



Southway Housing Trust (Manchester) Limited Group Accounts

Co-operative and Community Benefit Society No. 30348R

Regulator of Social Housing No. L4507

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Board Members, Executive Directors, Advisors and Bankers

Board Members

Hazel Makinson	Chair	
David Hampton	Vice Chair	
Faisal Butt	Board Director	
Shefali Kapoor	Board Director	
Steve Wilson	Board Director	
Gavin White	Board Director	Stepped down in September 2025.
Claire Brown	Board Director	
Laura Green	Board Director	
Katie McGrouther	Board Director	
Dave Rawson	Board Director	Joined the Parent Board in September 2025.
Sharon Burns	Board Director	Joined the Parent Board in September 2025.
Sacha Govender	Trainee Board Member	
Dean Owens-Cooper	Co-optee	Stepped down in December 2025.

Executive Directors

John Bowker	Chief Executive
Jane Gant	Executive Director - Homes and Communities
David Clermont	Executive Director - Finance and Development
Paul Howes	Executive Director - Corporate Services

Registered Office Southern Gate, 729 Princess Road, Manchester, M20 2LT

Registered Number Co-operative and Community Benefit Society: 30348R
Regulator of Social Housing: L4507

Website www.southwayhousing.co.uk

External Auditors Crowe UK LLP, 55 Ludgate Hill, London, EC4M 7JW

Internal Auditors TIAA, Artillery House, Fort Fareham, Newgate Lane PO14 1AH

Principal Solicitors Anthony Collins LLP, 134 Edmund Street, Birmingham, B3 2ES

Bankers Barclays Bank UK PLC, 3 Hardman Street, Spinningfields, Manchester, M3 3AX

Introduction by the Chair

2025/26 has been a year of continued improvement for Southway Housing Trust. Building on the progress achieved in the previous year, we have strengthened our focus on delivering excellent core services, improving the customer experience and providing greater assurance around the quality and safety of our homes.

Our commitment to doing the basics brilliantly has delivered positive results across many areas of the organisation. By way of example, during the year we achieved:

- Tenant Satisfaction Measures overall satisfaction 73% (increased from 71%)
- Rent collection 99.94% (maintaining high levels of performance)
- Emergency and non-emergency repairs completed on time 99.8% and 87.9% respectively (both an improvement on prior year)
- Improved call handling times and answer rate in the Customer Hub
- Maintained staff engagement score at 78 (higher than sector benchmark 73)

These improvements reflect the hard work and dedication of colleagues across the organisation who remain focused on meeting the needs of our customers every day. A particularly encouraging area of progress has been the significant improvement in our complaints handling performance. Over the past year we have strengthened our approach to complaint resolution, improved response times and embedded a stronger culture of learning from feedback. As a result, customers are receiving quicker responses, clearer communication and improved outcomes.

Whilst complaints are an important source of customer insight, our ambition is not simply to respond effectively when things go wrong, but to use feedback to drive lasting service improvements.

We have also continued to make substantial progress in our asset management programme. Our stock condition survey work remains on track and is providing the comprehensive information needed to support future investment decisions, meet regulatory expectations and ensure our homes remain safe, warm and well maintained for our customers.

Southway's 2026 Business Plan shows a strengthened financial position:

- The stock survey outcome confirms previously higher spending provisions for investment could be lowered to the surveyed requirements of our properties.
- The Government has extended CPI+1% rent increases and permitted the reintroduction of rent convergence, benefitting our income levels.

The development of new social and affordable properties continues a pace, with this projected to rise, in proportion to our size, to the top quartile of the sector.

During the year we continued to implement the actions arising from our regulatory inspection. Good progress has been made against our Regulatory Improvement Plan and we remain committed to strengthening governance, customer influence and assurance arrangements. The Board has maintained close oversight of this work and is encouraged by the progress achieved to date.

Alongside these improvements, we have also explored the opportunity to merge with Wythenshawe Community Housing Group. Throughout this process our priority has remained maintaining service quality for customers while considering how a larger organisation could create capacity for additional investment in homes, communities and services. We are grateful to customers, colleagues and stakeholders who have engaged positively throughout this process and helped shape future plans.

The Board approved a new Corporate Plan last year and this continues to provide a clear framework for the organisation. Guided by our vision of providing excellent services and quality homes where communities thrive, we remain committed to delivering improvements for customers, investing in our homes and communities, supporting our colleagues and ensuring the long-term sustainability of the organisation.

I would like to thank our customers, colleagues, Board/Committee members and partners for their continued support, commitment and resilience throughout the year. Their contribution has been instrumental in the progress we have made.

As we look ahead, we do so with confidence. Southway is a stronger organisation than it was twelve months ago. With improving performance, a clear strategic direction and a strong financial foundation, we are well placed to continue delivering excellent services and positive outcomes for our customers and communities.

Strategic Report and Report of the Board

Corporate Strategy

Vision and Values

Southway Housing Trust (Manchester) Limited ('Southway' or 'the Trust') is a society registered under the Co-operative and Community Benefit Societies Act 2014, and a Registered Provider with the Regulator of Social Housing.

The Trust is a community based social landlord working in and around South Manchester. At March 2026 it owns and/or manages 6,032 social/affordable rented homes, 594 shared ownership/leasehold and 94 market rent properties.

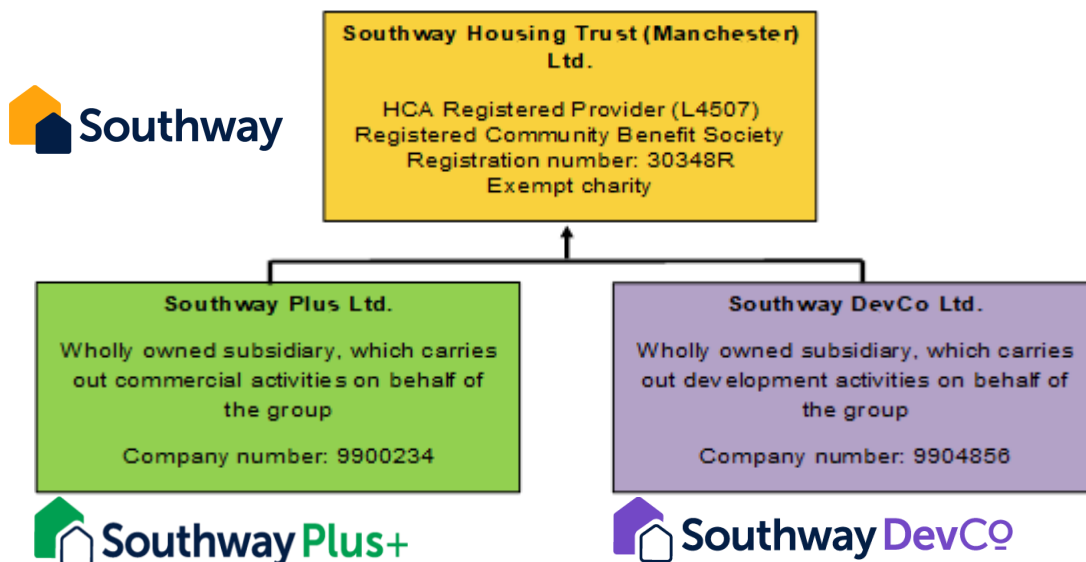
Southway's customers, communities and neighbourhoods are at the heart of everything we do. Our vision is to provide excellent customer service and quality homes, where communities thrive.

The way we do things is determined by our values: Respect, Equity, Ambition, Compassion and Honesty. These values come together to form the word REACH: We empower our people and communities to reach their full potential, we have ambitious plans and targets to reach, and we reach for continuous improvement.

Structure

The Group structure is designed to facilitate the delivery of our corporate strategy, with the Trust owning and managing the Group's social/affordable housing assets and two subsidiaries involved in the delivery of:

- our development programme via Southway DevCo Limited,
- our commercial activities via Southway Plus Limited.



The structure allows projects with a commercial risk and return to be undertaken, whilst protecting the social housing assets of the Trust. Profits generated by the subsidiaries are to be returned to Southway Housing Trust via gift aid to support its wider social objectives.

Proposed merger with Wythenshawe Community Housing Group

On 19 May 2026 Southway Housing Trust and Wythenshawe Community Housing Group (WCHG) announced that they had entered discussions regarding a proposed merger. If approved, Southway's portfolio of over 6,500 homes would combine with WCHG's existing portfolio of 14,000 homes, creating the largest housing association operating within the Manchester local authority area.

Corporate Plan

Southway's current 5-year plan 2025-2030 was approved by Board in March 2025. The Strategy was developed in consultation with customers and stakeholders.

The six key themes of the strategy are:

Customers - Our customers are at the heart of everything we do. We'll listen and respond positively to our customers, using their feedback to influence and continually improve services.

Homes - We'll provide good-quality, safe and affordable homes that customers are proud to live in.

