 September 2026

Statement of Comprehensive Income

	Note	**Group 2026 £'000**	Group 2025 £'000	**Company 2026 £'000**	Company 2025 £'000
Turnover	3	**75,441**	82,156	**73,352**	73,987
Operating expenditure	3	**(62,202)**	(71,816)	**(59,194)**	(63,320)
Surplus on disposal of fixed assets	5	**5,395**	6,456	**5,395**	6,456
Movement in investment property valuation	14	**(240)**	149	**(240)**	149
Operating surplus	**3, 4**	**18,394**	**16,945**	**19,313**	**17,272**
Interest receivable and other income	7	**405**	215	**405**	647
Interest and financing costs	8	**(15,608)**	(11,942)	**(15,734)**	(12,496)
Surplus before tax		**3,191**	5,218	**3,984**	5,423
Taxation	9	**(176)**	-	**-**	-
Surplus for the year		**3,015**	5,218	**3,984**	5,423
Actuarial (loss) / gain in respect of pension schemes	31	**82**	325	**82**	325
Total comprehensive income for the year		**3,097**	5,543	**4,066**	5,748

All results derive from continuing operations.

The financial statements were approved and authorised for issue by the Board on 16 September 2026.

Patricia Anne Turner
Patricia Anne Turner
Chair

Gemma Bourne
Gemma Bourne
Company Secretary

Kathryn Smith
Kathryn Smith
Chief Executive

Statement of Financial Position as at 31 March 2026

	Note	**Group 2026 £'000**	Group 2025 £'000	**Company 2026 £'000**	Company 2025 £'000
Fixed assets					
Tangible fixed assets-housing properties	12	**499,260**	470,769	**506,454**	477,171
Other fixed assets	13	**5,612**	4,617	**5,612**	4,617
Investment properties	14	**5,547**	5,787	**5,547**	5,787
Investment in subsidiaries		**-**	-	**13**	13
Pension Asset	31	**-**	-	**-**	-
		510,419	481,173	**517,626**	487,588
Current assets					
Properties held for sale	15	**2,340**	5,505	**1,787**	1,636
Stock and work in progress	15	**225**	492	**225**	492
Trade and other debtors	16	**3,001**	25,963	**3,854**	27,851
Debtors: amounts due after more than one year	17	**1,260**	4	**1,260**	4
Short term investments	18	**3,715**	3,131	**3,633**	3,052
Cash and cash equivalents	18	**4,770**	3,495	**1,442**	1,711
		15,311	38,590	**12,201**	34,746
Current liabilities Creditors: amounts falling due within one year	19	**(22,818)**	(19,768)	**(26,966)**	(23,489)
Net current assets / (liabilities)		**(8,767)**	18,822	**(16,025)**	11,257
Total assets less current liabilities		**502,912**	499,995	**502,861**	498,845
Non-current liabilities Creditors: amounts falling due after more than one year	20	**(367,328)**	(366,766)	**(363,325)**	(362,633)
Provisions for liabilities					
Pension provision	31	**(849)**	(1,343)	**(849)**	(1,343)
Other provisions	25	**(292)**	(540)	**(292)**	(540)
Total net assets		**134,443**	131,346	**138,395**	134,329
Reserves					
Income and expenditure reserve		**134,443**	131,346	**138,395**	134,329
Total reserves		**134,443**	131,346	**138,395**	134,329

The financial statements were approved and authorised for issue by the Board on 16 September 2026.

Patricia Anne Turner

Patricia Anne Turner
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 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**
Surplus for the year	-	**3,015**	**3,015**
Other comprehensive income for the year	-	**82**	**82**
Balance at 31 March 2026	**-**	**134,443**	**134,443**

Company	**Share capital £'000**	**Income and expenditure reserve £'000**	**Combined total capital and reserves £'000**
Balance as at 1 April 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**
Surplus for the year	-	**3,984**	**3,984**
Other comprehensive income for the year	-	**82**	**82**
Balance at 31 March 2026	**-**	**138,395**	**138,395**

Statement of Cash Flows

Group	Note	2026 £'000	2025 £'000
Net cash generated from operating activities	27	**53,077**	**13,065**
Cash flow from Investing activities			
Purchase of tangible fixed assets - housing properties		(41,058)	(49,004)
Purchase of other tangible fixed assets		(1,972)	(1,107)
(Purchase) / sale of investment properties		-	(970)
Proceeds from sale of tangible fixed assets		6,788	8,426
Sale / (purchase) of short term investments		(584)	1,088
Grants received		3,633	6,181
Interest received		405	215
		(32,788)	**(35,171)**
Cash flow from financing activities			
Interest paid		(13,359)	(12,585)
Loan arrangement fee		(381)	(698)
Loan breakage fee		(2,172)	-
New secured loans		30,000	46,667
Repayments of borrowings		(33,102)	(8,345)
		(19,014)	**25,039**
Net change in cash and cash equivalents	28	**1,275**	**2,933**
Cash and cash equivalents at the beginning of the year		**3,495**	**562**
Cash and cash equivalents at the end of the year		**4,770**	**3,495**

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 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 2018 for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

