



SALVATION ARMY HOUSING ASSOCIATION

REPORT & FINANCIAL STATEMENTS

**For the year end
31 March 2026**

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Foreword by Lynne Shea, Chief Executive Officer

Salvation Army Homes is now into the third year of the corporate strategy 'Pathway to Excellence 2030'. All the key strategies are in place with the Asset Management strategy approved in 2025-26.

A regulatory improvement plan was put in place following the Regulatory judgement of G1 V2 C2 outcome in December 2024. This has been delivered with further actions agreed for 2026-27. Data collected from the 'Behind the Door' project gives clear visibility on the make-up of households and their protected characteristics. This, together with the results of the transactional surveys and lessons learned from complaints, has informed how services are delivered more effectively in 2026-27.

Our relationship with our parent, The Salvation Army, remains strong as we worked together to develop plans for the large hostels providing essential homelessness services. The environment in which we work remains challenging as some local authorities have decommissioned services or have reduced the funding available.

The supported housing team has been successful in winning two new services in Dorset and in London whilst retaining all other commissioned services. A block of 12 general needs flats was transferred from another registered provider.

Financial performance in 2025-26 was impacted by the write-off of three leasehold properties being surrendered and the writeback of a contingent asset related to a lease surrendered the previous financial year, resulting in an operating deficit of £0.9 million. If these transactions were removed operating surplus was £2.7 million, which was less than the previous year. This is due to rising repair costs and higher rent loss on empty homes within supported housing.

Residents are at the heart of everything we do. Transactional surveys have been introduced to strengthen the resident voice and a new out-of-hours provider was appointed to improve the resident experience.

A new software tool, Voicescape, was implemented significantly improving rent collection. This has ensured residents are supported financially to stay in their homes. Salvation Army Homes has four support funds to help residents through these difficult economic times.

Satisfaction with repairs was poor in the first half of the financial year. The Asset Management Team was restructured in December 2025 to address this, giving more capacity in all areas.

We invested £6.5 million in our existing homes. Including significant fire safety works and over £1 million was spent on replacing kitchens and bathrooms.

There has also been significant investment in technology as all systems were moved into the cloud and Cyber Essentials Plus was achieved.

We want to continue to grow and expand as a National Supported Housing provider, working with The Salvation Army to transform residents' lives.

As we move into year three of Pathway to Excellence 2030, the focus will continue to be on building compliance, delivering excellent customer service, improving our existing homes and seeking out new opportunities for growth.

Welcome from the Chair, Stephen Stringer

I am pleased to be able to introduce Salvation Army Homes's financial statements for 2025-26 as I started my second three-year term in September 2025.

The financial results for the year represent a good performance during another volatile economic period. As these accounts show, our core business remains strong and financially robust with a business plan that demonstrates long-term financial viability. The financial review can be found in the Report of the Board commencing on page five.

The Board is committed to delivering its strategy set out in 'Pathway to Excellence' with a continued emphasis on growth, investing in our properties and improving our customer service. The 2025-26 regulatory improvement plan was delivered, and we continue to work towards a C1 rating, and building compliance under consumer regulation.

We especially value the work residents do to be part of our journey and their invaluable contributions, scrutiny and challenge to make us the best landlord we can be.

Three new Board members joined during the year, Abi Williams, who brings a wealth of housing technology experience, Tim Schultz, Head of Reward at The Salvation Army, and Sarah Byrt, Assistant Head of Legal Services at The Salvation Army. The People and OD committee Chair, Maureen Hopcroft, came to the end of her six-year term and Major Althea Bawden resigned. I want to thank the current, and those Board members who have recently left, for all their hard work and commitment to the success of Salvation Army Homes.

The Board recognise the significant external pressures facing the organisation and regularly reviews our risks and opportunities.

We work closely with The Salvation Army, our parent, and share the same Christian led ethos and will continue to deliver the mission of Safe homes, Transforming lives to all our residents.

Strategic Report

Salvation Army Housing Association trading as Salvation Army Homes (“the Association”), provides a range of General Needs, Older Person, Directly Managed and Agency Managed Supported housing. In addition to providing high quality, safe accommodation, our Support offer focuses on providing services to our most vulnerable residents within the communities we operate within.

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 (registration no. 15210R) and is also registered with the Regulator of Social Housing (registration no. LH 2429).

Our Mission

Salvation Army Homes’ mission is ‘Safe Homes. Transforming Lives’ by providing quality accommodation and solutions to homelessness, whilst enabling residents to develop their own potential.

Our SPIRE Values

Servant Leadership – We help people thrive

We set high benchmarks with an encouraging and supportive leadership style.

Passion – We love our work

We invest in the lives of residents and strive to do better for them.

Inclusion – This is a team effort

We provide an environment where everyone has a sense of belonging and feels respected and valued.

Respect – We show respect for all

We create a place where residents, colleagues and partners are all encouraged to contribute.

Empowerment – We have trust

We involve employees and residents in everything that we do.

Principal Activities

Our principal activities are the management and development of social housing, primarily for single people. This includes lifehouses (hostels) for homeless people, foyers offering support and training, housing with appropriate support services for vulnerable people, special housing for the elderly as well as self-contained affordable rent to those on low incomes.

We operate nationally in 76 local authorities across England and have five main areas of operation:

1. Agency Managed Supported Housing

We work in partnership with multiple organisations nationally, including The Salvation Army, to provide a wide range of Agency Managed Supported Housing services. Within these partnerships, we act as the landlord owning and maintaining the buildings, whilst our managing agents operate the day-to-day management of the support service.

2. General Needs

We own a range of accommodation that provides secure, affordable housing for families and individuals.

3. Accommodation for the over 55s

In this accommodation for over 55s, there will either be a staff member on site, or an alarm call system, with other types of floating or community support available.

4. Directly Managed Supported Housing

We directly manage a wide range of support services throughout England, both managing the building and delivering day-to-day management and support. These services include provision for homeless single people, foyers for young people, mental health services, those recovering from addictions, accommodation for ex-offenders and individuals and families fleeing domestic violence.

5. Registered Care Homes

We own one registered care home in Lytham St Anne's. We work in partnership to provide support and care for clients in a residential environment.

External Contracts

We provide a Housing Management Accreditation and a Support Provision Quality Assurance service in partnership with our parent, The Salvation Army.

Our Corporate Strategy

Salvation Army Homes's Corporate Strategy 'Pathway to Excellence 2030' highlights the five key strategic priorities.

- Deliver excellent customer service
- Invest in our existing homes
- Deliver more homes to help residents achieve independent living
- Be a great employer
- Maintain our financial strength

Operational Performance Overview

To March 2026, we adopted a balanced scorecard of key performance indicators grouped by four of our five corporate objectives. A summary is set out below.

Performance indicators

Deliver Excellent Customer Service

Performance indication	Target 2025-26	Year end 2025-26	Year end 2024-25	Year end 2023-24
Total Current Arrears (Gross) (All Housing Services)	6.8%	6.49%	7.66%	5.95%
Total Void Rent Loss (All Housing Services)	2%	4.13%	1.99%	4.65%
Overall Customer Satisfaction	78%	74%	74%	73%

Performance in arrears improved year on year and was better than target. All three areas of business operation were in target. In 2025-26 a software solution, Voicescape, was implemented to help automate some of the income collection process, freeing up time for the income collection team to concentrate on more complex cases.

Void performance was significantly worse than the previous year. General needs was the only business area to perform within target. Reduced performance was largely driven by directly managed services, where there were issues with referrals, particularly in the earlier part of the year whilst the application for Ofsted registration was being processed. Cross departmental weekly meetings bring together colleagues from across the business to review each case and improve turnaround times through collaborative work.

Customer satisfaction remained the same as 2024-25 but was behind target. The results published are collected annually as part of the STAR survey

Invest In Existing Homes

Performance indication	Target 2025-26	Year end 2025-26	Year end 2024-25	Year end 2023-24
Repairs completed in target (Contractors)	90%	87.04%	84.02%	87.87%
Resident satisfaction with repair completed in the last 12 months	70%	74%	69%	64%

New responsive repairs contractors were onboarded in May 2025. In Q3 a restructuring of the Asset Management Team took place to align regional patches with that of Supported Housing and to provide greater expertise in each area. Whilst performance in repairs improved from the previous year, it was behind target and will be an area of focus for the organisation in 2025-26.

Operational Performance Overview (continued)

Be a Great Employer

Performance indication	Target 2025-26	Year end 2025-26	Year end 2024-25	Year end 2023-24
Average number of days sickness per person	8 days	11.57 days	9.01 days	8.21 days
Voluntary turnover	15%	15.96%	15.25%	N/A

The sickness days per person metric performance declined when compared to the prior year. It was also worse than target. In total 3,344 days were lost to sickness in the year. The main reasons were poor mental health work and non-work related and gastrointestinal related. There have been several initiatives to help with employees' health and wellbeing. Whilst this may have resulted in more sickness days, there has been an improvement in helping employees back to work after a long period of absence.

Voluntary turnover was slightly higher than the previous year and the target. In 2024-25 there were 43 voluntary leavers compared with 46 in 2025-26. The main reason cited for leaving in 2025-26 was career change (24% of leavers).

Maintain Financial Strength

Performance indication	Target 2025-26	2025-26	Year end 2024-25	Year end 2023-24
Operating margin	8.6%	6.7%	10.7%	13.2%
Rent written off	0.87%	0.67%	2.08%	0.29%

Operating Margin

Operating margin for 2025-26 was 6.7%, below target. This was mainly due to higher responsive repairs maintenance costs and higher than expected void loss, particularly in directly managed supported services.

Rent Written Off

In 2025-26 a new arrears software was introduced, Voicescape. We have since seen significant improvements in arrears which have impacted a reduction in rent write-offs.

Risk Management

Salvation Army Homes' Board has adopted a risk-aware approach to managing the business through its Risk and Assurance Framework. The Board has overall responsibility for its risks and risk management.