Neighbourhoods and Communities - We'll provide services that support good health and wellbeing, are home to good-quality and well-maintained green spaces and promote neighbourliness and community safety.

Sustainability - We'll work with our partners to deliver new technologies and green solutions that will reduce customers' energy bills and our carbon footprint

Colleagues - We'll be an inclusive employer of choice, where colleagues are skilled, engaged and motivated to provide excellent customer services within a culture that celebrates innovation, collaboration, challenge and support.

Growth - We'll be an inclusive employer of choice, where colleagues are skilled, engaged and motivated to provide excellent customer services within a culture that celebrates innovation, collaboration, challenge and support.

Resources are allocated per the Group's Business Plans to support delivery of the Corporate Plan. Each of the themes have success measures to allow Board to track achievement of the strategy and this will be reported through an annual outturn report. The later sections of this report provides commentary on the current position and our plans for the future.

Operational Toolkit

The achievement of the above themes/objectives will be supported by a toolkit of cross cutting activities relating to how the business operates.

Systems and Processes

We will equip our colleagues with the necessary systems and hardware, and the skills to use them, to support efficient and effective working practices. We will promote a culture of continuous improvement, challenging the status quo, constantly reviewing how we work, and exploring technological and business process improvements. Our systems and processes will drive efficiency while ensuring excellence for both customers and colleagues.

Data

We will be a data-driven organisation; capturing, managing and using information about our customers and homes to challenge and improve how we deliver our services. We'll demonstrate how data insights have led to meaningful changes in how we support our people and places. Our data will be accurate and easily accessible and will enable us to demonstrate regulatory excellence.

Digital

We will place digital transformation at the heart of what we do, enhancing how colleagues collaborate, how we develop and deliver services, and how we plan for the future. We'll establish a multichannel approach for customer access, using the latest technology without compromising the experience of those who prefer traditional communication routes. Digital technologies will help us generate efficiencies, improve productivity, and meet the evolving demands of our customers in the digital age.

Communication and Collaboration

We will be proactive, open and honest in our communication with customers, always demonstrating empathy and compassion. Our communication and engagement will be accessible, collaborative and transparent, and always mindful of any barriers customers may face. We'll make the most of new technologies and channels to improve how we talk with our customers and promote ways for people to get involved, ensuring the customer voice is heard and acted on.

Value For Money

We will embed a value for money culture across the organisation, with service efficiency and effectiveness at the heart of our decision-making. Our Value for Money Strategy will support and align with our corporate objectives, with clear and measurable targets to monitor success. We'll ensure we provide excellent value for money for customers, colleagues and stakeholders, and will be transparent in communicating how we measure our success.

Governance and Viability

We will adhere to all regulatory and sector standards through excellent organisational governance, supported by robust performance and risk management frameworks. We'll provide Board members with the business insight needed for effective leadership and decision-making. Strong financial management will ensure the business remains viable, successful and capable of providing the best possible service to our customers.

Value For Money

The commentary, tables and charts below provide evidence to stakeholders of Southway's plans and achievements to deliver value for money and demonstrate compliance with the Regulator's VFM Standard.

(i) **Approach to VFM**

Southway's VFM position is summarised in this report, including achievement of regulatory requirements by:

- considering the strategic objectives set by the Board.
- demonstrating delivery of value for money to stakeholders.
- ensuring that optimal benefit is derived from resources, including returns from non-social housing activities.
- setting targets for measuring performance in achieving value for money in delivering our strategic objectives.
- monitoring delivery against these targets, including the assessment of VFM metrics and other indicators comparing performance to peers.
- outlining measurable plans where improvements are required.

Factors which influence Southway's decision-making when determining how to deploy resources for optimal benefit include: how we manage our assets; balancing cost, quality, and tenant satisfaction; assessing the social return on investment; and deriving improved value from the development programme.

The Board considers an annual VFM report. The report in June 2025:

- Evaluated VFM metrics for 2024/25, and compared Southway's performance to the sector in 2023/24, noting some lower quartile positions than 2022/23.
- Identified that headline social housing costs were rising, reflecting continuing budget pressures and decisions taken by the Board to invest in landlord services.
- Reviewed other VFM indicators for 2024/25, including excellent performance in rent collection and void rent loss.
- Assessed VFM metrics derived from the 2025 Business Plan (BP).
- Noted arrangements to benchmark costs across service areas with other RPs.
- Set out the steps to prepare a new VFM Strategy for 2025-2030. This was approved by Board in September 2025, detailed at section (v) below.

(ii) **VFM metrics and comparison vs peers**

The table below presents Southway's VFM metrics including:

- comparison of the 5 years to 2030 per the 2026 BP vs the 2025 BP,
- actual results for the last four years,
- quartile results for 2024/25 vs the whole sector,
- peer group comparison to landlords with 5000-9999 homes and the results for North West RPs.

The data source is the Regulator's VFM metrics and reporting annex to the 2025 Global Accounts, which report the financial performance of all Registered Providers with over 1,000 properties.

The commentary which follows provides an analysis of the results.

	Regulator's Value for Money metrics								
	Reinvest-ment	New Supply (Social)	New Supply (Non-Social)	Gearing	EBITDA MRI Interest Rate Cover	Headline Social Housing Cost per unit	Operating Margin (SHL)	Operating Margin (Overall)	ROCE
	Investment in properties (existing stock and new supply) as a % of the total cost of properties.	New social properties acquired or developed as a % of total social housing properties owned.	New supply of non-social housing as a % of all social and non-social housing.	The proportion of housing property cost funded by debt.	The level of surplus generated compared to interest payable.	Total costs per unit (£k) spent on management, services/ support, maintenance, major repairs and other social activities.	The profitability of social housing activities as a % of turnover from social housing lettings.	The overall profitability of all operating activities as a % of total turnover	Operating surplus compared to total assets less current liabilities.
Southway Group									
5 year average FY 2026-2030 per 2026 BP	21.5%	3.0%	0.3%	42.7%	100%	£6.20	23.0%	17.2%	3.2%
movement 2025 BP vs 2025 BP	favourable	similar	similar	favourable	favourable	adverse	similar	similar	favourable
5 year average FY 2026-2030 per 2025 BP	20.4%	2.9%	0.3%	44.5%	82.4%	£5.98	23.3%	17.7%	3.0%
2025/26	13.2%	2.7%	0.0%	41.6%	336%	£5.03	13.2%	8.1%	2.8%
movement vs 2024/25	adverse	favourable	similar	similar	favourable	favourable	adverse	adverse	similar
note if impacted by impairment	N	N	N	N	Y	N	Y	Y	Y
2024/25	16.7%	1.4%	0.0%	42.2%	306%	£5.29	17.8%	14.3%	3.0%
2023/24	18.3%	1.7%	0.0%	39.8%	144%	£5.28	13.9%	11.2%	2.8%
2022/23	11.7%	1.8%	0.1%	37.9%	422%	£4.12	18.1%	16.2%	5.6%
Southway 2024/25 Quartile vs Sector	Q1	Q2		Q2	Q1	Q2	Q3	Q3	Q2
SECTOR TOP QUARTILE	10.0%	2.1%		35%	152%	£5.03	25.6%	23.0%	3.6%
SECTOR MEDIAN	7.5%	1.3%		46%	113%	£5.69	20.0%	17.4%	3.0%
SECTOR BOTTOM QUARTILE	5.3%	0.6%		55%	62%	£7.23	15.0%	11.8%	2.3%
5000-9999 LANDLORDS	7.6%	1.3%		52%	114%	£5.53	20.3%	18.2%	3.2%
Southway in comparison	favourable	favourable		favourable	favourable	favourable	adverse	adverse	similar
NORTH WEST RPs	9.4%	1.2%		41.4%	128%	£5.29	17.8%	14.7%	3.1%
Southway in comparison	favourable	favourable		similar	favourable	similar	similar	similar	similar
Southway 2024/25 quartile vs 2023/24 quartile	↔	↔		↔	↑	↑	↑	↑	↔

Overall

Southway continues to have sound financial position, and this is maintained into the future.

The 2026 Business Plan (BP) shows stronger financial projections than the 2025 BP, the main aspects which have been revised are:

- the new stock survey results in lower spending on component replacements, with the extra contingencies included in last year's plan no longer required.

- b) rental income increases as a result of the Government's support for sector, with above inflation rent increases to 2036 and the reintroduction of rent convergence.
- c) the development programme continues at the same scale as the 2025 BP but at a slower pace reflecting the timing of the availability of grant funding.
- d) operating costs have increased to reflect the resources required to deliver the objectives of the 2025-2030 Corporate Plan.

Reinvestment

We continue to deliver high levels of reinvestment, recognising Southway's commitment to use its sound financial position to invest in both our current homes and the development of new homes.

The ratio reflects (i) increasing levels of stock investment in existing properties as planned component replacement programme commence following completion of the stock survey in 2025/26, (ii) continuation of energy efficiency projects planned to deliver a minimum of EPC C for all homes by 2028, and (iii) completion of existing development projects and commencement of the new development programme.