The presentation currency of these financial statements is sterling. All amounts 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 2026 by the Board. The Business Plan considers the assessed principal

risks set out in pages 43 to 45 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 board, after reviewing the group and company budgets for 2026/27, 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 £103.5m (£92.1m 2025), including £40m 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. Exemptions taken

The Group does not currently apply any exemptions.

d. 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. 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.

e. 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.

f. 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.

g. Accrued income

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

h. 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.

i. 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.

j. 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).

k. 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.

l. Management costs

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

m. Reserves

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

n. 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.

o. 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.

p. 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.

q. 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.

r. 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:	Depreciated based on the individual component lives.
Leasehold offices:	Over the period of the lease.

s. 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.

t. 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.

u. 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.

v. 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.

w. 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.

x. 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.

y. Finance leases

Where the Group enters into a lease which entails taking 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 payables 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.

z. 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.

aa. 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.

bb. 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.

cc. 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.

dd. 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 2026, 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.

ee. Corporation tax

The charge for taxation is based on the results for the year and considers 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.

ff. 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.

gg. 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.

hh. 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.

Allocation of property development costs

The Group allocates costs to units based on floor area irrespective of tenure.

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.

Historic rent compliance

The Group is undertaking a review of historic compliance with relevant rent standards to establish the level of non-compliance. The value of this contingent liability cannot be established until the review is finalised. See Note 30.

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.

3. Turnover, operating costs and operating surplus

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

Group 2026	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	**64,815**	-	(52,676)	**12,139**
Other social housing activities				
1st tranche property sales	**2,136**	(1,592)	-	**544**
Other support services	**2,073**	-	(2,070)	**3**
Non-social housing activities				
Market sales	**3,583**	(3,502)	-	**81**
Other	**2,834**	-	(2,362)	**472**
Total from social and non-social housing activities	**75,441**	**(5,094)**	**(57,108)**	**13,239**
Surplus on disposal of fixed assets				**5,395**
Revaluation of investment properties				**(240)**
Impairment of other tangible fixed assets				**-**
Exceptional items				
Pension Risk Review & Cyber Support				**-**
Total operating surplus				**18,394**

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				
1st tranche property sales	**3,052**	(2,599)	-	**453**
Supporting people	**-**	-	-	**-**
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**

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 2026 £'000	Total 2025 £'000
Income						
Rent receivable	48,820	9,060	962	2,523	**61,365**	59,372
Service charges receivable	909	1,445	19	233	**2,606**	2,764
Amortised government grants	842	-	-	-	**842**	848
Other revenue grants	2	-	-	-	**2**	58
Turnover from social housing lettings	**50,573**	**10,505**	**981**	**2,756**	**64,815**	**63,042**
Operating Expenditure						
Management	(15,164)	(2,804)	(198)	(796)	**(18,962)**	(17,077)
Services	(1,820)	(1,438)	(1)	(156)	**(3,415)**	(3,146)
Routine maintenance	(16,098)	(2,766)	(49)	(49)	**(18,962)**	(21,683)
Planned maintenance	(227)	(19)	(8)	-	**(254)**	(318)
Bad debts	(22)	(55)	2	(4)	**(79)**	138
Depreciation of housing properties	(8,578)	(1,402)	(308)	(578)	**(10,866)**	(10,735)
Impairment of housing properties	(38)	-	-	-	**(38)**	(469)
Pension operating costs	(79)	(15)	(1)	(5)	**(100)**	(88)
Operating expenditure on social housing lettings	**(42,026)**	**(8,499)**	**(563)**	**(1,588)**	**(52,676)**	(53,378)
Operating surplus on social housing lettings	**8,547**	**2,006**	**418**	**1,168**	**12,139**	9,664
Voids losses	(1,903)	(436)	(28)	(101)	**(2,468)**	(2,065)
Prior period operating surplus on social housing lettings	7,994	385	330	955	9,664	

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 2026	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	**64,815**	-	(52,676)	**12,139**
Other social housing activities				
1st tranche property sales	**2,136**	(1,592)	-	**544**
Other support services	**2,073**	-	(2,070)	**3**
Non-social housing activities				
Provision of services to group	**520**	-	(494)	**26**
Gift aid receipts from group entities	**974**	-	-	**974**
Other	**2,834**	-	(2,362)	**472**
Total from social and non-social housing activities	**73,352**	**(1,592)**	**(57,602)**	**14,158**
Surplus on disposal of fixed assets				**5,395**
Revaluation of investment properties				**(240)**
Impairment of other tangible fixed assets				**-**
Exceptional items				
Pension Risk Review & Cyber Support				**-**
Total operating surplus				**19,313**

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				
1st tranche 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**
Market sales - Land	**-**	-	-	**-**
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**