Risks are captured, monitored, updated and recorded in our online risk portal, reflecting the approach outlined in Salvation Army Homes' *Risk Management Framework 2026*. The Framework provides clear guidance on sources of risk identification, risk categories, risk appetite, inherent and residual risk scoring and risk appetite, alongside details of risk governance and reporting. Accordingly, the Corporate Risk Map ensures:

- Clear definition of individual risk scope, causes and effects
- Clear and transparent senior ownership of all risks identified
- Controls to manage each risk cause, alongside time-bound actions required to fully and effectively deliver risk controls
- Levels of assurance assigned for each risk, including capture of assurance sources
- Recovery plans for invocation should risks crystallise

Risk is regularly reviewed by the Executive and reported to both Audit and Risk Committee and Board quarterly.

Principal Risks and Uncertainties

Salvation Army Homes continues to identify and actively manage a wide range of Strategic and Operational risks. The Key Strategic risks facing the Association are:

- Changes made by Government impacting our ability to deliver our mission in an economical way
- The impact from external economic factors – inflation, geo-political factors, utility prices and interest rates rising
- Health and safety risks, including failure to meet statutory landlord compliance and the requirements of the Building Safety Act 2022 and people related health and safety
- Exits from third party lease arrangements resulting in significant financial impact and covenant breach
- Safeguarding risks and failing to comply with legislation around Adults and Young People
- Failure to adequately protect against cyber-attack
- Poor quality data and data management impact the ability to manage the business effectively and comply with GDPR legislation
- Failure to meet regulatory standards results in a non-compliant grading
- Failure to maintain good quality social housing stock and meet the decent homes standard
- Managing the risk of fraud
- Business and reputational risk related to managing and maintaining good strategic and operational working relationships with our Parent, Managing Agents and other third parties

Statement on Internal Control

The Board acknowledges its responsibility and accountability for the Association's system of internal control, and for reviewing its effectiveness. The Board accepts the controls assurance system provides *reasonable, rather than absolute*, assurance against material misstatement or loss.

The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved, and that the Association complies with applicable laws and regulations and with regulatory standards and internal policies with respect to the conduct of the business. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

Salvation Army Homes engage Menzies (formally Beever and Struthers) as an external independent internal auditor to ensure a strategic approach to risk management and performance improvement.

Assurances are derived from the following functions and processes, providing key sources of evidence for the Board in reviewing the effectiveness of Salvation Army Homes' system of internal control.

Audit and Risk Committee

The Audit and Risk Committee is responsible for reviewing the adequacy and effectiveness of the system of internal control and reporting its conclusions to the Board. This Committee receives reports from both the internal and external auditors.

Internal Audit Function

Salvation Army Homes' internal audit approach is a risk-based program of independent audit scrutiny. A rolling program is undertaken to cover all key systems of controls. The internal auditors, Menzies, attend the Audit and Risk Committee to present completed audit findings and to report on management progress in implementing agreed recommendations. They report annually on the system of internal control, with an opinion as to the adequacy and effectiveness of key internal control systems.

The Annual Internal Audit Report for the year ended 31 March 2026 states '*Based on the work undertaken and subject to the weaknesses identified and reported in our internal audit reports, the Board can be provided with a reasonable level of assurance that there is an effective framework of governance, risk management and controls at Salvation Army Homes*'.

An internal independent Quality Assurance function operates within the support services, reporting back to management on improvements and good practice across the housing and support element of service delivery. The findings of these audits are reported to EMT on a quarterly basis.

Governance Report

Governance Structure

As a registered provider of social housing, Salvation Army Homes is governed by its Board which is committed to achieving the highest standards of corporate governance. Following the Regulator of Social Housing's inspection in September 2024 Salvation Army Homes has a G1 grading for Governance, a V2 grading for Financial Viability and a C2 grading for Consumer Standards.

Salvation Army Homes has adopted the National Housing Federation's (NHF) Code of Governance 2020 and the NHF Code of Conduct 2022. An assessment of its compliance with both codes is conducted annually.

Salvation Army Homes is the parent company of saha Developments Limited (dormant) and Kingsown Property Limited. Salvation Army Homes was formed in 1959 by The Salvation Army and therefore the ultimate parent undertaking is The Salvation Army Trustee Company.

The Salvation Army Homes Group Board is charged with maintaining control of the overall structure and can appoint and remove Members from all Subsidiary Boards as well as Board Committees. Oversight of performance and some decision-making is delegated to the Subsidiary Boards and Committees, allowing the Board to focus on key areas of strategic importance.

Objectives of the standing Board Committees

- Audit and Risk Committee are responsible for overseeing external and internal audit, effectiveness of internal controls, monitoring the Association's risk identification and mitigation, reviewing the financial statements including the annual Value for Money (VfM) assessment. In 2025-26 the committee met four times.
- Operations Committee are responsible for providing assurance to the Board on operational performance and service delivery to residents; approving Board delegated non-key policies and monitoring progress against strategic plans. In 2025-26 the committee met formally four times and online monthly to review the Health and Safety Dashboard.
- People and Organisational Development Committee are responsible for overseeing the remuneration of staff, Board and Committee members, approval of relevant learning, development and remuneration policies and developing and monitoring progress against annual learning and development plans for Board and Committee members. In 2025-26 the committee met four times.
- Nominations Committee are responsible for the recruitment process, interview and selection of candidates for membership of the Salvation Army Homes Board, and to make recommendations to the Board, ensuring that candidates possess the requisite skills and experience to fulfil the duties of a Board member.

Resident Scrutiny Panel

Together for Residents (T4R) scrutiny panel is responsible for providing scrutiny and oversight of service delivery, resident involvement and improving the customer experience.

The Executive

The Executives of the Association hold no interest in the Association's share capital. They act within the authority delegated by the Board.

Code of Governance Compliance

In adopting the NHF Code of Governance 2020 and the Code of Conduct 2022, the Association is committed to upholding these codes. Based on Christian roots and culture, Salvation Army Homes requires the Chair to be a practicing Christian and have a good understanding of The Salvation Army. This is a genuine occupational requirement but deviates from the NHF code.

Board Composition

In line with the Intra-Group Agreement the Board must consist of a minimum of five and a maximum of ten members. The Board structure currently includes five Board members nominated by its Parent, The Salvation Army. The Board composition is kept under review to ensure the skills, knowledge and experience of its members are, or will be, suitable to meet the current and longer-term needs of the business and its strategic plans. Board members are drawn from a wide range of backgrounds, bringing together professional, commercial and customer experience.

The Role of the Board

The role of the Board is to provide effective leadership within a framework of effective controls which enable risks to be assessed and managed well. It develops and promotes its collective vision of the Association's purpose, culture, values, and the behaviours it wishes to promote in conducting its business. The Board is responsible for strategic planning and oversight and delegates the day-to-day management of the Association to the Chief Executive and the Executive Team.

Board Appraisal and Development

The Board undertakes individual and collective appraisals every year. The appraisal process considers the balance of skills, experience, independence, and knowledge of the Board; its diversity, how the Board, its committees, the Chair and individual Board members performed and worked together; and other factors relevant to its effectiveness.

Three new Board members were appointed during the year strengthening the Board in the areas of people services, IT transformation and legal and Salvation Army knowledge. These appointments were in line with Salvation Army Homes' succession planning and filled vacancies created by the resignation of two Salvation Army nominees and the retirement of one Board member.

REPORT OF THE BOARD

The Board presents its report together with the audited financial statements for the year ended 31 March 2026.

Statement of the Board's responsibilities

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

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

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing (2022). It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Performance In The Year

Financial Review

Income increased year-on-year by £1.2 million, due to inflationary increases on rents and service charges and being awarded a new service for young people in Dorset. Expenditure increased largely due to increased spend in responsive repairs, inflationary uplifts on staff salaries and continued pressure in compliance. In the year a gift aid donation amounting to £0.3 million was made to Salvation Army Homes from Kingsown Properties (2025: £0.5 million) which is included within turnover for the Association.

The statement of comprehensive income is presented on page 26, whilst financial performance analysed by core operating activities is presented on page 40.

REPORT OF THE BOARD (continued)

Loan Covenant Compliance

Compliance with loan covenants is measured against cash balance and gearing. To assess the health of the organisation, compliance continues to be monitored monthly and embedded within both the short and long-term financial planning against the previous restraints. There was no breach in covenants in the year. The updated 30-year long-term financial plan continues to demonstrate compliance with covenants for all lenders.

Cashflows

The inflow and outflow of cash during the financial year is reported on page 29.

Overall, cash balances decreased by £5.2 million during the year (2025: Increase by £21.5 million). Cash generated through Operating activities was £3.7 million (2025: £5.1 million).

Net cash outflow through investing activities £8.5 million for the year. A total of £6.5 million was spent on additions to existing properties (2025: £4.9 million) with interest received on cash balances totalling £0.7 million (2025: £0.6 million).

Cash outflow in respect of financing activities was £0.5 million (2025: £14.3 million). This included £0.4 million of interest payments (2025: £1.1 million), no loan drawdowns (2025: £2.7 million) and £0.1 million in loan repayments (2025: £15.7 million).

Current Liquidity

Cash and bank balances at the year-end were £19.6 million (2025: £24.9 million). Net current assets were £12.9 million (2025: net current asset of £16.9 million).

Going Concern

The Board has considered the implications of the ongoing economic environment and the other impacts of political events on cash flows along with risk of cessation of funding at key schemes and believes Salvation Army Homes has adequate resources to fulfil operational activity for the foreseeable future. The Board have derived further comfort from detailed scenario testing on the long-term financial plan, which includes a future growth plan, which is funded with the surplus cash generated from Xenia. For these reasons, the Board continues to adopt the going concern basis in preparing the financial statements. Further information on the assessment of going concern is set out on page 31.

Statement of Compliance

The Board confirms that this annual report and review have been prepared in accordance with the principles set out in Part 2 of the 2018 SORP Update for Registered Providers.

Statement of Compliance with the Governance, Financial Viability and Consumer Standard.

The Board completes an annual assessment of compliance with the Regulator's Governance, Financial Viability and Consumer Standard. In 2025-26 the Governance rating was G1, Financial Viability was V2 and Consumer Standards were C2.