Results continue to be in Quartile 1 vs the sector and are projected to remain so in the future.

New Supply

New Supply (Social) remains above the 2024/25 sector median and is projected to move to Quartile 1 as the new development programme begins to be delivered.

New Supply (Non-Social) has slowed in the last few years but is projected to return to above the sector average with Southway Plus developing homes for sale on the open market.

Gearing

Gearing is lower than the sector median (i.e. better). Despite increasing to fund the new development programme and stock investment gearing is projected to remain lower than the sector median.

Interest Cover

Quartile 1 vs the sector in 2024/25 and an improved position vs the 2025 BP. The 5 year EBITDA-MRI interest cover average to 2030 is now at 100% (previously 82%) which indicates Southway has adequate operating cash flows and isn't borrowing to fund investment in existing properties.

The improvement reflects the outcome of the stock condition survey (lower spending on component replacement and reduced contingencies) and higher levels of rental income in line with Government policy, as referred to earlier.

Social Housing Costs - see also section (iii)

Improves from Quartile 3 to Quartile 2 vs the sector in 2024/25, now at a level which is similar to other North West RPs.

Higher rates of inflation in the 2026 BP compared to last year's plan contribute to the rise in the projected 5 year average cost per unit.

Operating Margins

Operating margins declined in 2025/26 reflecting increased operating costs. The impact of higher impairment charges applies to both indicators, while weaker performance on shared ownership sales impacts the overall ratio.

Both social housing lettings and overall operating margins improved from Quartile 4 to Quartile 3 vs the sector in 2024/25, with margins similar to North West RPs.

The 5 year averages show increasing operating margins for the same reasons as noted above.

Return On Capital Employed

Continues to be at the median for the sector and consistent with North West RPs.

(iii) Analysis of Social Housing Costs

The table below presents an analysis of headline social housing expenditure over the last 4 years.

	2023	2024	2025	2026
	£ k	£k	£k	£k
Management	7,716	7,928	8,903	10,646
Service charge	1,289	1,751	1,945	2,235
Repairs and Maintenance	6,865	8,371	9,771	11,123
Major Repairs (Rev. & Cap.)	6,374	12,645	10,578	6,640
Other Expenditure	1,212	645	490	116
Development Services	224	166	323	232
Community/Advice/Support	1,733	1,489	1,502	1,580
Social Housing Costs (£k)	25,414	32,995	33,512	32,572
No. of properties owned	6,164	6,251	6,333	6,470
Cost per property	£4,123	£5,278	£5,292	£5,034

Management - increasing spend in the most recent year reflects higher insurance premiums, increased resourcing of housing management and complaints, and additional corporate costs to support delivery of the new Corporate Plan.

Service Charges - increasing spend reflects the higher proportion of new build properties which are apartments, and the importance of this area to a wider range of customers. A project to improve the management of service charges is underway.

Repairs and Maintenance - significant growth in expenditure has arisen as Southway responds to repairs demand, reducing the number of overdue repairs, reletting void properties and responding to disrepair claims. The level of efficiency of the in-house repairs team (DLO) also plays a part in these figures.

Major Repairs - changing patterns of spending, significantly reduced in the most recent year pending the results from the new stock survey.

(iv) Operational Performance

Key performance indicators are tracked quarterly by the Board. A summary of outcomes is presented in the table below.

The results show:

- while 9 out of 13 indicators didn't achieve target in 2025/26, performance improved in 11 areas vs 2024/25.
- of the 8 KPIs which are assessed by 15 RPs in Greater Manchester, Southway performed better than the peer group average in 7 indicators.

Key Performance Indicator	2024/25	2025/26					2026/27	
	Southway	Target	Rating	Trend	Southway	GM Peers	Target	Q1
Rent collected from current tenants	100.72%	100%		↓	99.94%	100.1%	100%	96.69%
Arrears Net HB	1.528M	1.528M		↑	1.522M	not measured	1.595M	1.590M
% phone call enquiries resolved at first contact	83%	90%		↑	84%	not measured	85%	80%
Overall Customer Satisfaction (transactional)	91%	93%		↑	92.37%	not measured	93%	91.60%
Repairs % appointments made and kept	93.60%	95%		↑	94.20%	not measured	95%	92.50%
Repairs % completed first time	95.20%	95%		↑	96.90%	86.70%	93%	94.40%
Emergency Repairs % On Time	97.00%	100%		↑	99.80%	96.80%	100%	99.30%
Non-Emergency Repairs % On Time	82%	90%		↑	88%	82.63%	90%	84.80%
Void turnaround time (Routine)	33	30		↑	29	33	26	35
Void turnaround time (Major)	74	55		↑	68	73	55	79
Repairs Customer Satisfaction (transactional)	93%	93%		↑	94.60%	84.90%	94%	94.70%
Board & Cttee Member attendance at meetings	95%	90%		↓	88%	not measured	90%	87%
% working days lost due to sickness overall	4.70%	4%		↑	3.89%	4.20%	3.75%	3.89%

Rent collection performance was strong with an outturn of 99.94%, slightly below the Southway highest annual collection performance of 100.72% in 2024/25. Outturn collection was significantly better than 99% assumption in the Business Plan. Arrears net of HB of £1.52m was in line with the target for 2025/26.

Commentary the other performance measures is included in the sections below which summarise progress on the six themes of Southway's 5 year corporate plan.

(v) VFM Strategy

In September 2025, Board approved a new VFM Strategy to run until 2030, aligning with the length of the Corporate Strategy.

The Strategy aims to embed a culture where cost, quality and outcomes are considered in every decision. It places a strong emphasis on customer involvement, continuous improvement, innovation and making sure that every pound spent delivers the best possible benefit for tenants and communities.

The strategy focuses on six key areas: Customers, Homes, Neighbourhoods and Communities, Sustainability, Colleagues and Growth. Actions include improving customer service and repairs, generating greater social value from community investment and procurement, reducing carbon emissions, developing and retaining talented staff, and delivering new affordable homes efficiently. Benchmarking, regulatory compliance and service reviews will be used to identify opportunities for improvement and drive efficiency.

Success will be measured through:

- Customer satisfaction with Southway, repairs and services.
- Delivery of financial and social value benefits for customers and communities.
- Improved repairs performance and well-maintained homes.
- Achievement of sustainability targets, including EPC improvements and carbon reduction.
- Staff performance measures, including reduced sickness absence and delivery of budget efficiencies.
- Delivery of housing growth and development targets.
- Improved regulatory VFM performance and a return to upper-quartile benchmarking, with operating margin identified as the overall indicator of whether Southway is achieving value for money.

To supplement the strategy, the Executive identified six corporate projects, that if delivered will bring tangible VFM benefits. Progress and exceptions are reviewed at six weekly Senior Management meetings. The projects are:

- Improve Procurement and achieve best value
- Change Service Delivery to reduce Complaints, Compensation and Waste
- Review Specifications for New Developments to improve Customer Experience
- Streamline Recruitment Practices
- Use technology to communicate with customers and each other
- Improve Quality of Data on our homes and customers

In June 2026 a further action was added in recognition of the need to improve efficiency in the Repairs Service - to benchmark Southway's schedule of rates performance against comparable organisations. This is supported by a Property Services Improvement Plan with objectives to improve efficiency and productivity and increase automation.

Progress delivering the VFM Strategy, and these key actions, will be reported to Board in September 2026.

(vi) **Efficiency Targets**

The 2026 BP includes two efficiency targets for the 2025-2030 plan period:

- To deliver a recurring 3% reduction in management costs, equivalent to £360k pa in 2026/27 prices. GMPF employer pension contributions of 17% are included in the BP from 2029/30. Should 0% contributions continue this would deliver a saving greater than the planned efficiency target.
- To deliver a recurring 3% reduction in repairs and maintenance costs, equivalent to £280k pa in 2026/27 prices. The majority of this is to be achieved via the Property Services Improvement Plan.

An assessment of back office staffing costs by the Vantage benchmarking group shows Southway at or below the average of the peer group for Finance, HR, IT and other corporate functions. Southway's corporate staffing costs per the 2025/26 budget were 4.7% of turnover compared to 5.9% of turnover for a peer group of 32 RPs. This indicates Southway has a level of cost efficiency in its corporate overheads.

Five Year Plan Themes

(i) Customers

Tenant Satisfaction Measures

The Regulator of Social Housing requires Tenant Satisfaction Measures (TSMs) to be collected and submitted annually. Southway collects surveys of 300 tenants each quarter through, online, face to face and telephone calls.

The trend of improving TSM performance has continued throughout 2025/26 with all measures showing an improvement from the previous year. TSM perception measures are a clear indication of improving operational performance.