4. Operating surplus

	2026 Group £'000	2025 Group £'000	2026 Company £'000	2025 Company £'000
Operating surplus is arrived at after charging / (crediting)				
Depreciation and impairment				
Depreciation of housing properties	**10,867**	10,735	**10,867**	10,735
Impairment of housing properties	**38**	469	**38**	469
Depreciation of other fixed assets	**977**	898	**977**	898
Impairment of other fixed assets	**-**	1,522	**-**	1,522
Grant amortisation	**(842)**	(848)	**(842)**	(848)
Grant recognised in surplus on disposal of property	**(71)**	(93)	**(71)**	(93)
Operating lease rentals				
Service fleet	**994**	328	**994**	328
Office equipment	**4**	4	**4**	4
Auditors' remuneration (excluding VAT)				
for external audit services	**74**	71	**45**	43
permitted non-audit services	**8**	3	**8**	3
Exceptional items				
Pension Risk Review & Cyber Support	**-**	95	**-**	95

5. Surplus on sale of fixed assets

	2026 Group £'000	2025 Group £'000	2026 Company £'000	2025 Company £'000
Disposal proceeds	**6,788**	8,601	**6,788**	8,601
Carrying value of fixed assets	**(1,393)**	(2,145)	**(1,393)**	(2,145)
Surplus on disposal of fixed assets	**5,395**	**6,456**	**5,395**	**6,456**

6. Accommodation in management

	2026 Number	2025 Number
Units owned / managed at end of year:		
General housing - social rent	**6,954**	6,982
General housing - affordable rent	**1,638**	1,625
Housing for older people and other supported housing	**1,504**	1,501
HFOP/SH - affordable rent	**127**	127
Intermediate rent	**110**	123
Shared ownership	**586**	541
Social housing owned	**10,919**	**10,899**
Market rent	**43**	43
Commercial units	**41**	41
Total Owned Units Managed	**11,003**	**10,983**
Leasehold properties	**444**	432
Total managed properties	**11,447**	**11,415**
Units out of management (included above)	**28**	26

7. Interest receivable and other income

	2026 Group £'000	2025 Group £'000	2026 Company £'000	2025 Company £'000
Interest receivable from deposits and investments	**405**	215	**405**	210
Interest receivable from deposits and investments intercompany	**-**	-	**-**	437
Pension Finance Net Interest receivable	**-**	-	**-**	-
	405	**215**	**405**	**647**

8. Interest and financing costs

	2026 Group £'000	2025 Group £'000	2026 Company £'000	2025 Company £'000
Interest payable on loans	**12,866**	12,225	**12,866**	12,225
Interest on finance leases	**-**	-	**-**	-
Other charges*	**493**	362	**493**	362
	13,359	**12,587**	**13,359**	**12,587**
Pension finance costs	**66**	93	**66**	93
Interest payable capitalised on housing	**(719)**	(920)	**(719)**	(488)
Loan amortisation	**791**	285	**791**	285
Bond premium amortisation	**(126)**	(122)	**-**	-
Bond discount amortisation	**65**	19	**65**	19
Loan breakage cost	**2,172**	-	**2,172**	-
	15,608	**11,942**	**15,734**	**12,496**
Capitalisation rate used to determine the finance costs capitalised during the financial year:	4.81%	5.46%	4.81%	4.24%

* incl interest charged in period from Sinking Funds £0.036m (£0.039m 2025) and RCGF £0.004 (£0.003m 2025)
** incl interest taken to current assets in period £nil (2025:£0.432m)

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:

	2026 Group £'000	2025 Group £'000	2026 Company £'000	2025 Company £'000
Current tax:				
UK Corporation tax on surplus for the year	**-**	-	**-**	-
Adjustment in respect of prior years	**176**	-	**-**	-
Total current tax	**176**	-	**-**	-
Total tax reconciliation:				
Surplus on ordinary activities before tax	**3,191**	5,218	**3,984**	5,423
Theoretical tax at UK corporation tax rate 25%	**798**	1,305	**996**	1,356
Adjustment in respect of prior years	**176**	-	**-**	-
Profit not taxable	**(798)**	(1,274)	**(996)**	(1,318)
Adjustments to tax *	**-**	(31)	**-**	(38)
	176	**-**	**-**	**-**

* this is relation to losses in year and loss sharing

In the year a provision of £176k was recognised for £141k Corporation Tax and £35k interest in relation to HMRC (2025: £nil). This is due to their determination from the assessment under paragraph 76, schedule 18 Finance Act 1998 – Excessive Group Relief. The Group continues to appeal this HMRC decision.

10. Employees

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

	2026 Group Number	2025 Group Number
Management and support	**119**	114
Development	**13**	12
Asset management	**44**	49
Housing management	**98**	98
Property and maintenance	**197**	212
Care and support	**78**	79
	549	**564**

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

	2026 Number	2025 Number
Management and support	**108**	102
Development	**11**	10
Asset management	**42**	47
Housing management	**92**	94
Property and maintenance	**192**	208
Care and support	**70**	74
	515	**535**

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

Colleague costs:	2026 £'000	2025 £'000
Wages and salaries	**19,424**	20,123
Social security costs	**2,305**	1,879
Other pension costs	**1,696**	1,827
	23,425	**23,829**

Including past pension deficit of £476k SHPS (2025: £571k).