Social Housing Properties

At 31 March 2026, Salvation Army Homes owned and / or managed 3,407 units (2025 3,464 units). Housing properties are recognised in the Statement of Financial Position at Historical Cost. At 31 March 2026 the carrying value of social housing properties is £149.4 million (2025: £146.3 million).

In 2024-25 the lease on a freehold property, owned by our parent, The Salvation Army (TSA), was surrendered. The social housing grant related to this property has been recycled in 2025-26, amounting to £1.7 million. In addition, a registered care home, owned by TSA was sold as a going concern, resulting in the recycling of £0.9 million of capital grant to be recycled.

Investment in housing properties during the year was funded through internally generated cash surpluses. Details of movements in fixed assets are set out in notes 9, 11 and 12.

Policy on Employment

Our aim to provide the highest possible service delivery is dependent upon a skilled, informed and committed workforce. We recognise employees as being a major asset and place great emphasis on promoting, reinforcing and embedding a coaching and strengths-based culture. In supporting employees to realise their potential, Salvation Army Homes staff are supported through regular supervision, team meetings, performance appraisals and collaborative agreement on learning and development needs and opportunities.

Salvation Army Homes is continually developing and expanding training opportunities for staff, with national training programmes, workshops, individual training courses, coaching mentoring and reverse mentoring. Diversity and inclusion are embraced through the implementation of inclusive working practices, with all staff undertaking training in equality, diversity and inclusion.

Staff have access to safe working environments and are adequately trained in Health & Safety to carry out everyday tasks, with minimal risk to themselves and others. A separate Health & Safety staff group regularly reviews Health & Safety good practice and compliance across the business. An external Consultant, OmnySafety supports the group and share good practice.

Rent Policy

Salvation Army Homes sets rents in accordance with The Regulatory Framework for Social Housing. The business plan takes into consideration current and forecast future rent levels, allowing obligations to residents, to maintain our stock and to continue to be financially viable to be met, including meeting commitments to lenders.

Reserves Policy

Any surplus over expenditure is retained by making a transfer to reserves. The Association sets a minimum target of 2% surplus against annual turnover. The classification of reserves depends on the source of the surplus and whether any restriction is placed on its use. Any surplus generated which is subject to external restrictions is held as a restricted reserve.

Long Term Stock and Maintenance Repair Policy

The Asset Management Strategy is based on stock condition information and targets on-going compliance with statutory and regulatory standards and guidelines, as well as recognised industry best practice. The strategy achieves excellent customer service and value for money through the efficient procurement of goods, works and services, and economies of scale, wherever possible.

Treasury Policy

The Treasury Management Policy is based on guidance issued by The Chartered Institute of Public Finance and Accountancy (CIPFA) with the aim of achieving a satisfactory return while minimising risk. The overriding principle is to avoid risk rather than to maximise return.

In the case of borrowing, the objective is to minimise costs consistently whilst ensuring stability of the financial position by sound debt management techniques. Borrowings are within the limits set out in the Rules and by the RSH, and subject to a Policy and Strategy agreed annually by the Board.

Communication to Stakeholders

Communication of performance and other information is carried out through resident newsletters, via our website and using various social media. This report contains an assessment of performance on value for money. An annual report is produced and published on the website.

Investment for the future

The Board is committed to spending in line with the stock condition plan incorporated within the business plan each year to maintain and improve existing housing stock. It endeavours to achieve an economic and proactive approach to maintaining and investing in stock through programmed major works such as replacements of roofs, windows, kitchens, bathrooms and heating systems.

Internal control

The Board's statement on the annual review of the effectiveness of the Association's internal control system appears in the Strategic Report section within this annual report.

Members of the Board Statement

The members of the Board have taken necessary steps to make themselves aware of any information relevant to the audit. The members of the Board confirm that they have given the Auditor, Crowe, all relevant information needed in connection with performing the audit.

BY ORDER OF THE BOARD 12 AUGUST 2026

Stephen Stringer

Stephen Stringer (Aug 12, 2026, 1:54pm)

Chairman

Stephen Stringer

VALUE FOR MONEY STATEMENT

Transforming Lives

Our customers are at the heart of everything we do and our aim is to ensure our approach to Value for Money (VfM) allows us to maximise investment in quality homes and services. We seek to effectively utilise our resources to help residents sustain their tenancies and maximise the opportunities for them to grow.

The Board takes a strategic view of VfM and drives the delivery of outcomes by ensuring it is embedded throughout the Association and reflected within the corporate strategy.

Within our supported services provision, value is measured through the achievement of the mission of Transforming Lives and providing Safe Homes. Salvation Army Homes has identified three key objectives measuring Social Impact, Investment and Business Strength to demonstrate how value is being created. The key objectives are categorised as:

- The positive impact we have on residents' lives
- Investment in existing housing accommodation and;
- Our business strength measured through The Regulator's VfM metrics

Impact on Residents' Lives

The aim of this objective is to demonstrate the positive impact Salvation Army Homes has had on improving residents' quality of life by enabling them to develop and achieve their full potential. We measure this through four social metric themes, Social Networks and Relationships, Emotional and Mental Health, Meaningful Use of Time and Managing Tenancy and Accommodation.

Social Networks and Relationships

Developing social networks and relationships is fundamental to improving residents' confidence, social interaction and independent living. During the year we engaged with 348 residents with the aim of improving their social network, relationships and contact with external agencies. We were successful with 99% of these residents, which is better than the target of 85% and the previous year.

Emotional and Mental Health

Improvement in emotional and mental health is measured through four specific indicators.

Measure	Target 2026	Actual 2026	Actual 2025	Actual 2024
Improved mental wellbeing	75%	76%	76%	78%
Improved physical wellbeing	75%	91%	95%	90%
Better managed self-harm	75%	76%	96%	71%
Better managed substance abuse	65%	45%	71%	61%

VALUE FOR MONEY STATEMENT (continued)

During the year we performed better than target against three of the four metrics but worse than the previous financial year. The profile of residents accessing our services has become increasingly complex. Services are supporting a greater number of individuals presenting with multiple and interconnected needs, including severe and enduring mental health conditions, co-occurring substance misuse, trauma, physical health issues, neurodiversity, and histories of homelessness or social exclusion. This increasing complexity means that progress is often less linear and outcomes can take significantly longer to realise, particularly in areas such as mental wellbeing, substance misuse recovery, and self-harm management

Meaningful Use of Time

Salvation Army Homes's approach to supporting residents to achieve a more meaningful use of their time is monitored through the following performance indicators.

Measure	Target 2026	Actual 2026	Actual 2025	Actual 2024
Gained employment	50%	53%	56%	55%
Participated in education and training	75%	83%	87%	75%
Number of residents gaining a qualification	150	269	150	45

We exceeded our targets across all three areas of meaningful use of time but performed worse than the previous year in the gained employment and education and training metrics.

Salvation Army Homes continues to partner with AQA, an independent education charity and the largest provider of academic qualifications taught in UK schools and colleges. As an approved AQA Centre, Salvation Army Homes can offer residents the opportunity to achieve a formally recognised qualification. Throughout the year 338 current and former residents completed a learning course in their chosen subject with 286 having been accredited.

We will continue to support residents aiming to complete AQA courses; with some residents working towards becoming Support workers, whilst others aim to develop other skills leading to positive outcomes such as financial inclusion and independence.

Managing Tenancy and Accommodation

This theme measures the percentage of residents who move-on into independent living following a period of occupancy within a supported service. Salvation Army Homes' supported services enables residents to develop their skills and abilities to enable them to sustain their tenancy and become a responsible tenant as well as a good neighbor.

Measure	Target 2026	Actual 2026	Actual 2025	Actual 2024
Moved out in a planned way	80%	68%	71%	72%
Maximised income	90%	91%	91%	89%
Reduced overall debt	75%	73%	78%	62%

VALUE FOR MONEY STATEMENT (continued)

Investment in Existing Housing Accommodation

In total £6.5 million was spent during the year (2025: £4.9 million) on the replacement of housing property components and fire safety works.

The Asset Management Strategy was refreshed in 2025-26 which facilitates forward planned spend, creating efficiencies through procurement and project management of large-scale replacement programmes which are designed to identify preventative works as opposed to reactive maintenance and repair.

Performance against the Regulator's Value for Money metrics

Value for Money performance is measured throughout the year using the Regulator of Social Housing's metrics to demonstrate the value we are adding through our mission. We compare our VfM metric performance against a specific peer group that best facilitates meaningful comparison.

The data used for comparing performance against our peer group has been derived from the Regulator's Value for Money metrics benchmarking tool. Salvation Army Homes's peer group contains 12 Registered Providers who manage less than 5,000 units and provide support services.

Business Health

	Target 2026	Actual 2026	Actual 2025	Actual 2024	2025 Peer Group (median)
Operating margin – overall	8.6%	6.7%	11.9%	16%	6.8%
Operating margin – SHL	13.1%	5.0%	9.9%	8.3%	9.9%
EBITDA MRI interest cover	532%	(145%)	216.3%	358%	248%

Overall operating margin for the peer group was 6.8% in 2025. Our current performance was 6.7%, significantly reduced from the previous year due to the level of responsive repairs and void works carried out throughout the year.

Negative EBITDA MRI interest cover for 2026 was due to the need to complete £2.5 million on fire stopping works. At its meeting in October 2025, Board made the decision to not defer other capital replacement works, thus resulting in negative EBITDA MRI.

VALUE FOR MONEY STATEMENT (continued)

Capacity and Supply

	Target 2026	Actual 2026	Actual 2025	Actual 2024	Peer group Median 2025
New supply delivered – Social housing units	1.4%	0.35%	0.84%	0.03%	0.6%
New supply delivered – non-social housing units	0.0%	0.0%	0.0%	0.0%	0.0%
Reinvestment	5.6%	3.1%	4.9%	2.2%	5.1%
Gearing	(7.1)%	(9.9)%	(13.6)%	11.8%	46%

Reinvestment in new homes has increased year-on-year. In 2024-25 a new development strategy was approved that will see delivery of 250 homes before 2030.

The median gearing ratio for our peer group was 0.6% in 2025. Salvation Army Homes' ratio is negative due to the high cash balance and the low level of debt at the year end.