Reference	Tenant Satisfaction Measure	2023/24	Trend	2024/25	Trend	2025/26	Increase 23/24 – 25/26
TP01	Overall satisfaction	68%	▲	71%	▲	73%	4%
TP02B	Repairs service	68%	▲	69%	▲	75%	7%
TP03	Time taken for last repair	65%	▼	63%	▲	73%	8%
TP04	Home is well maintained	63%	▲	67%	▲	73%	10%
TP05	Home is safe	69%	▲	75%	▲	78%	9%
TP06	Listens and acts on views	56%	▲	60%	▲	65%	9%
TP07	Keeps tenants informed	65%	▲	71%	▲	75%	10%
TP08	Treats tenants fairly	72%	▲	76%	▲	80%	8%
TP09B	Complaint handling	25%	▲	32%	▲	45%	20%
TP10B	Communal areas clean	66%	▲	71%	▲	75%	9%

TP11	Positive contribution to neighbourhood	64%	▲	66%	▲	73%	9%
TP12	Handling antisocial behaviour			59%	▲	63%	4%
Trend: ▲ Improvement → No change ▼ Decline							

Areas of note are our approach to handling complaints, a key area of success for Southway which continues to see the benefits of increased investment and Repairs Service satisfaction which has seen a significant jump in performance in 2025/26. We continue to monitor and challenge TSM performance through the delivery of our TSM action plan.

Customer Voice and Influence

Involving tenants in decisions that affect their homes and communities is a key corporate priority for Southway and it is also a requirement through the Transparency, Accountability and Influence standard in the Consumer Standards, introduced by the Regulator of Social Housing in April 2024. Customer Voice has gone from strength to strength in 2025 with 138 customers now engaged in different groups.

Five Service Influence Groups are now in place to oversee performance, review policies working practices and to influence what we do and how we do it. The groups oversee:

- Repairs
- Homes In Focus
- Neighbourhoods and Tenancy Management
- Complaints
- Customer Access

The Tenant Scrutiny Panel reviewed failed repair appointments and requests for a callback. This resulted in improvements to the service when we call if we have to cancel a repair to make a new appointment during the same call. The Panel also reviews the TSM's and TSM action plan each quarter.

Other key highlights include:

- 55 face-to-face events
- 261 hours of engagement
- Delivered 6 Customer Voice roadshows in December 2025 to raise awareness of opportunities and recruit more people to get involved

- Surveyed 1,200 customers to help us understand tenant satisfaction across our communities
- Consulted with customers on:
 - Repairs Policy
 - Asset Management Strategy
 - Pest Control Policy
 - Neighbourhood Strategy
 - Value For Money strategy
 - Rent Increase communications
 - Southway's new website
- Launched a customer incentive scheme to say thank you to everyone who gets involved and to encourage more people to join in
- Published Customer Insight reports to update customers on all the activity between April and December. The next report is due out soon and will update customers on activity between January and July 2026.
- Held Cosy Monday every week to provide a welcoming space for local people to come together, helping tackle isolation and loneliness, whilst also accessing a host of advice and support along with regularly giving us feedback.

Customer Hub

The Customer Hub remains the main route for inbound customer contact. During 2025/26, we received 73,441 calls, 6,845 fewer than the previous year. This reduction reflects better communication with residents, improved digital resources, continued service improvements in areas such as repairs and anti-social behaviour. Customer service training was also rolled out to Customer Hub advisors to support a more consistent and responsive service.

Call waiting times increased during the winter while we embedded a new housing management system. Performance was improving by March 2026, supported by additional Customer Hub advisors and wider service improvements. We also introduced new Hub-led support for customers raising concerns about damp and mould, in line with Awaab's Law, and will extend this approach to pests, trips and falls during 2026/27. This will mean customers receive timely assistance, reflecting their needs and circumstances.

Overall satisfaction was 88.7%, just below our 90% target. In 2026/27, we will focus on improving customer experience by strengthening management support and training for the Hub team, launching our new tenant portal and mobile app, and continuing to work with the customer-led Customer Access Service Influence Group to improve how customers access our services.

Customer Experience

During 2025/26, we worked with our customer-led Complaints Service Influence Group to review and strengthen our Complaints Handling and Compensation Policies. We also improved our processes, recruited additional specialist support and

trained colleagues involved in complaint handling on best practice. These changes have supported significant improvements in performance:

- The 2025/26 TSM for tenant satisfaction with our complaint handling was 45% (a 13% increase), placing us in the top quartile of Greater Manchester Housing Providers.
- Timeliness improved, with 97.3% of Stage 1 complaints and 100% of Stage 2 complaints acknowledged and responded to on time, compared with 83% and 93% in the previous year.
- Our maladministration rate reduced to 65%, compared with 89% the previous year, evidencing improved complaint handling and fewer Housing Ombudsman findings of service failure.

In 2026/27, we will focus on embedding our improved approach, driving service improvements through our learning framework to help turn complaints insight into service improvements.

(ii) Homes

Repairs and Voids

As noted in the Operational Performance section transactional satisfaction with the Repairs Service remains very high.

There are still challenges for the service including delivering emergency and other repairs on time, reducing no access rates and void turnaround times. Performance was affected after the upgrade of the housing management system in October. At the end of March the number of overdue repairs was 221, above the target of 166.

During 2025/26 the service implemented a new materials framework and a new repairs scheduler More IQ, both should improve workforce efficiency and productivity saving time collecting materials and improving operational planning of work.

Planned improvement actions for 2026/27 include:

- Move Repair planning function into Property Services team to increase control and efficiency.
- Increase tenant influence through the Repairs Service Influence Group.
- Review and benchmark the productivity of the service and of financial management to ensure it is value for money for customers.

Stock Condition and Asset Management

A 100% stock survey commenced in 2025 across homes and communal areas. The survey results are being used to inform future programmes of investment in our homes. Currently all homes meet the Government Decent Homes Standard.

Property compliance performance was very good across Fire, Legionella, Asbestos and Lift Maintenance and are working to meet the five-year electrical inspection deadline of November 2026. A matter relating to gas compliance identified in April 2026 has been worked through and is now resolved except for a small number of no access refusals.

The surveys have confirmed that most homes remain in a satisfactory/good condition, and that projected costs are in line with the previous survey with inflation applied. Working with customers through our Homes in Focus group we are reviewing products and product choices and how we will plan work across areas.

On Damp and Mould, we have made significant improvements to our ways of working and response times and we have a dedicated Property Care Team that will deal with all work covered by Awaabs Law.

Access for all inspections is a key priority in 2026/27, and we are setting up a dedicated team to lead on this work.

(iii) Neighbourhoods and Communities

Housing Management and Support Service

During 2025/26, we strengthened tenancy management and anti-social behaviour (ASB) services, with positive outcomes across key areas:

- ASB reports reduced from 146 cases in 2024/25 to 118.
- Repeat ASB cases fell from 7% to 3%.
- 87% of ASB cases were successfully resolved.
- Satisfaction with our handling of ASB improved, with the Tenant Satisfaction Measure increasing from 59% to 63%.

We continued to work with residents, Greater Manchester Police, Manchester City Council and other partners to tackle neighbourhood issues and improve community safety. This included:

- 32 neighbourhood walkabouts.
- Community clean-up events.
- ASB Awareness Week activities.
- Targeted engagement in areas where residents had raised concerns.

Supporting residents affected by hate crime and domestic abuse remained a key priority. During the year:

- Reported hate incidents reduced to four cases.
- We maintained specialist support and accessible reporting routes through Stop Hate UK, local partners and Third-Party Reporting Centres.
- We supported 138 domestic abuse cases.

Listening to customers and strengthening local accountability remained central to our approach during the year. Through extensive engagement, involving more than 500 tenants and our new Neighbourhoods and Tenancy Service Influence Group, residents directly shaped our new Neighbourhood Strategy and influenced key decisions about how services are delivered.

Feedback consistently highlighted the importance of visible, locally focused housing management. In response, we reduced housing officer patch sizes to no more than 500 homes, enabling stronger relationships with residents, a better understanding of local priorities and more opportunities to co-produce neighbourhood plans and local improvement projects. This approach will be fully implemented during 2026/27.

Community Investment

Southway invested £1.6m (2025 £1.5m) in community investment activity during year. Priorities are set through the Community Investment Strategy, approved by the Customer Voice Committee in November 2023.

We have a well-established metric of overall financial gains for tenants, based on support we provide through our employment and training, welfare benefits, financial advice and six Quids In food pantry clubs. We achieved £2.7m against a target of £2.5m during the year, with £2.1 m of this being additional benefits that tenants were supported to access. This included £0.5m of welfare benefits for tenants over 66 through targeted campaigns we ran on pension credit take up.

We also measure value for those who we help to find employment (calculated primarily through direct salaries paid or minimum wage). This totalled £890k during the year and we supported 63 tenants into work against our target of 60.

The Southway Employment and Skills team secured £65k funding to continue delivery of the Youth Elevate project that we started in 2024/25. This helped secure employment outcomes for 18 young people.