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:	2026 Number	2025 Number
£250,001 to £260,000	**1**	-
£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	**1**	-
£160,001 to £170,000	**-**	-
£150,001 to £160,000	**1**	1
£140,001 to £150,000	**2**	-
£130,001 to £140,000	**-**	-
£120,001 to £130,000	**-**	1
£110,001 to £120,000	**-**	-
£100,001 to £110,000	**-**	3
£90,001 to £100,000	**4**	4
£80,001 to £90,000	**2**	1
£70,001 to £80,000	**1**	1
£60,000 to £70,000	**1**	2
	13	**14**

In addition to the above £417k (2025: £364k) was payable to third parties in relation to management services provided by 1 Interim Head of Finance, 1 IT Director and 1 Contracts Manager (3 Interim Directors 2025), 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.

	2026 £'000	2025 £'000
Aggregate emoluments paid to non-executive directors (Board members)	**126**	130
Aggregate emoluments paid to executive directors	**799**	662
Pension payments relating to services as executive directors	**87**	67
	1,012	**859**

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 £224k (2025: £220k). 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.

The Group operates salary sacrifice schemes for certain employee benefits including pension contributions. Under the schemes, employees agree to a contractual reduction in their gross salary in exchange for the provision of non-cash benefits of an equivalent value.

The effect of these arrangements is to reduce the amount of gross salary subject to income tax and employee National Insurance contributions, while the Group also benefits from reduced employer National Insurance contributions.

For the year ended 31 March 2026:

- Total gross salary foregone by employees: £19k
- Employer National Insurance savings: £11k

The salary sacrifice arrangements do not affect the total expense recognised for employee benefits in the statement of comprehensive income, as the cost of the benefits provided is recognised in place of the foregone salary.

	Director	Basic salary & additional payments £'000	Taxable benefits in kind £'000	Pension contributions £'000	Total 2026 £'000	Total 2025 £'000
Chief Executive (appointed 29/01/24)	Kate Smith	204	20	30	**254**	250
Director of Customer Experience (appointed 10/01/22), resigned 14/2/25	Sara Woodall	-	-	-	**-**	127
Property Director (appointed 01/04/24)	Fleur Whittingham	132	13	19	**164**	154
Communities and Customer Service Director (appointed 03/03/25)	Nick Batt	128	18	9	**155**	12
Finance Director (appointed 01/03/25)	James Taylor	125	13	10	**148**	11
People Director (appointed 01/11/24)	Matt Pitt	133	13	19	**165**	65
Director of Resources (appointed 01/10/19), resigned 31/12/24	Andrew Cooke	-	-	-	**-**	110
		722	**77**	**87**	**886**	**729**

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

Name	Appointed	Resigned / Retired	2026 £'000	2025 £'000
Michele Ibbs	15/10/2022	30/09/2025	**10**	19
Andrew Battrum	19/09/2019	03/09/2025	**4**	13
Nicola de Iongh	15/09/2020		**15**	14
Simon Ewins	15/09/2020		**15**	13
Simon Gibbs	19/09/2019	03/09/2025	**4**	9
Maggie Punyer	19/09/2019	13/05/2024	**-**	1
Abigail Reilly	19/09/2019	03/09/2025	**4**	9
Paul Smith	11/12/2018	19/09/2024	**-**	4
Andrew Taylor	01/08/2019	13/05/2024	**-**	2
Nicholas Garner (Co-optee)	11/04/2019	31/03/2025	**-**	3
Paul O'Driscoll (Co-optee)	20/03/2017	31/03/2025	**-**	4
Imran Patel	15/09/2020		**13**	13
Julian Bill	01/09/2024		**15**	8
Anne Turner	01/09/2024		**18**	7
James Savage	01/09/2024		**10**	5
Helen Southwell	01/09/2024		**10**	6
Philip Ingle	03/12/2025		**5**	-
Anne Copeland	01/01/2026		**3**	-
			126	**130**

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 2025	**497,098**	33,808	**57,027**	**587,933**
Additions	-	23,503	-	**23,503**
Works to existing properties	19,077	-	2	**19,079**
Interest capitalised	-	719	-	**719**
Schemes completed	12,782	(19,244)	6,462	**-**
Transfer to current assets	119	(1,643)	-	**(1,524)**
Transfers	(756)	-	-	**(756)**
Disposals - Other	(5,064)	(38)	-	**(5,102)**
At 31 March 2026	**523,256**	**37,105**	**63,491**	**623,852**
Depreciation & Impairment				
at 1 April 2025	**113,832**	-	**3,332**	**117,164**
Depreciation charged in the year	10,289	-	578	**10,867**
Impairment charged in year	38	-	-	**38**
Released on disposal	(3,458)	-	(19)	**(3,477)**
At 31 March 2026	**120,701**	**-**	**3,891**	**124,592**
Net book value				
At 31 March 2026	**402,555**	**37,105**	**59,600**	**499,260**
At 31 March 2025	383,266	33,808	53,695	470,769