Effective Asset Management

	Target 2026	Actual 2026	Actual 2025	Actual 2024	Peer group Median 2025
Return on Capital Employed	2.7%	1.7%	1.7%	2.2%	3.0%

Overall financial performance was the same as the previous year.

	Target 2026	Actual 2026	Actual 2025	Actual 2024	Peer group Median 2025
Headline social housing cost	£10,358	£11,512	£10,211	£8,867	£16,251
Overheads as a % of Turnover (Sector Scorecard)	17.2%	17%	14.2%	12.8%	14.9%

Salvation Army Homes's 2026 headline social housing cost per unit of £11,512 is significantly below the 2025 median for the peer group of £16,251. Costs per social housing unit can be distorted where care and support make up a significant part of an organisation's turnover. The cost year on year increased due to the amount of expenditure on responsive and void works.

Overhead costs as a % of turnover increased year on year but performed better than the target.

Resident Engagement

In the year our Together for Residents (T4R) committee focused on two areas of scrutiny: planned investment and Gardening. Members of the T4R committee have been involved with the procurement of maintenance contractors.

We will continue to monitor and report on our Tenant Satisfaction Measures through our annual report to residents and on our website. In the year we introduced repairs satisfaction surveys. Take up is currently relatively low but we plan to roll this out further in 2026-27.

Opinion

We have audited the financial statements of Salvation Army Homes (the "Association") for the year ended 31 March 2026 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the 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 Association's affairs as at 31 March 2026 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The Board is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial

statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the association; 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 13, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALVATION ARMY HOMES(CONTINUED)

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 entity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Co-operative and Community Benefit Societies Act 2014 (and related Directions and regulations), the Housing and Regeneration Act 2008 and other laws and regulations application to a registered social housing provider in England together with the Housing SORP. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statements items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the entity's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the entity for fraud. The laws and regulations we considered in this context for the UK operations were requirements imposed by the Regulator of Social Housing, 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 non-social housing income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Audit 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 non-social housing income 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 Board, as a body in accordance with the Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008. Our audit

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALVATION ARMY
HOMES(CONTINUED)**

work has been undertaken so that we might state to association's Board 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP.

Crowe U.K. LLP

Statutory Auditor

4th Floor

St James House St

James's Square,

Cheltenham, GL50 3PR

Date: 21 August 2026

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2026

	Notes	2026 £000	2025 £000
Turnover	2A/2B	40,512	39,272
Operating expenditure	2A/2B	(37,792)	(34,601)
Loss on disposal of tangible fixed assets	4	(3,619)	(2,117)
Gain on disposal of Investment Property		-	221
Operating (loss) /surplus		(899)	2,775
Interest receivable	5	697	745
Interest and financing costs	6	(351)	(1,131)
Surplus/ (loss) for the financial year	7	(553)	2,389
Actuarial gain / loss in respect of pension scheme	24	58	265
Total comprehensive (loss) / income for financial year		(495)	2,654

All amounts relate to continuing operations.

The accompanying notes on pages 31 - 67 form part of these financial statements.

These financial statements were approved and authorised by the Board on 12 August 2026

Stephen Stringer

Stephen Stringer (Aug 12, 2026, 1:54pm)

Chair

Stephen Stringer

Stephen Bright

Stephen Bright (Aug 12, 2026, 4:29pm)

Board Member
Stephen Bright

SG Stewart

Sam Stewart (Aug 12, 2026, 4:32pm)

Company Secretary
Samantha Stewart

STATEMENT OF CHANGES IN EQUITY AND RESERVES for the year ended 31 March 2026

	Revenue Reserve £000	Restricted Reserves £000	Revaluation Reserves £000	Total £000
Balance as at 31 March 2024	68,728	6,401	8,332	83,461
Surplus for the year	2,654	(18)	-	2,636
Transfers from revaluation reserves to revenue reserves	8,332	-	(8,332)	-
Transfers from revenue reserves to restricted reserves	2,662	(2,662)	-	-
Balance as at 31 March 2025	82,376	3,721	-	86,097
Deficit for the year	(495)	-	-	(495)
Transfers from restricted reserves to revenue reserves	159	(156)	-	3
Balance as at 31 March 2026	82,040	3,565	-	85,605

The accompanying notes on pages 31 – 67 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION as at 31 March 2026

	Notes	2026 £000	2025 £000
Fixed assets			
Housing properties	11	149,413	146,342
Property, plant and equipment	12	2,056	2,124
		151,469	148,466
Current assets			
Debtors	15	5,032	4,933
Cash and cash equivalents	16	19,613	24,860
		24,645	29,793
Creditors: amounts falling due in less than one year	17	(11,785)	(12,883)
Net current assets		12,860	16,910
Total assets less current liabilities		164,329	165,376
Creditors: amounts falling due after more than one year	17	(77,256)	(77,261)
Provision for liabilities:			
- Defined benefit obligation	24	(1,468)	(2,018)
Net assets		85,605	86,097
Capital and reserves			
Restricted reserves	22	3,565	3,721
Revenue reserve		82,040	82,376
		85,605	86,097

The accompanying notes on pages 31 – 67 form part of these financial statements.

The financial statements were approved by the Board on 12 August 2026 and signed on its behalf by:

Stephen Stringer

Stephen Stringer (Aug 12, 2026, 1:54pm)

Chair

Stephen Stringer

Stephen Bright

Stephen Bright (Aug 12, 2026, 4:29pm)

Board Member

Stephen Bright

SG Stewart

Sam Stewart (Aug 12, 2026, 4:32pm)

Company Secretary

Samantha Stewart

STATEMENT OF CASH FLOWS for the year ended 31 March 2026

	Notes	2026 £000	2025 £000
Operating (loss) / surplus	2A	(899)	2,775
Amortisation of grants	19	(2,375)	(2,442)
Depreciation	11	4,244	3,973
Depreciation on other fixed assets	12	548	502
Loss on disposal of tangible fixed assets	4	3,619	1,896
Social Housing Grant written off to income	19	(337)	(1,960)
(Increase) / decrease in debtors		(99)	(685)
(Decrease) / increase in creditors		(1,083)	742
Add/(Deduct) pension adjustment		58	265
Net cash from operating activities		3,676	5,066
Cash flow from investing activities			
Proceeds from Sales of Investment Property	5	-	37,000
Interest received		697	644
Grants received	19	-	995
Additions to Property, Plant and Equipment	9/11/12	(9,148)	(7,877)
Net cash (used in) / generated from investing activities		(8,451)	30,762
Cash flow from financing activities			
Interest paid		(351)	(1,131)
New loans		-	2,565
Loans repaid	18	(121)	(15,717)
Net cash used in financing activities		(472)	(14,283)
(Decrease)/Increase in cash and cash equivalents		(5,247)	21,544
Cash and cash equivalents at beginning of the year	16	24,860	3,316
Net cash and cash equivalents at 31 March	16	19,613	24,860

The accompanying notes on pages 31 - 67 form part of these financial statements

Analysis of changes in net debt for the year ended 31 March 2026.

	At 1 April 2025	Cash flow	Other non – cash movements	At 31 March 2026
	£000	£000	£000	£000
Cash and cash equivalents	24,860	(5,247)	-	19,613
Housing Loans due within one year	(109)	(20)	-	(129)
Housing Loans due after more than one year	(4,841)	141	-	(4,700)
Total	19,910	(5,126)	-	14,784

The accompanying notes on pages 31 - 67 form part of these financial statements.

1. Legal status and accounting policies

Legal Status

Salvation Army Housing Association is registered with the Regulator of Social Housing (RSH) LH2429 and under the Co-operative and Community Benefit Societies Act 2014. The Association is incorporated and registered in England. The address of the registered office is 1 Champion Park, London, SE5 8FJ. In April 2024, Salvation Army Housing Association began trading as Salvation Army Homes.

Accounting Policies

The principal accounting policies of the Association are set out below.

Basis of Accounting

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102'). The financial statements have also been prepared in accordance with the Statement of Recommended Practice Accounting by registered social housing providers (Housing SORP 2018 Update) and comply with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing - 2022 ("the Direction").

In accordance with FRS 102 (3.3A) the Association is a public benefit entity that has applied the "PBE" prefixed paragraphs.

The financial statements have been prepared on a historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland". The first date at which FRS 102 was applied was 1 April 2014.

The financial statements are those of the Association only. These financial statements have not been consolidated to include the results of its subsidiaries, Kingsown Property Limited and saha Developments Limited – a dormant company. This is because the results of the Association and its subsidiaries are included within the consolidated financial statements of The Salvation Army Social Work Trust (SASWT), charity registration number 215174. The financial statements of SASWT are publicly available from The Salvation Army website www.salvationarmy.org.uk or from the Company Secretary on request. The address of the registered office is 1 Champion Park, London, SE5 8FJ.

Going Concern

The Association prepares a 30-year financial plan which is updated and approved on a regular basis. The most recent plan was approved in June 2026. As well as considering several scenarios, the Board also adopted a stress testing framework against the base plan. The stress testing impact is measured against EBITDA MRI interest cover covenants and minimal cash balances. Mitigating actions are identified to the overall financial impact.

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026

The Board is of the opinion that the Association has sufficient resources to continue to meet liabilities over the period of 12 months from the date of approval of the financial statements. In coming to this conclusion the Board has considered the impact of lease arrangements, increased maintenance and major works costs, including decarbonisation investment and existing loan facilities. The Board has concluded that any adverse event can be mitigated by the large liquid cash balance held and the ongoing nature of its activities.

Key Sources of Estimation Uncertainty and Judgements

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period.

Significant Management Judgements

The following are the significant management judgements made in applying the accounting policies that have the most significant effect on the financial statements.

Capitalisation of Property Development Costs

Distinguishing the point at which a project is more likely to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation of development costs, management monitors the asset and considers whether changes indicate that impairment is required.

Housing Property Impairments

Social housing properties are held for their service potential and not held solely for the cash inflows generated. Therefore, if an impairment indicator exists or is triggered by events outlined in the SORP an assessment is made to determine whether an impairment provision should be accounted for.

Schemes Managed by Agents

Salvation Army Homes has several management agreements in place where judgement is required in respect of whether in substance a transfer of risks and benefits is judged to have taken place.