Other highlights include:

- Providing £87k of food support to tenants through 6 Quids In food clubs, across 7,941 attendees.
- Providing grant funding to 51 local projects that promote neighbourliness through our Beautiful South Fund. Reducing maximum awards to £1,500, enabled the tenant led Beautiful South panel to support more initiatives with a total of 964 people benefitting across the projects supported.

(iv) Sustainability

Sustainability is fundamental to how we manage and invest in our existing homes, with delivery embedded through our new Asset Management Strategy 2026-2030. This ensures a structured, long-term approach to improving energy efficiency, reducing carbon emissions and protecting asset value. It details our responsibility to

understand and manage the impact our homes and operations have on the environment, and to contribute positively to a more sustainable future.

We have brought just under 900 homes up to EPC C standard under the GMCA's Social housing decarbonisation fund, securing close to £3m in grant funding, using a fabric first approach to improving homes through insulation and ventilation measures along with Solar PV. A further 1500 homes are due to be brought up to EPC C ahead of the 2030 target, and work started March 2026 through the next phase of GMCA devolved programme, where we aim to secure a further £5m of grant funding alongside a £9m Southway contribution.

Alongside this we have been working with the GMCA on a pioneering initiative to explore how advanced wireless connectivity can deliver real-world benefits for people, places, and public services. Funded by the UK Government's 5G Innovation Regions (5GIR). This has allowed us to test the feasibility and impact of advanced connectivity to deliver real-world benefits, which has included warmer, more energy-efficient homes, connecting heat pumps to the internet has improved comfort, reduced energy bills, and enabled predictive maintenance.

A priority for 2026/27 is to complete a sector recognised sustainability assessment known as SHIFT, to baseline our performance, gap analysis and associated action plan.

Southway also successfully retained its Green Flag award for the ninth consecutive year, at our Barlow Hall Green Space. The site along with other green spaces promotes biodiversity through the planting of various types of plants and trees and provides educational opportunities for local schools along with various sustainability related community events.

(v) Colleagues

285 colleagues worked at Southway during 2025/26 (on a full-time equivalent basis per Note 9 to the accounts) an 8% increase compared to 2024/25.

Colleague engagement remains strong, evidenced through our core staff groups, which continue to advocate for change. The 2026 staff survey saw the overall engagement score retained at 78, which compares favourably with the sector benchmark of 73. Action plans are being developed to continue to build on this outcome across the organisation, supported by our People and Culture Team.

Sickness levels continue to improve with an outturn of 3.89% (compared to 4.67% for 2024/25). We continue to embed best practice proactive absence management through policy and management training updates and improvements.

This year saw the introduction of our first People and Culture Strategy. This strategy sets out a range of commitments and proposed outcomes over the next 4 years within the themes of:

- Showing respect
- Being inclusive and equitable
- Raising the bar and being ambitious
- Showing compassion
- Acting with honesty

Creating an excellent colleague experience within a high-performance environment remains a key focus of the team for the coming year.

(vi) Growth

Development Programme

Strong delivery performance was maintained during 2025/26, although slower progress on a couple of new development schemes led to a reduced number of complications than planned (260 v 320).

No new project starts were anticipated in 2025/26 reflecting the later commencement of the Government's new social and affordable housing programme.

Southway's 5-year corporate plan 2025-2030 reflects completion of existing schemes, and a continuing new build programme per the 2026 BP, summarised below in terms of unit numbers, development costs, grant support and sales income.

No. properties	Contracted	Uncommitted	Total
Social/Affordable Rent	165	514 (75%)	679
Shared Ownership	296	174 (25%)	470
Outright Sale (ORS)	37	105	142
Total	498	793	1,291

	25/26 £k	26/27 £k	27/28 £k	28/29 £k	29/30 £k	30/31 £k	TOTAL
Cost	48,919	63,209	94,658	75,249	34,868	5,234	322,137
Grant	-7,967	-20,485	-35,403	-10,607	-12,279	-1,492	-88,233
Sales	-6,985	-24,247	-37,917	-9,724	-26,637	-24,561	-130,071
NET	33,967	18,477	21,339	54,918	-4,049	-20,819	103,833

Delivering new build homes remains challenging with cost volatility affecting Southway, contractors and developers. Two current schemes under construction have incurred significant unplanned extra costs, and a decision has been taken to dispose of another site rather than develop. This has led to £1.9m impairment charge in 2025/26 being reflected in the accounts as a consequence.

Remediation works have been identified at another scheme post completion. This remains subject to a claim with the warranty provider following contractor insolvency. The Trust anticipates full recovery of the amounts involved.

Board has retained its risk appetite for new development activity as 'Moderate'. The management of risk reflects the following:

- Review of procurement arrangements, Southway has joined the JV North development consortium to facilitate this.
- Robust checks and contractor due diligence, and enhanced contractor quality and performance checks by staff and agents during the build process.
- Adapt updated site safety and Construction Design Management arrangements, reflecting internal audit recommendations.
- Improve the process for managing component defects at new schemes.

Shared Ownership Sales

The shared ownership programme comprises 321 properties to be sold by 2028.

Sales are slower than anticipated in the 2026 BP. At the end of March proceeds from completed properties were £3.3m lower than originally projected. This reflects more challenging market conditions with increasing interest rates for first time buyers. Later commencement of new development activity has helped offset the cash impact of sales activity.

Sales and new reservations have continued to take place as illustrated below.

No. of shared ownership sales	end of January	end of May	end of August
Sold	44	70	87
Reserved	24	18	25
Available	49	34	66
Not yet released	204	199	143
Total	321	321	321

54 of the 82 properties at the three largest schemes completed in November, December and January are now sold. Reservations are taking place at the most recently completed scheme of 46 properties which handed over at the end of June, with 7 buyers already secured.

Officers regularly meet to assess sales performance and marketing plans. This includes additional steps being taken at one scheme with 5 properties which have remained unsold for a prolonged period.

Southway Plus

Following receipt of planning permission Southway Plus is in contract with a developer to deliver 37 homes for outright sale in Cheadle. The financial appraisals indicate an estimated profit of £2.0m, contributing to the £4.5m target of gift aid which the 2026 BP assumes Southway Plus will deliver to Trust by 2031.

The Trust has extended the £35m intra group loan to Southway Plus to facilitate this development. Additional funding is available for a second outright sale scheme of 35 homes. This will be subject to a full project appraisal by the subsidiary Board in September and approval of Trust Board overseeing the activities of Southway Plus before any decision is taken to proceed.

Southway Plus owns an 8% share in Hive Homes, having invested £3m via GMJV Fundco matched by 9 other RPs, and £2m invested by GMCA. Hive Homes delivers a programme of outright sales in the northern boroughs of Greater Manchester. Southway Plus receives dividends and interest on its investment.

Property Acquisition

Southway's 2025-2030 Corporate Plan adopted a target to become a 10,000 property landlord by 2030. Delivery of the Development Programme summarised above will lead to Southway owning/managing c8,000 homes.

An additional 2,000 properties were anticipated to arise from property acquisitions from other RPs seeking to divest stock in and around South Manchester. The prospective merger with WCHG has led to the stock acquisition objective being suspended.

Financial Planning

Financial Management

Southway operates to a financial management regime where strategy is set and monitored by the Parent Board with input from the respective Subsidiaries.

Medium term Resource Plans are agreed annually for the Group as part of the Business Planning process to resolve how resources will be deployed to deliver the objectives of the Corporate Plan, taking account of constraints from the loan agreement and requirement to raise additional finance.

The Board receives reports four times a year which provide an assessment of financial health, and income and expenditure results compared to the budget set at the start of the financial year.

Financial Performance

The level of net operating resource generated by the Group for each of the last five years is set out in the table below. This shows:

- Steady levels of rental income from rising turnover from increasing property numbers and rent rises permitted by the Government.
- Running costs increasing, reflecting inflation and the impact of extending activity to deliver strategic objectives.
- Spending on projects to improve energy efficiency, but reduced levels of stock investment in 2025/26 pending the commencement of new programmes.
- Deficit on shared ownership sales in 2025/26 reflecting some legacy schemes poor cost to value ratio.

The excess of resources is primarily used to fund new properties and repay debt.

£m	2021/22	2022/23	2023/24	2024/25	2025/26
Rental and other income (excl. grant and sales)	28.8	31.7	33.9	37.2	39.3
Running costs	-16.9	-19.5	-20.9	-23.5	-26.5
Investment in existing properties less grant	-3.3	-5.9	-9.0	-9.3	-5.6
RTB/RTA/other sale surplus	2.6	5.3	3.2	3.2	5.5
SO & outright sale surplus	0.1	3.3	0.8	0.3	-0.7
Net interest payable	<u>-2.4</u>	<u>-1.7</u>	<u>-0.6</u>	<u>-0.9</u>	<u>-2.7</u>
Net Resource	8.9	13.2	7.4	7.0	9.3

The table reports outcomes on an accrual's basis. It includes re-investment in current properties irrespective of accounting treatment, but excludes capital spending on new property assets, actuarial pension adjustments and fair value movements in investment properties.