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 2025	**503,499**	**33,809**	**57,027**	**594,335**
Additions	-	24,295	-	**24,295**
Works to existing properties	19,077	-	2	**19,079**
Interest capitalised	-	719	-	**719**
Schemes completed	12,782	(19,244)	6,462	**-**
Transfer to current assets	119	(1,643)	-	**(1,524)**
Transfers	(756)	-	-	**(756)**
Disposals - Other	(5,064)	(38)	-	**(5,102)**
At 31 March 2026	**529,657**	**37,898**	**63,491**	**631,046**
Depreciation & Impairment				
at 1 April 2025	**113,832**	-	**3,332**	**117,164**
Depreciation charged in the year	10,289	-	578	**10,867**
Impairment charged in year	38	-	0	**38**
Released on disposal	(3,458)	-	(19)	**(3,477)**
At 31 March 2026	**120,701**	**-**	**3,891**	**124,592**
Net book value				
At 31 March 2026	**408,956**	**37,898**	**59,600**	**506,454**
At 31 March 2025	389,667	33,809	53,695	477,171

Housing properties, net of depreciation charges comprises:

	2026 Group £'000	2025 Group £'000	2026 Company £'000	2025 Company £'000
Freehold land and buildings	**498,515**	470,019	**505,711**	476,421
Long leasehold land and buildings	**745**	750	**743**	750
	499,260	470,769	**506,454**	477,171

Expenditure on works to existing properties

Group & Company	2026 £'000	2025 £'000
Components capitalised	**19,079**	23,092
Comprehensive Income	**19,216**	22,001
	38,295	**45,093**

Social housing assistance

Total social housing and other capital grants

Group & Company	2026 £'000	2025 £'000
Social housing assistance		
Total accumulated grant received or receivable at 31 March	**90,648**	87,659
Recognised in the Statement of Comprehensive Income	**13,510**	12,505
Grant received in advance	**-**	-
Held as deferred income	**77,138**	75,154
At 31 March	**90,648**	87,659

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.

Impairment

Group & Company	Social housing properties held for letting	Housing properties for letting under construction	Completed shared owner-ship housing properties	Total housing properties
at 1 April 2025	620	-	**-**	620
Impairment charged in the year	38	-	**-**	38
At 31 March 2026	658	-	**-**	658

Group & Company	Social housing properties held for letting	Housing properties for letting under construction	Completed shared owner-ship housing properties	Total housing properties
at 1 April 2024	151	-	**-**	151
Impairment charged in the year	469	-	**-**	469
At 31 March 2025	620	-	**-**	620

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 2025	**5,679**	**813**	**5,892**	**1,026**	**63**	**13,473**
Additions	**2**	-	1,538	332	100	**1,972**
Disposals	**-**	-	(1,154)	-	-	**(1,154)**
At 31 March 2026	**5,681**	**813**	**6,276**	**1,358**	**163**	**14,291**
Capital Grants						
At 1 April 2025	**-**	**-**	**6**	**-**	**-**	**6**
Received in year	**-**	-	**-**	**-**	-	**-**
Disposals	**-**	-	**-**	**-**	-	**-**
At 31 March 2026	**-**	**-**	**6**	**-**	**-**	**6**
Impairment						
At 1 April 2025	**1,522**	**-**	**-**	**-**	**-**	**1,522**
Charged in the year	-	-	-	-	-	**-**
Released on disposal	-	-	-	-	-	**-**
At 31 March 2026	**1,522**	**-**	**-**	**-**	**-**	**1,522**
Depreciation						
At 1 April 2025	**1,059**	**806**	**4,652**	**811**	**-**	**7,328**
Charged in the year	(30)	5	873	129	-	**977**
Released on disposal	-	-	(1,154)	-	-	**(1,154)**
At 31 March 2026	**1,029**	**811**	**4,371**	**940**	**-**	**7,151**
Net book value						
At 31 March 2026	**3,130**	**2**	**1,899**	**418**	**163**	**5,612**
At 31 March 2025	3,098	7	1,234	215	63	**4,617**

* includes closing intangible fixed assets NBV of £1.42m (£0.712m 2025) relating to Computer Software

Impairment of Land and buildings

Last year a review of office requirements was undertaken as part of the People Strategy and Connexus' commitment to a hybrid work approach. It was noted that the utilisation of the Gateway office has reduced, it requires significant repairs and plans for the future of the property are uncertain. This together with the resulting decline in the market value created an indicator of impairment with £1.5m being recognised in 2024-25. The review in 2025-26 determined that this impairment should not be unwound and in 2025-26 £nil was recognised (2025: £1.5m).

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

Group & Company	2026 £'000	2025 £'000
Valuation		
At 1 April	**5,787**	4,668
Additions	**-**	1,145
Increase / (Decrease) in value	**(240)**	149
Transfer to Other Fixed Assets	**-**	-
Transfer to Properties Under Contruction	**-**	-
Disposals	**-**	(175)
At 31 March	**5,547**	**5,787**

Investment properties were valued in 2026 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 decrease in the year ended 31 March 2026. The continued use of expert external valuers gives the Board confidence that use of these valuations for the period ending 2026 is appropriate.