The Measurement of the Recoverable Amount of Assets for Impairment and the Calculation of Depreciation Replacement Cost

Impairments are recognised where management believes there is an indication of impairment, for example the decline in the future economic benefits or the service potential of an asset, over and above the depreciation charged for that asset's use and therefore the carrying amount of an asset exceeds its recoverable amount or replacement cost. During the year an assessment of impairment was carried out by management giving rise to an impairment of £nil (2025: £nil).

Estimation Uncertainty

Useful Lives of Property, Plant and Equipment (PPE)

Management reviews its estimate of 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' with regard to IT equipment/software and any changes to Decent Homes Standard.

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026

requiring frequent replacement of components. The accumulated depreciation as at 31 March 2026 was £64.5 million.

The Main Components of Housing Properties and Their Useful Lives

Housing property depreciation is calculated on a component-by-component basis. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge. The components selected are those which reflect how the major repairs to the property are managed.

Bad Debt Provision

The gross trade debtors balance of £2.2 million is recorded in the Statement of Financial Position comprising a relatively large number of small balances. A full line-by-line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts that ultimately prove to be uncollectible. The bad debt provision is recorded at £680k.

Amortisation of Government Grants

Government grants received for housing properties are recognised in income over the useful life (as identified for the depreciation charge) of the housing property structure (excluding land), on a straight-line basis under the accrual model.

Defined Benefit Obligation

Management's estimate of the defined benefit obligation is based on several critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 24). The net defined benefit pension obligation at 31 March 2026 was £1.5 million.

Financial Instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Association becomes a party to the contractual provisions of the instrument.

Trade (including rental) and other debtors and creditors that are due for payment within the normal business terms are initially recognised at the transaction/undiscounted price. A provision is established when there is objective evidence that the Association will not be able to collect all amounts due.

Loans to subsidiaries are classified as basic financial instruments, these are provided at an arm's length commercial basis and are repayable on demand. These are therefore recognised at the original transaction price and are not considered to be material.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts, which are an integral part of the Association's cash management. Bank deposits with a maturity of more than three months are classed as current asset investments.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs.

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026

The effective interest rate is the rate that exactly discounts estimated future cashflows through the expected life of the financial asset or liability or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Employee Benefits

Short-term employee benefits including holiday pay and annual bonuses are accrued as services are rendered. Contributions to defined contribution and the auto-enrolment pension schemes are charged to the Statement of Comprehensive Income as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

The Association is a member of a multi-employer (SHPS) pension scheme administered independently by TPT Retirement Solutions for defined contribution and auto-enrolment pension schemes.

Turnover and Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for rental and service charge income, contributions and management fees and miscellaneous donations from agencies, fees and revenue grants receivable from local authorities and government grants received for housing properties recognised in revenue.

Turnover is recognised as follows:

- Rental and service charge income is recognised in the period to which it relates net of rent and service charge losses from voids
- Contributions, management fees and miscellaneous donations from agencies are recognised in the period to which they relate
- Revenue grants are credited to and recognised in the Statement of Comprehensive Income in the same period as the expenditure to which they relate
- Capital grants received are initially deferred and then credited to turnover in the Statement of Comprehensive Income on a straight-line basis over the expected life of the asset which they have funded
- Charges for support services funded under commissioned services are recognised as they fall due under the contractual agreement with Administering Authorities
- Gift Aid income is received from relevant subsidiaries on a retrospective basis and recognised in the period in which it is received
- Surplus or deficit on property disposals is recognised in the period the disposal occurred

Interest Payable

Interest on loans specifically financing development is capitalised on a weighted average cost basis for the period from start of works up to the date of practical completion or acquisition of legal title, whichever

is later. Other interest payable is charged to the Statement of Comprehensive Income in the period in which it is incurred at an effective rate of interest.

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026

Tangible Assets: Property, Plant and Equipment

Housing Properties

Housing properties are held for the provision of social housing or to otherwise provide social benefit. Housing properties are primarily available for rent and stated at cost less accumulated depreciation and any recognised impairment losses. The cost of properties is their purchase price plus any incidental costs of acquisition, or where the properties are acquired through acquisitions or transfer of engagements, then the cost is the “existing use value” valuation as provided by a professionally qualified valuer. Additions to housing properties under construction because of development expenditure are shown as “additions” and are transferred to completed properties when they are ready for letting. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure in respect of capital improvements.

Properties during construction are not depreciated. Freehold land is not depreciated.

The Association accounts for its expenditure on housing properties using component accounting. Under component accounting, the housing property is divided into those major components which are considered to have substantially different useful lives. Depreciation is charged on major components to write off the cost of the components to their residual values, over their estimated useful lives, using the straight-line method, as follows:

Freehold Land	Not depreciated
Building – Main Fabric (structure)	50-75 years
<u>Major Components</u>	
Roof	50 years
Bathrooms	30 years
Lifts	25 years
Mechanical and Electrical Systems	25 years
Windows and External Doors	25 years
Kitchens	20 years
Fire Works	10 years

Where a separate identified and depreciated component of an existing property is replaced, the carrying value of the component is expensed and the cost of the replacement component capitalised.

Where a repair involves replacement, renewal or repair of items within the fabric of existing buildings which have not been assigned separate component lives, the repair is treated as a revenue item whether or not major repair Social Housing Grant (SHG) is payable for such items. Where applicable, the related SHG receivable is also treated as a revenue item.

For any replacement, renewal or repair to the fabric of a building or replacement of an existing component which enhances the net rental income generated from the property, a useful economic life is assigned to that component (as per policy) and depreciated.

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026

Impairment of Housing Properties

For the purposes of impairment assessments, housing properties are grouped together into schemes, each scheme typically comprising one or more buildings in an immediate locality, and each building consisting of one or more accommodation units. Schemes are typically developed or acquired as one. The exception is street properties, which are geographically diverse and where individual properties may have been acquired piecemeal.

At each Statement of Financial Position date, housing schemes are assessed to determine if there are indicators that the scheme may be impaired in value; if there are such indicators of impairment, then a comparison of the scheme's carrying value to its recoverable amount is undertaken.

Any excess over the recoverable amount is recognised as an impairment loss and charged as expenditure in the Statement of Comprehensive Income; the carrying value is reduced appropriately.

The recoverable amount of a scheme is the higher of its fair value less costs to sell and its value in use. The value in use for housing schemes which can be let in their current condition, and which are fulfilling the social purpose for which they were acquired is based on the depreciated replacement cost of the asset. For other schemes, value in use is defined as the net present value of the future cash flows before interest generated from the scheme.

When an impairment loss is subsequently reversed, the carrying amount of the scheme is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income

Other Property, Plant and Equipment

Other property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected useful lives of the assets at the following rates:

Office Equipment	Hardware & Software 33% per annum New Business Systems 10% - 20% per annum	
Office Furniture	20%	per annum
Scheme Furniture	25%	per annum
Vehicles	33%	per annum
Office Property	14%	per annum

Sales of Housing Properties

Where housing properties are disposed of during the year, the surplus or deficit is accounted for within the turnover of the statement of comprehensive income. The sale of the property is recognised upon completion, rather than on exchange of contracts.

Investments

Fixed asset investments are held and stated at cost less any provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026

Government Grants

Government grants include grants receivable from Homes England, Greater London Authority, 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 (excluding land), on a pro rata basis under the accrual model. The unamortised element of the government grant is recognised as deferred income in creditors.

Grants relating to revenue are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate. Until the revenue grants are recognised as income they are recorded as liabilities.

Government grants released on the sale of the property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and are included in the Statement of Financial Position in creditors due after more than one year. If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income.

Other Grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose a specific future performance condition is recognised as revenue when the grant proceeds are receivable. A grant that imposes specific future performance-related conditions on the Association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is shown as a liability in the Statement of Financial Position.

Capitalisation of Interest

Interest on loans financing a development is capitalised up to the date of practical completion of the scheme or acquisition of legal title, whichever is later. Interest on loans after this date is charged to the Statement of Comprehensive Income.

Capitalisation of Development Overheads

Development overheads are capitalised to the extent that they are identified as incremental costs to the Association and would have been avoided only if the property / development had not been constructed or acquired.

Leases

Leases are classified as finance leases where the terms of the leases transfer substantially all the risks and the rewards incidental to ownership of the leased asset. All other leases are classified as operating leases.

Assets held under finance leases are measured initially at the fair value of the leased asset and the corresponding lease liability. Assets held under finance leases are included in tangible fixed assets and depreciated in the same way as owned assets. Rentals payable under operating leases are charged to Statement of Comprehensive Income on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026

The aggregate benefits of any lease incentive are recognised as a reduction in expenses over the term of the lease.

Provisions for Liabilities

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

Taxation

The Association has charitable status and therefore is not subject to Corporation Tax on surpluses derived from charitable activities, provided that the surpluses are applied to the charitable objects of the Association.

The Association and its subsidiary Kingsown Property Limited are registered as part of the VAT Group with its parent, The Salvation Army. VAT is accounted for to HMRC for any vatable supplies made outside the VAT Group by the Association and its subsidiary. Expenditure is therefore shown inclusive of VAT. Saha Developments Limited is a stand-alone company for VAT purposes. Chapter One has no trading activities.

Deferred tax is recognised in respect of all timing differences between taxable profits and total comprehensive income that have originated but not reversed at the Statement of Financial Position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Statement of Financial Position date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income and expenditure statement, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle on a net basis.

Schemes Managed by Agents

The Association has several management agreements in place with other agencies where in substance, a transfer of risks and benefits is judged to have taken place. In these circumstances, the transactions managed by these agents are not included in these financial statements. With respect to the Agency Managed schemes, the total turnover for the year included in these financial statements amounted to £11.3 million (2025: £11.7 million) and total operating costs amounted to £11.4 million (2025: £10.2 million).

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026

Restricted Reserves

Restricted reserves relate to funds received by the Association for specific purposes and these are held and used for that purpose. These include Catherine Baird Court, Property Reserve and Other Reserves (see note 22 for detailed explanations and purpose of the reserves).