The following table summarises the Group's assets and liabilities. Housing properties less grant continues to increase at a significant rate. Other fixed assets reflect the office/IT infrastructure and community use facilities. Net current assets include available funds. Long-term loans includes the private placement bond less unamortised fees.

As development activity has progressed, the number of homes owned has increased.

£m at year end	2022	2023	2024	2025	2026
Housing Properties net book value less grant	120.9	131.6	149.0	167.7	189.0
Investment Properties & JV	19.5	20.1	20.4	20.6	19.8
Other fixed assets	9.0	8.5	8.4	8.2	8.0
Net current assets	8.1	29.1	54.7	45.2	31.7
Long term loans	-66.5	-84.5	-119.6	-119.5	-119.6
Other long-term liabilities	<u>-0.2</u>	<u>-0.9</u>	<u>-1.1</u>	<u>-1.0</u>	<u>-0.4</u>
Reserves	<u>90.8</u>	<u>104.0</u>	<u>111.8</u>	<u>121.2</u>	<u>128.7</u>
Properties Owned (including market rent)	6,193	6,258	6,345	6,427	6,566

Treasury Strategy

In July 2021 to support the delivery of the 2020-2025 Development Programme a £120m Private Placement bond was successfully secured via a UK investor and another from North America, with a weighted average maturity of 26 years. Low interest rates were achieved at a weighted average of 2.7%, substantially lower than is available in the current financial markets. This favourably benefits Southway, enabling the funds raised to support planned levels of development activity.

Southway has a strong liquidity position. At March 2026 cash and current asset investments of the Group totalled £10.6m. Excess funds have been deposited generating an appropriate return while limiting counterparty risk. The rate of interest receivable on deposits exceeds the cost of interest payable on the bond. The benefit derived has been allocated to provide additional support for one off items of spending as noted earlier in this report.

The Trust's £30m revolving credit facility with Barclays has been extended for a further year to 24 March 2029. The first draw down from this loan is forecast in autumn 2027.

Southway recognises the inherent risk arising from uncertain interest rates. It has adopted a policy of fixing a high proportion of its debt over time. The proportion of fixed interest rates (from the Private Placement bond) and variable interest rates (on Revolving Credit Facilities) reflects the Trust's policy that a minimum 70% of borrowings are on fixed rates. Southway does not contract for derivative instruments outside of its loan contract.

Business Plan

Southway routinely manages the risks it faces by adopting prudent strategies within its business planning and budgeting processes to withstand shocks, illustrated by:

- Business Plan assumptions subject to review and assessment by Board in December and approval of the resulting plan each March.
- Annual Budget prepared within the parameters approved by Board.
- Modelling the impact of development activity and other variables compared to available borrowing facilities.
- Stress Testing the Business Plan annually, the results are summarised in the Risk Management section of this report.
- Consideration of Golden Rules and Trigger Points to highlight financial exposures.
- An assessment of available security to support new borrowing.

The latest Business Plan adopted in March 2026 reflects the following assumptions. Changes compared to the 2025 BP are also highlighted.

	2026 BP	2025 BP
Rent Conversions	4,285 properties £1pw from 2027 and £2pw from 2028	n/a
CPI+1% rent increases	to 2036	to 2031
Inflation	long-term cost growth of 2.0% in line with CPI assumption	long-term cost growth of 2.0% in line with CPI assumption
Provision for rent losses	1.0% bad debts, 0.5% voids	1.0% bad debts, 0.5% voids
Stock Investment (over 30 years excl. VAT and fees)	*£242m per 2025/26 survey	*£285m per 2021/22 survey
Boundaries/fencing/gates	*£19m	*£14m
Capital works contingency	*£13m, 5%	*£28m, 10%
EPC C spending (net of grant)	*£10m	*£15m
DHS2/MEES spending	*£14m	n/a
Major Repairs revenue (incl. D&M)	*£22m	*£7m
Net Zero Carbon retrofit	costs not included in plan	costs not included in plan
Development Programme	c1,300 new homes by 2030	c1,300 new homes by 2030
RTB sales	to 2027/28	to 2026/27
Operating costs (management, maintenance and community investment)	**£22m pa	**£21m pa
Revenue contingencies	**£0.6m pa	**£0.5m pa

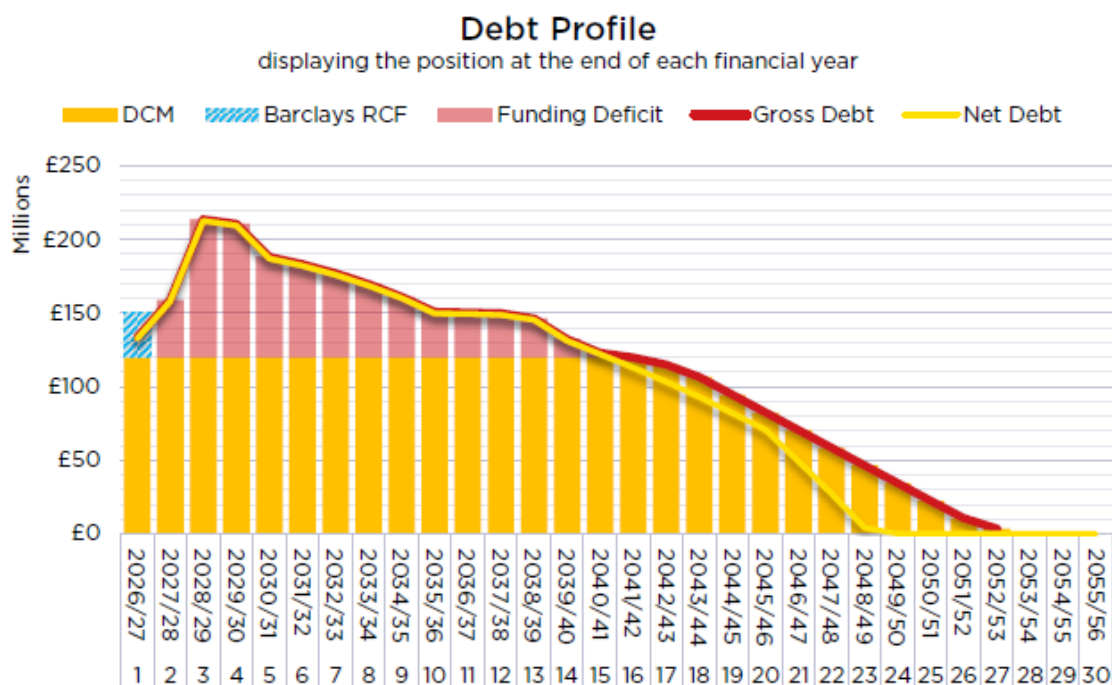
(*£s over 30 years in 2025/26 prices, **£s pa in 2026/27 prices)

Loan Covenants, Debt Profile and Security

The 2026 Business Plan delivers stronger and more robust financial forecasts, with a lower peak debt, earlier repayment of debt and continued compliance with loan covenants with a significant degree of comfort:

	2026 BP	2025 BP
Peak Debt	£215m in 2030	£255m in 2037
Debt Repayment	in 2054	in 2058
EBITDA Interest Cover	313% in 2030	224% in 2037
trigger point	170%	
golden rule	150%	
contractual minimum	130%	
Gearing	37.5% in 2029	38.3% in 2030
contractual maximum	60%	

The debt profile per the 2026 Business Plan is illustrated below. The chart shows the split of funding from the existing bond (orange), existing RCF (blue, since extended to March 2029) and new borrowing (pink). Levels of surplus cash in the long term are also illustrated (difference between red and yellow lines). It is projected additional borrowing will be required in the second half of 2027/28.



Southway has significant levels of asset cover to secure future levels of borrowing. A security release exercise was carried out in 2025/26, resulting in 42% of the Trust's properties remaining in charge to funders, and 58% unsecured which would support £175m additional borrowing.

Risk Management

Management of Risks

Southway continuously assesses the changing pattern of risk and considers variations in the economic environment, government policy which may impact rents, welfare reform and the availability of grant, commercial risks attached to new markets being entered, and the impact on the whole organisation associated with a process of growth and diversification.

Southway's Executive Group Risk Panel considers the corporate significant risk map on a quarterly basis. The corporate significant risk map reflects assessment of the external risk environment, the sector risk profile, and a range of internal risks. Each team also prepares assurance statements to identify emerging risks and any area where operational control issues have arisen.

The Corporate Risk Map was reviewed in 2024/25 to ensure that it aligned with the new 5-year Corporate Plan. Each risk corresponds to a Strategic Theme and has a target score based on the risk appetite for that area of the business. Each risk is scored, with mitigations and further actions designed to reduce, or maintain, the score to a set target. If a risk is scored above target, then it is classed as requiring intervention and the effectiveness of the mitigating controls is assessed. Control Metrics were added in 2025/26 to allow analysis of the effectiveness of controls.