15. Stock and properties held for sale

	2026 Group £'000	2025 Group £'000	2026 Company £'000	2025 Company £'000
Stock and work in progress:	**225**	492	**225**	492
Properties held for sale				
Shared ownership properties:				
Completed properties	**624**	801	**624**	801
Work in progress	**1,163**	835	**1,163**	835
Properties developed for outright sale:				
Completed properties	**553**	2,005	**-**	-
Work in progress	**-**	1,864	**-**	-
Properties held for sale	**2,340**	5,505	**1,787**	1,636

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

	2026 Group £'000	2025 Group £'000	2026 Company £'000	2025 Company £'000
Due within one year				
Rent and service charges receivable	**2,136**	2,217	**2,136**	2,217
Less: Provision for bad and doubtful debts	**(1,580)**	(1,861)	**(1,580)**	(1,861)
Net rent arrears	**556**	**356**	**556**	**356**
Other debtors	**1,164**	22,379	**1,178**	22,363
Social housing grant receivable	**-**	-	**-**	-
Amounts owed by group undertakings	**-**	-	**913**	1,954
Other taxation and social security	**74**	50	**-**	-
Prepayments and accrued income	**1,207**	3,178	**1,207**	3,178
Other Debtors	**2,445**	**25,607**	**3,298**	**27,495**
	3,001	**25,963**	**3,854**	**27,851**

Other debtors include £nil AHGS funds (2025: £21.2m) held in a sinking fund pending completion of property charging.

17. Debtors: amounts due after more than one year

	2026 Group £'000	2025 Group £'000	2026 Company £'000	2025 Company £'000
Prepayments due after more than one year	**35**	4	**35**	4
Advance against improvement works - Saltaire Loan	**1,225**	-	**1,225**	-
	1,260	**4**	**1,260**	**4**

18. Cash and short-term investments

	2026 Group £'000	2025 Group £'000	2026 Company £'000	2025 Company £'000
Short-term investments	**3,715**	3,131	**3,633**	3,052
Cash and cash equivalents	**4,770**	3,495	**1,442**	1,711
	8,485	**6,626**	**5,075**	**4,763**

19. Creditors: amounts falling due within one year

	2026 Group £'000	2025 Group £'000	2026 Company £'000	2025 Company £'000
Loans (Note 23 & Note 29)	**368**	1,799	**368**	1,799
Loans - Intercompany	**-**	-	**-**	-
Less: Issue costs	**(218)**	(300)	**(199)**	(281)
Less: Issue costs - Intercompany	**-**	-	**(20)**	(19)
Bond premium	**131**	126	**-**	-
Bond discount	**(65)**	(65)	**(65)**	(65)
Trade creditors	**755**	4,327	**654**	3,101
Council's share of Right to Buy proceeds	**642**	548	**642**	548
Rent and service charges received in advance*	**3,538**	3,543	**3,538**	3,543
Other taxation and social security	**517**	479	**517**	479
Accruals and deferred income	**14,592**	6,561	**9,557**	3,673
Other creditors	**1,167**	1,030	**1,167**	1,030
Recycled capital grant fund (Note 22)	**-**	-	**-**	-
Deferred grant income (Note 21)	**843**	844	**843**	844
Other amounts owed to group undertakings	**-**	-	**9,416**	7,961
Receipts in advance	**548**	876	**548**	876
	22,818	**19,768**	**26,966**	**23,489**

* Rent and service charges received in advance include £0.169m (£0.186m 2025) related to accounts that have ended

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

	2026 Group £'000	2025 Group £'000	2026 Company £'000	2025 Company £'000
Loans (Note 23 & Note 29)	**291,067**	292,737	**171,067**	172,737
Loans - Intercompany	**-**	-	**120,000**	120,000
Less: Issue costs	**(2,440)**	(2,768)	**(1,782)**	(2,090)
Less: Issue costs - Intercompany	**-**	-	**(658)**	(678)
Recycled capital grant fund (Note 22)	**87**	103	**87**	103
Deferred income	**-**	-	**-**	-
Deferred grant income (Note 21)	**76,295**	74,310	**76,295**	74,310
Deferred bond premium	**4,003**	4,133	**-**	-
Deferred bond discount	**(1,684)**	(1,749)	**(1,684)**	(1,749)
Improvement works	**-**	-	**-**	-
	367,328	**366,766**	**363,325**	**362,633**

21. Deferred grant income

Group & Company	2026 £'000	2025 £'000
At 1 April	**75,154**	69,902
Grant received in the year	**3,745**	6,223
Release of grant to Surplus on Disposal	**(71)**	(93)
Grant recycled	**(92)**	(30)
Released to income in the year	**(842)**	(848)
Transfers	**(756)**	-
At 31 March	**77,138**	**75,154**
Amounts to be released within one year	**843**	844
Amounts to be released in more than one year	**76,295**	74,310
At 31 March	**77,138**	**75,154**

22. Recycled capital grant fund

Group & Company	2026 £'000	2025 £'000
At 1 April	**103**	**112**
Grants recycled	**92**	30
Interest accrued	**4**	3
Withdrawals	**(112)**	(42)
	87	**103**
Repayment of grant	**-**	**-**
At 31 March	**87**	**103**
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.