Revenue Reserves

Revenue reserves relate to the cumulative surpluses less amounts transferred to designated and restricted reserves.

2A. Particulars of turnover, operating expenditure and operating surplus / (deficit) for the year

	2026				2025			
	Turnover £000	Other Income £000	Operating Expenditure £000	Operating Surplus / (Deficit) £000	Turnover £000	Other Income £000	Operating Expenditure £000	Operating Surplus / (Deficit) £000
Social housing lettings (Note 2B):								
General Needs accommodation	9,211	-	(9,112)	99	8,838	-	(8,047)	791
Supported Housing and Housing for Older People	22,366	-	(20,094)	2,272	22,109	-	(19,573)	2,536
Other – Foyers	2,729	-	(3,359)	(630)	2,607	-	(2,614)	(7)
	34,306	-	(32,565)	1,741	33,554	-	(30,234)	3,320
Other social housing activities:								
Charges for support services	3,667	-	(3,748)	(81)	2,883	-	(3,369)	(486)
Gift Aid	338		-	338	541		-	541
Contributions from Agencies	715	-	-	715	301	-	-	301
Other Social Housing activities	1,130	-	(965)	165	1,000	-	(568)	432
SHG written off to income	-				-			-
Gain/ (Loss) on disposal of tangible fixed assets		(3,619)		(3,619)		(1,896)		(1,896)
	40,156	(3,619)	(37,276)	(741)	38,279	(1,896)	(34,171)	2,212

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026 continued**2A. Particulars of turnover, operating expenditure and operating surplus / (deficit) for the year (continued)**

	2026				2025			
	Turnover £	Other Income £	Operating Expenditure £	Operating Surplus / (Deficit) £	Turnover £	Other Income £	Operating Expenditure £	Operating Surplus / (Deficit) £
Activities other than social housing activities:								
Registered Care	344	-	(510)	(166)	351	-	(387)	(36)
Student Accommodation	-	-	-	-	647	-	(39)	608
Social Enterprise	12	-	(4)	8	(5)	-	(4)	(9)
	40,512	(3,619)	(37,792)	(899)	39,272	(1,896)	(34,601)	2,775

2B. Particulars of turnover and operating expenditure from social housing lettings

	General Needs Housing £	Supported Housing and Housing for Older People – Agency Managed £	Supported Housing and Housing for Older People – Direct Managed £	Other - Foyers £	2026 Total £	2025 Total £
Income						
Rent receivable net of identifiable service charges and voids	7,697	7,069	4,437	817	20,020	19,972
Service charge income	784	2,886	5,722	1,793	11,185	10,685
Support income	-	-	688	49	737	361
Amortised government grants	730	1,114	450	70	2,364	2,424
Other revenue grants	-	-	-	-	-	112
Turnover from social housing lettings	9,211	11,069	11,297	2,729	34,306	33,554
Expenditure						
Management	1,644	3,440	1,791	646	7,521	8,646
Service charge costs	1,201	2,098	5,910	1,955	11,164	10,684
Routine maintenance	4,206	1,559	2,522	441	8,728	6,904
Major repairs expenditure	165	56	156	20	397	(30)
Depreciation of housing properties	1,775	1,562	800	108	4,245	3,927
Property impairment	-	-	-	-	-	-
Additional depreciation on components replaced	-	-	-	-	-	-
Bad debts	122	-	42	100	264	(137)
Other costs	0	-	157	89	246	238
Operating costs on social housing lettings	9,113	8,715	11,378	3,359	32,565	30,230
Operating surplus / (deficit) on social housing lettings	99	2,354	(81)	(630)	1,741	3,320
Void losses	(163)	-	(535)	(172)	(870)	(629)

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026 continued**3. Key management personnel and employee information**

Key management personnel are defined for the purpose of this note as the members of the Board, the Chief Executive and any other person who is a member of the Executive Management Team. The emoluments of the Board members and the executive directors including the Chief Executive were as follows:

	2026	2025
	£000s	£000s
Aggregate emoluments (including pension contributions and benefits in kind) paid to key management personnel are made up as follows:		
Board and Committee members – Including employer's NI contributions	81	86
Executive Management Team – Excluding employer's NI contributions	340	412
	421	498
Total employer's pension contributions in respect of directors	19	24
Emoluments of highest paid director, the Chief Executive (excluding pension contributions, including benefits in kind)	169	166
Employer's pension contributions in respect of the Chief Executive	10	10
Highest paid director relative to size of landlord	50.6	40.29

The Chief Executive is a member of the Social Housing Pension Scheme. They are an ordinary member of the pension scheme, and no enhanced or special terms apply.

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026 continued**3. Key management personnel and employee information (continued)****Salaried Board and Committee members**

	2026	2025
	£000	£000
Mr S Stringer (Chair)	12.0	12.0
Mr A Lawrence (retired)	-	6.8
Ms J Robinson (retired)	0.3	2.0
Mr I Watson	2.0	2.0
Ms M Hopcroft (retired)	1.1	6.8
Mr A McCombe	5.0	5.0
Mr P Philips	7.0	7.0
Mr E Thomas (resigned)	2.8	5.5
Mr S Bright	6.8	5.5
Mr R East	6.8	6.8
Mr C Pegge	2.0	2.0
Mrs B Fry	2.0	2.0
Mr D Dashwood (resigned)	0.3	2.0
Mrs L Roberts (resigned)	2.0	2.0
Mrs T Pass	2.0	2.0
Mrs A Bawden (resigned)	4.1	5.0
Mrs A Duncan	5.5	5.5
Mr P Edward	5.5	5.5
Ms S Byrt	2.9	-
Ms K Harper (resigned)	0.9	-
Mr S Lyons	0.8	-
Mr D Sawyer	0.8	-
Mr T Schultz	1.9	-
Ms B Stembridge-Webb	0.9	-
Ms A Williams	5.0	-
	80.4	85.4

The total amount of expenses claimed by Board were £3,361 (2025 £2,248).

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026 continued**Employee information**

	Number Average	Number Full-time equivalent	Number Average	Number Full-time equivalent
	2026	2026	2025	2025
	No.	No.	No.	No.
Average number of employees:				
Staff engaged in managing or maintaining housing stock	43	40	50	46
Staff providing central administration services	47	41	43	42
Staff providing support & services	280	171	283	171
	370	252	376	259

3. Key management personnel and employee information (continued)

Full-time equivalent is calculated based on the total number of hours worked by each employee divided by a standard 35-hour week. The above employee numbers do not include temporary agency staff.

	2026	2025
	£000	£000
Staffing costs:		
Wages and salaries	10,529	9,517
Termination & Redundancy Costs	189	149
Social security costs	1,325	1,029
Other pension costs (see note 24)	1,044	1,144
	13,087	11,839
Temporary agency staff costs	1,197	1,041

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026 continued

The full-time equivalent number of staff whose remuneration (including compensation for loss of office) is payable in relation to the period of account and falling within each band of £10,000 from £60,000 upwards is as follows:

	2026	2025
	No.	No.
£60,001 to £70,000	9	6
£70,001 to £80,000	1	2
£80,001 to £90,000	3	2
£90,001 to £100,000	3	1
£100,001 to £110,000	-	-
£110,001 to £120,000	-	-
£120,001 to £130,000	-	-
£130,001 to £140,000	-	1
£140,001 to £150,000	1	-
£150,001 to £160,000	-	-
£160,001 to £170,000	-	1
£170,001 to £180,000	1	-
	18	13

4. Gain on disposal of tangible fixed assets**Housing Property**

	2026	2025
	£000	£000
Proceeds from disposal of housing property	-	703
Costs of sale	(3,619)	(2,820)
Loss on disposal of housing property	(3,619)	(2,117)

Investment Property

	2026	2025
	£000	£000
Proceeds from disposal of housing property	-	37,000
Costs of sale	-	(36,779)
Gain on disposal of investment property	-	221

5. Interest receivable

	2026	2025
	£000	£000
Bank deposit interest	638	644
Interest accrued during the year	59	101
	<u>697</u>	<u>745</u>

6. Interest and financing costs

	2026	2025
	£000	£000
Interest payable on borrowings	(251)	(1,008)
Net interest cost on DB pension obligations	<u>(100)</u>	<u>(123)</u>
	<u>(351)</u>	<u>(1,131)</u>

7. Operating Surplus for the year

The operating surplus is arrived at after charging/(crediting):

	2026	2025
	£000	£000
This is stated after charging/(crediting):		
Depreciation – housing properties	4,244	3,973
Additional property depreciation on components replaced / planned demolition	146	186
Audit services for the Association (excluding VAT)	47	47
Audit services for the Subsidiary (excluding VAT)	8	6
Management fee and administration charge to Subsidiary	(123)	(127)
Operating lease rentals		
land and buildings	82	128
other	350	302
Hire charges on rental of equipment from Subsidiary	996	1,050

8. Recognition of Contingent Asset and Liability

A lease surrender agreement is in place between Salvation Army Homes and its parent, TSA. This agreement states that when a lease is surrendered because of the support contract being decommissioned, TSA will underwrite the grant liability. As a result, a contingent asset of £1.7 million was recognised in 2025 in loss on disposal. A contingent grant liability with the same balance was also recognised in loss on disposal in both years, in line with the SORP. In 2026 Homes England agreed to the grant being recycled. Therefore, the contingent asset has been reversed and the contingent liability has been moved to Recycled Capital Grant Fund (see note 20).

9. Investment Property

	2026 £000	2025 £000
At 1 April	-	36,500
Property sale	-	(36,500)
Investment property valuation at year end	-	-

10. Taxation

The Association is registered with the Regulator of Social Housing and is exempt from liability to taxation on its income and capital gains arising from charitable activities. All activities were charitable during the year.