Audit and Risk Committee review the results every quarter and reported to Board annually alongside a review of the Board's risk appetite. The Trust considers that it is appropriately placed to manage the consequential variations in risk profile that arise.

Top Ten Significant Risks

The table below sets out the position reported to Audit and Risk Committee in July 2026, and notes whether this is consistent with the top 10 risks in July 2025.

Southway fails to comply with building compliance and safety regulations	<i>new</i>
Southway does not achieve sales targets projected in the Business Plan	<i>new</i>
Poor financial (budgetary control) or treasury management negatively impacts the Business Plan	<i>similar</i>
Southway has poor data quality and integrity that affects service delivery and limits business insight	<i>similar</i>
Southway IT systems do not meet Business needs	<i>new</i>
Southway does not achieve Value for Money	<i>new</i>
Southway fails to complete legacy Development schemes	<i>similar</i>
Southway Plus does not make the required surplus to be reinvested in the parent company	<i>similar</i>
Southway does not comply with Service Charge legislation or maximise income.	<i>new</i>
Southway doesn't have appropriate Governance oversight, structures, skills	<i>similar</i>

The table illustrates a changing exposure of risks with 5 new, not included in the top 10 last year - building compliance, sales, IT systems, VFM and service charges. These reflect aspects of performance where improvements are planned, as referred to elsewhere in this report.

The 5 risks which are no longer in the top 10 - improvements in culture and colleague health and safety, compliance with consumer standards, effective customer service for repairs, asset investment exceeds BP provisions - illustrate positive action which have been taken in these areas during the last year and improved outcomes.

Stress Testing and Mitigations

Stress Testing is a central part of the Board's consideration of the Business Plan. It also forms part of the Boards regular assessment throughout the year with tests applied to all significant financial decisions.

Key variables and a combination of sensitivities are combined into scenarios which would stretch the business to fail. Peak debt, loan repayment, contractual loan covenants, EBITDA-MRI and asset cover are modelled, with results reviewed in comparison to trigger points and golden rules.

Under the majority of stress tests Southway's 2026 Business Plan performs very well. The most significant risk, which could lead to not passing loan covenants, was

- the perfect storm (reduced rent rises, higher bad debts and interest rates, combined with increased development costs, reduced sales income, Southway Plus not delivering planned returns).

Assessing the impact of stresses on EBITDA-MRI (which is more a strict measure of interest cover than the loan covenant) also shows the 2026 BP performs well. Three scenarios required mitigations to return this ratio to over 100% in the medium term:

- increased long term cost inflation without rental rises
- a failure of Southway Plus (including nil value investment property)
- net zero carbon without 25% grant support or CPI+1% rent rises continuing

A Resilience Plan is considered by Board annually. This identifies mitigation measures which Board could take in each service area to help remedy a financially challenged situation. It identifies priority actions and timescales (within 6 months or over the medium term) and potential impacts that would need to be considered.

Mitigations assessed as part of stress testing modelled the benefit from (a) utilising contingencies, (b) restricting new development by a third, (c) removing all unspecified development activity, (d) limiting spend on boundary treatments and (e) reductions in operating costs.

Overall Financial Viability Assessment

The 2026 Business Plan is stronger than the previous year's plan - reflecting higher levels of rental income per changes in Government Policy, and lower levels of spending on stock investment confirmed by the outcome of the comprehensive 2025/26 stock survey.

The results of the above analysis - combined with existing cash balances and unused loan facilities, properties available as security for additional borrowing, the results of stress testing, comfort in loan covenants and contingencies to manage exposures - has led to the Board's judgement that the Group has a financially sound Business Plan which will enable Southway to deliver the objectives of its 5 year plan to 2030.

Governance

Boards and Committees

The Trust is governed by a Board who are also shareholders of the Trust. Board members receive no dividends or remuneration (other than reimbursement of expenses) reflecting their commitment to the community and social values of the organisation. The Board members of the Trust and Executive Directors who have served Southway during the year and to the date of this report are set out on page 3.

The Board has the necessary depth of knowledge and experience to provide strategic leadership to the organisation.

Board and Committee members conduct their affairs within an agreed Code of Conduct, which complies with all regulatory requirements. Each member of the Board signs a statement agreeing to adhere to the Code. The Board also has a Probity Statement which sets out the standards of conduct it places for itself and those working for Southway. The statement also addresses the potential for Southway's conflicts of interest. All members complete an annual declaration of interest.

Insurance policies indemnify Board and Committee members and officers against liability when acting for the Trust.

Executive Directors

All officers who served as Executive Directors during the year hold no interest in Southway shares and act as executives within the authority delegated by the Board. None of the executive directors are members of the Trust Board, but they attend all its meetings.

The Executive Directors are engaged on permanent service contracts. They receive salaries set by the Parent Board based on its estimation of the amounts required to secure the services of appropriate personnel. The Board takes independent external advice on this. Where they choose to become pension scheme members, Executive Directors also benefit from contributions made by Southway. Participation is on the same terms as all other Southway employees.

Governance of Subsidiaries

Each subsidiary company has its own articles of association that define their purpose and governance. The relationship between Southway and the subsidiaries is defined via an Intra Group Agreement (IGA). The IGA sets out: which policies apply to the group as a whole and which specifically to the Trust; levels of delegation to the subsidiaries, including the setting of Budgets and Business Plans.

As Southway provides the majority of the services to the subsidiaries, each company has a Services Agreement that sets out what services are provided and how they are accounted for. Southway's commercial subsidiary (Southway Plus) also has a detailed SLA, which sets out how Southway staff will deliver services.

Regulatory Compliance Statements of the Board

The Regulator of Social Housing issues Regulatory Judgements on Registered Providers. During the early part 2025/26 Southway underwent a regulatory inspection which resulted in the following gradings:

G2 - Governance
V2 - Financial Viability
C2 - Consumer Standards

All three are complaint grades. Our previous gradings were G1 and V1 (Consumer Standards were introduced since our last inspection). The Financial Viability grading reflects the impact of the planned 5-year extension of development programme alongside increased investment in existing properties.

In September 2025, Board approved a Regulatory Improvement Plan, to obtain G1 and C1 gradings as soon as possible. Board approved completion of the plan in May 2026. We have been in dialogue with the Regulator and are awaiting their decision on a potential regrade. We expect to have a decision by the end of Quarter 2.

In March 2026 the Parent Board reviewed compliance with the 2020 National Housing Federation (NHF) Code of Governance. The Board can declare its compliance with the terms of the Code.

The Regulator requires all Registered Providers to make a declaration in their annual accounts that they comply with all relevant law, legislation, and regulation. Southway receives regular updates from retained legal advisers with Assistant Directors and Heads of Service required to account for compliance through quarterly risk certificates. The position on gas servicing no access cases is monitored in a similar way. Other than this matter, the Board is able to declare that Southway complies with all relevant law, legislation, and Regulatory Standards. Southway also maintains a register that provides a thorough, accurate and up to date record of its assets and liabilities.

Board Statement on Internal Control

To comply with the Regulator's Standard for Governance and Financial Viability, Registered Providers should: 'establish and oversee a risk management framework in order to safeguard the assets and reputation of the Group.

Southway's system of internal control is designed to manage risk and provide assurance that key business objectives and expected outcomes will be achieved, that financial and operational information is properly prepared and reliable, and that the Group's assets and interests are safeguarded.

The Board and Committee structure is assessed annually to ensure it remains fit for purpose. Southway's Board delegates the design, operation, and review of these internal controls to its sub-committees, most notably the Audit and Risk Committee, and to the Executive Directors. The Audit and Risk Committee reports quarterly to Board so that they are informed of control weaknesses in operations and can put strategies in place to address them.

Board members have a wide range of experience of risk assessment in areas such as development and finance. The Audit and Risk Committee, including independent members, is equipped to scrutinise, challenge, and improve the Trust's operational controls.

The following specific actions were taken to ensure the internal control framework remains robust.

- a) A 5-year Corporate Plan with clear objectives and a defined reporting mechanism.
- b) A Risk Management Framework, overseen by the Audit and Risk Committee, that align to Southway's strategic objectives.
- c) These significant risks were reviewed by the Executive Team on a quarterly basis, who accounted to the Audit and Risk Committee on how risks are being managed. The Risk Register details the mitigations taken to manage each risk and proposed further actions, with target scores for each Risk.
- d) Deep Dives were carried out by the Audit and Risk Committee into:
 - Procurement
 - Development Risks
 - Property Services Risks
- e) A Regulatory Improvement Plan, following the Regulatory Inspection that took place in Q1 25/26.
- f) An assessment of compliance against regulatory standards.
- g) An assessment of compliance with the Code of Governance.
- h) Review of the effectiveness of each Committee.
- i) A review of Financial Regulations to ensure they are fit for purpose.
- j) Review of the Group Standing Orders.
- k) Approval by Board of a Budget and updated Business Plan and Resource Plan following a Stress Testing Exercise attended by Board and Audit and Risk Committee members.
- l) Processes for Key Performance Indicators and budget setting and quarterly monitoring of these, with outcome measures designed to identify specific variances that arise.
- m) Internal Audit reviews conducted under a programme agreed and supervised by the Audit and Risk Committee, supplemented by the Internal Audit annual report.
- n) Review, discuss and approve the management actions in the External Auditor's Findings Report to ensure control measures are maintained and improved.