	Source	Terms of repayment	2026 £'000	2025 £'000
NatWest	C.Homes	15 years	**-**	25,245
NatWest	C.Homes	21 years	**55,000**	55,000
Natwest Revolver	C.Homes	2 years	**25,000**	6,000
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	**6,435**	6,791
Lloyds Bank	C.Homes	13 years	**-**	8,000
AHGS	C.Homes	27 years	**40,000**	40,000
Phoenix	C.Homes	13-17 years	**20,000**	-
Bond Finance	H.Capital	25 years	**120,000**	120,000
Total borrowings			**291,435**	**294,536**
Less: Issue Costs			**(2,658)**	**(3,068)**
			288,777	**291,468**

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

	2026 £'000	2025 £'000
Within one year or on demand	**150**	1,499
One year or more but less than two years	**249**	15,927
Two years or more but less than five years	**25,774**	5,885
Five years or more	**262,604**	268,157
	288,777	**291,468**

24. Financial commitments

Group & Company	2026 £'000	2025 £'000
Authorised expenditure not contracted	**76,839**	109,515
Authorised expenditure contracted	**75,695**	61,278
	152,534	**170,793**

At the reporting date the Group had £4.8m of cash and cash equivalents, £3.7m of short-term investments, and £95m of approved undrawn funding. The remaining £49m 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	2026 £'000	2025 £'000
Due within one year	**1,041**	383
Due within two and five years	**2,773**	819
	3,814	**1,202**

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. LCHO repairs provision recognises the potential repairs liability in relation to the new share ownership model. All other opening provisions were resolved in the year.

Group & Company	Leave Pay £'000	Employer Relations £'000	Restructure £'000	LCHO Repairs £'000	Contract £'000	Total £'000
At 1 April 2025	**236**	**82**	170	52	-	**540**
Additions	**199**	**-**	-	93	-	**292**
Reversals	**(236)**	**(82)**	(170)	(52)	-	**(540)**
At 31 March 2026	**199**	**-**	**-**	**93**	**-**	**292**

26. Called up share capital

	2026 Group £'000	2025 Group £'000	2026 Company £'000	2025 Company £'000
Issued and fully paid shares of £1 each:				
At 1 April	**11**	10	**11**	10
Issued during the year	**2**	4	**2**	4
Relinquished during the year	**(4)**	(3)	**(4)**	(3)
At 31 March	**9**	**11**	**9**	**11**

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	2026 £'000	2025 £'000
Operating surplus	**18,394**	16,945
Depreciation of housing properties	**10,867**	10,735
Impairment of housing properties	**38**	469
Depreciation of other fixed assets	**977**	898
Impairment of other fixed assets	**-**	1,522
Movement in valuation of investment properties	**240**	(149)
Movement in properties held for sale	**3,165**	7,547
Surplus on disposal of properties	**(5,395)**	(6,456)
Other loss on disposal	**232**	41
Movement in stock	**267**	(180)
Movement in debtors	**21,706**	(21,159)
Movement in creditors	**4,219**	2,263
Movement in provisions	**(248)**	96
Pension cost less contributions payable	**(472)**	1,434
Government grants utilised in the year	**(913)**	(941)
Net cash flow from operating activities	**53,077**	**13,065**

28. Analysis of changes in net debt

Group	1 April 2025 £'000	Cashflow £'000	Non-cash £'000	31 March 2026 £'000
Cash	**3,495**	**1,275**	**-**	**4,770**
Short term investments	**3,131**	**584**	**-**	**3,715**
	6,626	**1,859**	**-**	**8,485**
Debt (loans)	**(294,536)**	**3,101**	**-**	**(291,435)**
Debt (finance leases)	**-**	**-**	**-**	**-**
Issuance costs	**3,068**	**381**	**(791)**	**2,658**
	(284,842)	**5,341**	**(791)**	**(280,292)**

29. Financial assets and liabilities

Financial assets

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:

	2026 Group £'000	2025 Group £'000	2026 Company £'000	2025 Company £'000
Call account deposits & gilts (On which floating interest is earned)	**3,715**	3,131	**3,633**	3,052
Current account deposits (On which no interest is earned)	**4,770**	3,495	**1,442**	1,711
Total financial assets	**8,485**	**6,626**	**5,075**	**4,763**

Financial liabilities

Financial liabilities excluding trade creditors at 31 March were:

	2026 £'000	2025 £'000
Under one year	**-**	-
Within two to five years	**25,000**	14,500
After five years	**266,435**	280,036
Interest rate basic:		
Fixed	**91.4%**	95.0%
Floating	**8.6%**	5.0%
Based on final repayment date		

The weighted average percentage of financial liabilities is 4.32% in 2026. (2025: 4.48%).

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

	2026 £'000	2025 £'000
Fixed Rate	**266,435**	279,970
Variable Rate	**25,000**	14,566
Total Borrowings	**291,435**	**294,536**

Borrowing facilities

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

	2026 £'000	2025 £'000
Two years of more but less than five years	**55,000**	65,500
Five years or more	**40,000**	60,000
	95,000	**125,500**

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 91.4% 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 91.4% of drawn Group debt being due after 5 years.

30. Contingent liabilities and contingent assets

At 31 March 2026 the company had £756k contingent liability with respect to capital grants associated with social housing properties acquired by way of stock transfer, that may be repayable should the units that the grants are attached to be disposed or otherwise no longer be properties for social housing letting. The contingent liability at year end is £756k (2025: £nil).