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026 continued**11. Housing properties**

	Completed housing properties	Housing properties under construction	2026 Total
	£000	£000	£000
<u>Cost</u>			
At 1 April 2025	209,119	930	210,049
Additions during the year	1,487	615	2,102
Replacements of components	6,457	-	6,457
Disposals during the year	(4,709)	-	(4,709)
At 31 March 2026	212,354	1,545	213,899
<u>Depreciation</u>			
At 1 April 2025	63,707	-	63,707
Charge for the year	4,244	-	4,244
Property impairment	-	-	-
Disposals during the year	(3,465)	-	(3,465)
At 31 March 2026	64,486	-	64,486
Net book value at 31 March 2026	147,868	1,545	149,413
Net book value at 31 March 2025	145,412	930	146,342
		2026	2025
Housing properties at net book value comprise:		£000	£000
Freeholds		89,608	86,318
Long leaseholds		59,613	59,861
Short leaseholds		192	163
		149,413	146,342

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026 continued**Works to existing properties:**

	2026	2025
	£000	£000
Works to existing properties	6,854	4,963
Less: Amounts capitalised in housing properties components	(6,457)	(4,993)
Amounts charged to the Statement of Comprehensive Income	397	(30)
Social Housing Activity - Note 2B	397	(30)
Amounts charged to the Statement of Comprehensive Income	397	(30)

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026 continued**12. Tangible Fixed Assets – Property, Plant and Equipment**

	Office Equipment £000	Office Furniture £000	Scheme Furniture £000	Vehicle £000	2026 Total £000
<u>Cost</u>					
At 1 April 2025	3,471	40	2,253	5	5,769
Additions during the year	267	1	316	-	584
Disposals during the year	-	(1)	(101)	-	(102)
At 31 March 2026	3,738	40	2,468	5	6,251
<u>Depreciation</u>					
At 1 April 2025	2,152	9	1,481	5	3,647
Charge for the year	343	9	298	-	650
Eliminated on disposals during the year	-	(1)	(101)	-	(102)
At 31 March 2026	2,495	17	1,678	5	4,195
<u>Net book value</u>					
At 31 March 2026	1,243	23	790	-	2,056
At 31 March 2025	1,319	31	772	-	2,122

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026 continued**13. Investments**

	2026	2025
	£	£
Cost of shares in wholly owned subsidiaries (see below)	51	51
	<u>51</u>	<u>51</u>

- a) Kingsown Property Limited, a wholly owned subsidiary of Salvation Army Housing Association, is a company registered in England and Wales – Registered No. 02304488. The company is not a Registered Provider.

Authorised share capital: 500,000 ordinary shares of £1 each
 Issued share capital: 200,000 ordinary shares of £1 each

The issued share capital is held by Salvation Army Housing Association. Under section 98 Paragraph 2 of the Co-operative and Community Benefit Societies Act 2014, Salvation Army Housing Association is exempt from preparing Group Financial statements, including Kingsown Property Limited.

Salvation Army Housing Association originally purchased 50 shares in Kingsown Property Limited. As a result of a bonus issue this increased to 200,000 issued share capital.

	2026	2025
	£	£
<u>Kingsown Property Limited</u>		
Profit for the year before tax	208	248
Net assets	1,576	1,629
Revenue reserves	1,376	1,429
	<u> </u>	<u> </u>

Operating lease payments made to the subsidiary for the year amounted to £996k (2025: £1,051k). At 31 March 2026 the amount owed by Kingsown to the Association was £121k (2025: £122k); the amount due to Kingsown from the Association was £0k (2025: £8k). The Association also received a gift aid donation of £338k (2025: £541k) from Kingsown.

14. Investments (continued)

- b) Salvation Army Homes Developments Limited, a wholly owned subsidiary of Salvation Army Housing Association, is a company registered in England and Wales – Registered No. 07552040. The company is not a Registered Provider and is currently dormant.

Authorised share capital: 100 ordinary shares of £1 each
 Issued share capital: 1 ordinary share of £1 each

The issued share capital is held by Salvation Army Housing Association. Under section 98 Paragraph 2 of the Co-operative and Community Benefit Societies Act 2014, Salvation Army Homes is exempt from preparing Group Financial statements, including Salvation Army Homes Developments Limited.

	2026	2025
	£	£
<u>Salvation Army Homes Developments Limited</u>		
Profit for the year before tax	-	-
Net assets	5	5
Revenue reserves	5	5

Salvation Army Housing Association made payments to Saha Developments for property works £nil (2025: nil). At 31 March 2026 the amount owed by Saha Developments to the Association was £nil (2025: £nil); the amount due to Saha Developments from the Association was £nil (2025: £nil). The Association did not receive any gift aid donations in the year from Saha Developments (2025: £nil).

15. Debtors

Amounts falling due in less than one year:

	2026	2025
	£000	£000
Rent and service charges receivable	2,198	2,106
Provision for bad debts	(680)	(576)
Net rental and service charge	1,518	1,530
Prepayments and accrued income	628	969
Other debtors	760	2,177
Amounts due from subsidiary undertakings	121	122
Amounts due from parent undertaking	2,005	135
	5,032	4,933

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026 continued**16. Cash and cash equivalents**

	2026	2025
	£000	£000
Cash at bank and in hand	3,957	18,678
Short term deposits	15,656	6,182
	19,613	24,860

17. Creditors

Amounts falling due within one year:

	2026	2025
	£000	£000
Trade creditors	5,754	5,150
Prepayment for rent and service charges	1,069	1,097
Deferred income and accruals	2,060	3,870
Other creditors	410	262
Housing loans (see note 18)	129	109
Amounts due to subsidiary undertakings	-	8
Amounts due to parent undertaking	(1)	1
Deferred capital grants (see note 19)	2,364	2,384
	11,785	12,881

Amounts falling due after more than one year:

	2026	2025
	£000	£000
<u>Housing loans</u>		
Loans repayable between 1 and 2 years by instalments	137	110
Loans repayable between 3 and 5 years by instalments	460	328
Repayable after five years by instalments and a bullet repayment	4,103	4,403
Total housing loans (see note 18)	4,700	4,841
<u>Deferred capital grants</u>		
Social housing grants	66,222	68,900
Other public grants	2,861	2,861
Total deferred capital grants (see note 19)	69,083	71,761
Recycled capital grant fund (see note 20)	3,473	659
Multi-employer pension scheme (see note 24)	-	-
	77,256	77,261

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026 continued**18. Housing loans**

Housing loans are from private finance raised through UK banks and financial institutions, these are secured by charges on the Association's specific housing properties, and are repayable between 2026 and 2065, and interest charged at varying rates between 3.00% and 5.75% (2025: 3.00% and 6.50%) as follows:

	2026	2025
	£000	£000
<u>Housing loans</u>		
Fixed rate borrowings	3,565	3,565
Variable rate borrowings	1,264	1,385
Total Housing Loans	4,829	4,950
	2026	2025
	£000	£000
<u>Housing loans</u>		
Housing loans due after more than one year	4,700	4,841
Housing loans due within one year	129	109
Total housing loans	4,829	4,950

19. Deferred capital grants

	2026	2025
	£000	£000
Total grant received / receivable	125,874	126,532
Total grant amortised	(54,427)	(52,387)
Net balance at 31 March	71,447	74,145
	2026	2025
	£000	£000
Classified as:		
Opening balance at 1 April	74,145	75,978
Released to income in the year	(2,375)	(2,442)
Moved to recycled capital grant fund (see note 20)	(789)	(177)
Moved from recycled capital grant fund (see note 20)	129	285
Additions	-	995
Released on disposal of property	337	(494)
Closing balance at 31 March	71,447	74,145

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026 continued

	2026	2025
	£000	£000
Classified as:		
Amounts to be released within one year (note 17)	2,364	2,384
Amounts to be released in more than one year (note 17)	69,083	71,761
Closing balance at 31 March	71,447	74,145

20. Recycled capital grant fund (RCGF)

	2026	2025
	£000	£000
Opening balance at 1 April	659	738
Inputs to RCGF:		
Additions during the year	2,823	177
Interest accrued during the year	120	29
Recycling of grant:	(129)	(285)
Closing balance at 31 March	3,473	659

21. Called up share capital

Each member of the Association holds one share of £1 each in the Association.

	2026	2025
	£	£
Allotted, issued and fully paid:		
At 1 April	10	13
Issued during the year	2	-
Cancellations during the year	(2)	(3)
At 31 March	10	10

The shares have limited rights. They carry no entitlement to dividends, interest or bonus, they are not repayable and do not participate in winding up. The voting rights of the shares are entitlement to vote at the Annual General Meeting and Special General Meetings of Salvation Army Housing Association.

22. Restricted Reserves

	Legacy Fund reserve	Property reserve	Other reserves	Total
	£000	£000	£000	£000
At 1 April 2025	118	3,478	125	3,721
Transfer to revenue reserve	(8)	(161)	13	(156)
At 31 March 2026	110	3,317	138	3,565

Legacy Fund reserve

This represents funds left by way of a specific legacy for the benefit of Catherine Baird Court, Kitty Wheeldon Gardens, Turner House and Mildmay House. The reserve will be utilised to fund both capital and revenue expenditure under the direction of the Resident / Association Joint Committee.

Property reserve

This represents the proportion of the cost of properties that was financed by charitable donations with on-going legal or constructive obligations to restrict the use of the funds.

Other reserves

Other restricted reserves are subject to specific restrictions imposed by the donor or by the nature of the appeal or grant. The Association holds these funds based on terms outlined when they were initially transferred. Where donor restrictions are for revenue purposes for activities normally carried out by the Association, transfers are made from restricted funds to offset the costs as they are incurred.

Revenue reserve

Revenue reserves as shown in the statement of changes in equity and reserves on page 27 is the accumulation of the surpluses and deficits of the Association since formation. The retained revenue reserves of £83,909k (2025: £82,376k) are maintained to ensure the continued financial strength and viability of the Association on a going concern basis.

23. Capital commitments

	2026	2025
	£000	£000
Capital expenditure that has been contracted for but has not been provided for in these financial statements	276	510
Capital expenditure that has been authorised by the Board but has not been contracted for	-	1,988
	276	2,498

24. Pension obligations

The Organisation participates in the Social Housing Pension Scheme (the Scheme), a multiemployer 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 £693 million. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

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

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

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

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

Under the defined benefit pension accounting approach, the SHPS net deficit as at 1 April 2025 is £2,018k and £1,468k as at 31 March 2026.

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026 continued

The Association was notified in 2021 by the Trustee of the Scheme that it has 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 earlier than Summer 2026. It is estimated that this could potentially increase the value of the full Scheme liabilities by £233 million. We 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.

Present values of defined benefit obligation, fair value of assets and defined benefit asset / (liability)

	2026	2025
	£000s	£000s
Fair value of plan assets	12,520	11,811
Present value of defined benefit obligation	(13,988)	(13,829)
Deficit in plan	(1,468)	(2,018)
Deferred tax	-	-
Net defined benefit liability to be recognised	(1,468)	(2,018)

Reconciliation of opening and closing balances of the defined benefit obligation

	2026	2025
	£000s	£000s
Defined benefit obligation at start of period	13,829	15,083
Expenses	17	15
Interest expense	788	725
Actuarial losses / (gains) due to scheme experience	(136)	253
Actuarial losses / (gains) due to changes in demographic assumptions	125	-
	-	-
Actuarial losses / (gains) due to changes in financial assumptions	(66)	(1,657)
Benefits paid and expenses	(569)	(590)
Defined benefit obligation	13,988	13,829

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026 continued**24. Pension obligations (continued)**

Reconciliation of opening and closing balances of the fair value of plan assets

	2026	2025
	£000s	£000s
Fair value of plan assets at start of period	11,811	12,223
Interest income	688	601
Experience on plan assets (excluding amounts included in interest income) – (loss) / gain	(18)	(1,139)
Contributions by the employer	608	716
Benefits paid and expenses	(569)	(590)
Fair value of plan assets at end of period	12,520	11,811

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2026 was £670k (2025: (£537k)).

Defined benefit costs recognised in statement of comprehensive income (SOCl)

	2026	2025
	£000s	£000s
Expenses	17	15
Net interest expense	100	123
Defined Benefit cost recognised in the Statement of Comprehensive Income (SOCl)	117	138

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026 continued**24. Pension obligations (continued)**

Defined benefit costs recognised in other comprehensive income

	2026	2025
	£000s	£000s
Experience on plan assets (excluding amounts included in net interest cost) – (loss)	(18)	(1,139)
Experience (losses)/gains arising on the plan liabilities	136	(253)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	(126)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	66	1,657
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain/(loss)	58	265
Total loss recognised in other comprehensive income – gain/(loss)	58	265

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026 continued**Assets**

	2026	2025
	£000s	£000s
Global Equity	1,387	1,323
Absolute Return	-	-
Distressed Opportunities	-	-
Credit Relative Value	-	-
Alternative Risk Premia	-	-
Liquid Alternative	2,229	2,190
Emerging Markets Debt	-	-
Risk Sharing	-	-
Insurance-Linked Securities	19	36
Property	611	592
Infrastructure	1	2
Private Equity	27	10
Real Assets	1,179	1,414
Private Debt	-	-
Opportunistic Liquid Credit	-	-
High Yield	-	-
Opportunistic Credit	-	-
Private Credit	1,512	1,446
Credit Relative Value	498	452
Investment Grade Credit	736	364
Cash	2	160
Long Lease Property	-	3
Secured Income	380	197
Liability Driven Investment	3,817	3,577
Currency Hedging	-	19
Net Current Assets	122	26
Total assets	12,520	11,811

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026 continued**24. Pension obligations (continued)**

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

Key assumptions

	2026	2025
	% per annum	% per annum
Discount Rate	6.02%	5.82%
Inflation (RPI)	3.33%	3.10%
Inflation (CPI)	3.02%	2.79%
Salary Growth	4.02%	3.79%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

	Life expectancy at age 65 (Years)
Male retiring in 2026	20.9
Female retiring in 2026	23.2
Male retiring in 2046	22.2
Female retiring in 2046	24.6

Employer pension contributions

	2026	2025
	£000	£000
Defined benefit employer contributions including deficit contributions	607	716
Auto-enrolment & SHPS Defined contribution including deficit contribution	437	428
	1,044	1,144

The defined benefit pension costs for Salvation Army Homes was £607k (2025: £716k). The pension cost is assessed in accordance with the advice of a qualified actuary using the Projected Unit Fund Method and is not materially different from that arising from the current employer's contribution rate.

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026 continued**The Growth Plan**

Until 2022-23 Salvation Army Homes participated in a multi-employer Growth Plan Scheme. Following the last member leaving the scheme, the plan was considered closed, 2023-24. 90% of the due liability was repaid, amounting to £325,000. There remains a liability of 10% due to be paid.

Auto-Enrolment

As a result of the introduction of pensions “auto-enrolment” by the Government, the cost of the new defined contribution scheme administered by SHPS was £437k (2025: £428k) covering 309 employees (2025: 325 employees).

25. Operating Leases

The Association has lease arrangements in respect of land and buildings and equipment, the future minimum lease payments of these leases are set out below:

	2026	2025
	£000	£000
<u>Land and Buildings – Leases expiring</u>		
Not later than one year	61	61
Later than one year and not later than five years	38	47
Later than five years	0	3
	99	111
<u>Other operating leases – Leases expiring</u>		
Not later than one year	273	240
Later than one year and not later than five years	291	450
Later than five years	2	9
	566	699

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026 continued**26. Accommodation in Management and Development**

The number of units of housing, lifehouses and foyer accommodation under development and in management at 31 March 2026 was:

	Number of Units in management	
	2026	2025
	<u>No.</u>	<u>No.</u>
Housing accommodation for letting:		
General Needs:		
Owned and managed	932	918
Affordable:		
Owned and managed	359	359
Supported Housing and Housing for Older People:		
Owned and managed	668	679
Owned but not managed	1,267	1,294
Managed but not owned	18	10
Other – Foyer Accommodation:		
Owned and managed	141	141
Registered care bed spaces:		
Owned and managed		
Owned but not managed	11	52
Managed but not owned	11	11
Total owned and/or managed	3,407	3,464

We added a total of 24 units, 12 of which are the new acquisition (Greenacre) - General Needs, 8 units are Supported Housing (West Farm), 2 units which were offices converted to dwellings, 1 unit was reclassified from Supported Housing to General Needs (24 Griffin) and 1 unit now recognised in the housing database.

We disposed of a total of 81 units, 77 of which were released to The Salvation Army - 35 Supported Housing (Alver Court & Alver Bank), 42 units of Registered Care (Dewdown House). 3 Supported Housing units (24 Griffin Road) became 1 unit of single dwelling and reclassified to General Needs and Flat 1, Maida Street now reclassified as an office not residential.

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026 continued**Housing Stock Summary:**

	Number of Units in management	
	2026	2025
	<u>No.</u>	<u>No.</u>
Owned and managed	2,111	2,108
Owned but not managed	1,278	1,346
Managed but not owned	18	10
Total owned and managed	3,407	3,464

27. Related Parties

The Association has taken advantage of the exemption permitted by Financial Reporting Standard 102.33.1A – ‘Related Party Transactions’ and does not disclose transactions with group undertakings that are wholly owned by such a member.

The Association took out a loan of £315k with Reliance Bank Limited in the financial year ended 31 March 2011, and £2,200k in the financial year ended 31 March 2014, and a further loan of £150k in the financial year ended 31 March 2015, a wholly owned bank by The Salvation Army International Trustee Company (SATCo).

The Association made the following payments during the year to Reliance Bank Limited:

Capital repayments	£121k
Interest payments	£79k

The total outstanding balance of the loan at 31 March 2026 was £1,264k (2025: £1,385k). The long-term loan was granted to the Association on normal commercial terms, including Salvation Army Homes providing appropriate security to satisfy the conditions of the loan.

During the year, the Association paid £585k (2025: £426k) for the property and liability insurance to SAGIC Limited. SAGIC Limited is a company wholly owned by The Salvation Army Trust (Central Funds).

NOTES TO THE FINANCIAL STATEMENTS – Year ended 31 March 2026 continued**Key Management Personnel**

All executive and non-executive directors and certain senior employees who have the authority and responsibility for planning, directing and controlling the activities of the Association are key management personnel. Compensation of key management personnel is disclosed in note 3.

Under the FRS 102.33.1A Sch72(2) definition of related party transactions, other than those transactions listed above, the Association did not have any other related party transactions with any of the key management or Board personnel.

28. Ultimate Controlling Party

The Board considers that the Association's immediate parent company is The Salvation Army Trustee Company, a company limited by guarantee and registered in England.

In the opinion of the Board, the ultimate controlling party is the General of The Salvation Army as defined by the Salvation Army Act 1980.

29. Post Balance Sheet Events

None.

LEGAL AND ADMINISTRATIVE DETAILS

Salvation Army Homes registered with the Regulator of Social Housing (RSH) LH2429 and with the Financial Conduct Authority (FCA) under the Co-operative and Community Benefit Societies Act 2014, Registration No. 15210R.

Board Members who served during the year		
Stephen Stringer	Independent Chair of Group Board	Appointed September 2022
Paul Phillips	Independent Deputy Chair of Group Board	Appointed December 2020
Stephen Bright	The Salvation Army Nominee	Appointed February 2022
Lieut-Colonel Drew McCombe	The Salvation Army Nominee People and Organisational Development Chair	Appointed January 2021
Robert East	Independent Operations Committee Chair	Appointed October 2022
Philip Edwards	The Salvation Army Nominee	Appointed March 2024
Adele Duncan	Independent	Appointed November 2024
Abigail Loring	Independent	Appointed 22 May 2025
Timothy Schultz	The Salvation Army Nominee	Appointed September 2025
Sarah Byrt	The Salvation Army Nominee	Appointed September 2025
Maureen Hopcroft	Independent, People and OD Committee Chair	Appointed June 2019 Retired May 2025
Elliot Thomas	The Salvation Army Nominee	Appointed July 2021 Resigned September 2025
Major Althea Bawden	The Salvation Army Nominee	Appointed March 2024 Resigned December 2025

LEGAL AND ADMINISTRATIVE DETAILS (continued)

Executive Management Team Members		
Lynne Shea	Chief Executive	Appointed May 2023
Samantha Stewart	Executive Director of Finance & ICT	Appointed October 2023
Amy Cheswick	Executive Director of Operations	Appointed April 2026

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