At 31 March 2026 Connexus has a contingent liability in relation to historic rent setting. Connexus undertook a review of the historic compliance with the rent standard between 2020/21 and 2025/26 to establish whether the rent was set correctly at the beginning of the tenancy and subsequent application of rent flexibility in historic rent setting with the support of third-party consultants in the year. Potential outcomes are wide ranging with challenges in the data and information available and Connexus is unable to value this contingent liability until the outcome of the review is finalised and will require time to interpret the outcome, obtain appropriate advice, and quantify any liabilities.

As at 31 March 2026 the company had £nil contingent assets (2025: £nil).

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. 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.

	2026 Group £'000	2025 Group £'000
Total pension liability comprises of:		
SHPS	**849**	1,343
	849	**1,343**

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 2025. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2026 to 28 February 2027 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 2026. 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 principal assumptions at the Statement of Financial Position are: (SHPS)

Financial assumptions	2026 % per annum	2025 % per annum
Discount rate	**6.18**	5.90
Inflation (RPI)	**3.28**	3.06
Inflation (CPI)	**3.03**	2.80
Salary growth	**4.03**	3.80
Allowance for commutation of pension for cash at retirement	**75% of max allow**	75% of max allow

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

Post retirement Mortality assumptions:		Life expectancy at age 65 Years 2026	Life expectancy at age 65 Years 2025
Retiring today:			
Current pensioners	- Male	**20.9**	20.5
	- Female	**23.2**	23.0
Retiring in 20 years:			
Future pensioners	- Male	**22.2**	21.7
	- Female	**24.6**	24.5

Analysis of the amount charges to the Statement of Comprehensive Income (SHPS)

	2026 £'000	2025 £'000
Current service costs	**-**	-
Employer Contribution	**-**	-
Expenses	**19**	17
Amounts charged to operating costs	**19**	**17**
Interest on pension liabilities	**594**	544
Expected return on assets	**(528)**	(452)
Amounts charged to other finance costs	**66**	**92**
Total recognised in statement of comprehensive income	**85**	**109**

Statement of total recognised surpluses and deficits (SHPS)

	2026 £'000	2025 £'000
Difference on transition from defined contribution to defined benefit accounting	**-**	-
Past service deficit liability as at 1 April de-recognised	**-**	-
Net pension scheme deficit under defined benefit	**-**	-
Loss recognised in other comprehensive income on initial recognition as at 1 April	**-**	-
Remeasurements in year (liabilities & assets)	82	325
Total loss: recognised in other comprehensive income for year ended 31 March	**82**	**325**

Analysis of the amounts recognised in the Statement of Financial Position (SHPS)

	2026 £'000	2025 £'000
Present value of funded benefit obligations	**10,135**	10,252
Fair value of plan assets	**(9,286)**	(8,909)
Deficit related to the Group	**849**	**1,343**
Net liability to the Group	**849**	**1,343**

Change in the benefit obligation to 31 March (SHPS)

	2026 £'000	2025 £'000
Opening benefit obligation	**10,252**	11,218
Current service cost	**-**	-
Expenses	**19**	17
Interest Cost	**594**	544
Member contributions	**-**	-
Actuarial losses (gains) - Experience	**(243)**	485
Actuarial losses (gains) - Demographics	**80**	-
Actuarial losses (gains) - Financial	**(174)**	(1,667)
Remeasurements - gain on demographic	**-**	-
Curtailments	**-**	-
Benefits paid and expenses	**(393)**	(345)
Closing benefit obligation	**10,135**	**10,252**

Change in plan assets to 31 March (SHPS)

	2026 £'000	2025 £'000
Opening fair value of plan assets	**8,909**	9,071
Interest income	**528**	452
Remeasurements - Experience gain / (loss)	**(255)**	(857)
Employer contributions	**497**	588
Member contributions	**-**	-
Benefits paid and expenses	**(393)**	(345)
Closing fair value of plan assets	**9,286**	**8,909**

Analysis of plan assets (SHPS)

	2026 £'000	2025 £'000
Global equity	**1,029**	998
Absolute return	**-**	-
Distressed opportunities	**-**	-
Credit relative value	**-**	-
Alternative risk premia	**-**	-
Liquid alternatives	**1,654**	1,652
Fund of hedge funds	**-**	-
Emerging market debt	**-**	-
Risk sharing	**-**	-
Insurance-linked securities	**14**	27
Property	**453**	446
Infrastructure	**-**	2
Private equity	**20**	8
Real assets	**874**	1,067
Opportunistic liquid credit	**-**	-
Private credit	**1,121**	1,090
Credit	**370**	341
Investment grade credit	**546**	274
High yield	**-**	-
Opportunistic credit	**-**	-
Cash	**2**	121
Corporate bond fund	**-**	-
Liquid credit	**-**	-
Long lease property	**-**	3
Secured income	**282**	149
Liability driven investment	**2,831**	2,698
Currency hedging	**-**	14
Net current assets	**90**	19
Total assets	**9,286**	**8,909**

32. Related party transactions

There have been no related party transactions, outside of the group, identified at the year-end 31 March 2026.

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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