- o) The annual compliance review of the loan agreement.
- p) A comprehensive set of operating policies disseminated to staff, with a laid-out timetable for their review at appropriate intervals. These policies include counter-fraud measures (prevention, detection and reporting of discovered fraud, and strategies for 'whistleblowing').
- q) There were 2 reports of Whistleblowing during the period. Both were investigated and no further action was taken.
- r) There were no reported cases of corporate fraud. There were no cases of Tenancy Fraud.
- s) A fully considered treasury strategy which is reviewed annually when setting the Business Plan supported by specialist external advice.
- t) A Resilience Plan, approved by Board, that provides assurance that measures have been identified to mitigate the risk of unplanned events that could put the Trust in a financially challenged position.
- u) Assessment of the funding environment by Board and the Funding Committee, supported by external banking, financial and legal advisers.
- v) A formal Investment Framework which sets clear criteria for investment decisions, and a process for tracking the progress of each project.
- w) Annual review of Health and Safety Policy and Procedures carried out by an independent Health and Safety advisor; and operating a Health & Safety Group which contains a range of staff representatives and monitors the operations of the Trust with a view to ensuring that they meet standards in this respect.
- x) Quarterly reports received by the Board covering property compliance: Gas Safety, Electrical Testing, Fire Safety, Legionella, Asbestos and Damp and Mould.
- y) Comprehensive insurance policies for all of Southway's activities. This was repocured during 2025/26, overseen by the Audit and Risk Committee.

Specific Financial Controls

- z) Financial control systems relate to the management of operational budgets, returns to the Regulator and the Funder, and an assessment of loan covenant compliance.
- aa) The Parent Board receives a copy of the quarterly Funders Report outside of the meeting cycle, as well as a report outlining financial performance, with high level financial health indicators, at each Board meeting. Finance and service performance reports on Property Services and Development are also reviewed quarterly by Board as the two largest spend areas.
- bb) Formal controls over the main payments systems have been operated consistently. Preparation of the BACS run, review of the proposed payment, and execution of

payments are all performed by separate personnel. At least three people, including one Director, are required to prepare, check and process these.

- cc) At no time has any Director had cause to challenge any proposed payment for lack of propriety. Bank details for all amounts over £250k are verified individually. Specific controls are also applied to the creation of new suppliers and the changes of suppliers' details.

The Audit and Risk Committee has received the Executive's Annual Review of the Effectiveness of the System of Internal Control, and the Annual Report of the Internal Auditor, and has reported its findings to the Board.

Anti-Slavery and Human Trafficking Statement

In accordance with section 54(1) of the Modern Slavery Act 2015, Southway has a statement which sets how Southway Housing we identify potential modern slavery risks related to its business and put in place steps to prevent slavery or human trafficking across its business and supply chains. This is available to view on our website.

Donations

During 2025/26 and 2024/25 Southway made no political contributions and any charitable donations were made during the course of its ordinary activities.

Post Balance Sheet Events

On 19 May 2026 Southway Housing Trust announced it was in negotiations with WCHG to form one organisation. It is anticipated that this will complete in the autumn.

Going Concern

The assessment of the significant risks faced by the Group is fully considered in the preceding sections of this report. The results of this analysis demonstrate Southway's ability to remain financially viable.

The Board therefore has a reasonable expectation that the Trust and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future, being a period not less than twelve months after the date on which the report and financial statements are approved. For this reason, it continues to adopt the going concern basis in the financial statements.

In reaching this view the Board fully appraised the changing business environment facing Southway, it has considered the financial projections set out in the long-term Business Plan, the results of stress tests and assessed the strategic risks faced and the means available to it to mitigate these risks.

Annual General Meeting

The annual general meeting will be held on 21 September 2026.

Statement of the Responsibilities of the Board for the Report and Financial Statements

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

Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under the Co-operative and Community Benefit Society legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Trust 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 Trust 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 Trust and Group 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 Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

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

In so far as each of the Board members is aware.

- There is no relevant audit information of which the Trust's auditors are unaware; and

- The Board has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the auditors are aware of that information.

The Strategic Report and Report of the Board was approved by the Board on 17 September and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Hazel Makinson'. The signature is written in a cursive, flowing style with a large initial 'H'.

Hazel Makinson
Chair of the Parent Board

Independent auditor's report to the members of Southway Housing Trust (Manchester) Limited

Opinion

We have audited the financial statements of Southway Housing Trust (Manchester) Limited (the "Trust") for the year ended 31 March 2026 which comprise consolidated and Trust statement of comprehensive income, consolidated and Trust statement of changes in reserves, consolidated and Trust statement of financial position, consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and Trust'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;
- been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing from April 2022.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust'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:

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

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 39, 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 Trust'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 Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

We obtained an understanding of the legal and regulatory frameworks within which the Trust 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 Trust's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Trust 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 Trustees 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 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 and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence, designing audit procedures over the timing of 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 available 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 Trust's members as a body in accordance with the Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Statutory Auditor
55 Ludgate Hill
London
EC4M 7JW

Southway Housing Trust (Manchester) Limited
Year Ended 31 March 2026
Consolidated Statement of Comprehensive Income

	Note	2026 £'000	2025 £'000
Turnover	3	45,337	43,010
Operating expenditure	3	(36,945)	(34,096)
Cost of sales	3	(4,708)	(2,768)
Surplus on the disposal of housing properties	3	5,456	3,220
Operating Surplus	5	<u>9,140</u>	<u>9,366</u>
Interest receivable	7	2,324	3,380
Interest and financing costs	8	(2,114)	(2,588)
Surplus/(deficit) on revaluation of properties	14	(812)	-
Surplus before tax		<u>8,539</u>	<u>10,158</u>
Taxation	11	630	118
Surplus after tax for the year		<u>9,168</u>	<u>10,276</u>
Actuarial loss and other movements on defined benefit pension scheme	30	(1,740)	(869)
Total Comprehensive Income for the Year		<u><u>7,428</u></u>	<u><u>9,407</u></u>

The consolidated results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 17 September 2026 and signed on its behalf by:



Hazel Makinson
Chair of the Board



David Hampton
Vice Chair



Matthew Maouati
Secretary

Southway Housing Trust (Manchester) Limited
Year Ended 31 March 2026
Trust Statement of Comprehensive Income

	Note	2026 £'000	2025 £'000
Turnover	3	45,979	42,959
Operating Expenditure	3	(37,743)	(34,377)
Cost of sales	3	(4,708)	(2,768)
Surplus on the disposal of housing properties	3	5,456	3,220
Operating Surplus	5	<u>8,984</u>	<u>9,034</u>
Interest Receivable	7	2,902	3,938
Interest and financing costs	8	(2,128)	(2,589)
Surplus/(deficit) on revaluation of properties	14	1,882	-
Surplus before tax		<u>11,640</u>	<u>10,383</u>
Taxation	11	-	-
Surplus after tax for the year		<u>11,640</u>	<u>10,383</u>
Actuarial loss and other movements on defined benefit pension scheme	30	(1,740)	(869)
Total Comprehensive Income for the Year		<u><u>9,900</u></u>	<u><u>9,514</u></u>

The Trust's results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 17 September 2026 and signed on its behalf by:



Hazel Makinson
Chair of the Board



David Hampton
Vice Chair



Matthew Maouati
Secretary

Southway Housing Trust (Manchester) Limited
Year Ended 31 March 2026
Consolidated and Trust Statement of Changes in Reserves

Income and expenditure reserve	Group £'000	Trust £'000
Balance as 31 March 2024	111,821	109,618
Surplus for the year	10,276	10,383
Other comprehensive income for the year	(869)	(869)
Balance as 31 March 2025	<u>121,228</u>	<u>119,132</u>
Surplus for the year	9,168	11,640
Other comprehensive income for the year	(1,740)	(1,740)
Balance as 31 March 2026	<u><u>128,656</u></u>	<u><u>129,032</u></u>

The accompanying notes form part of these financial statements.

Southway Housing Trust (Manchester) Limited
Year Ended 31 March 2026
Consolidated Statement of Financial Position

	Note	2026 £'000	2025 £'000
Fixed Assets			
Tangible fixed assets - properties	12	261,749	233,949
Tangible fixed assets - other	13	8,045	8,174
Investment properties	14	18,992	19,816
Investment in joint ventures	16	800	800
		<u>289,587</u>	<u>262,739</u>
Current Assets			
Properties for Sale, Stock and Work in Progress	17	26,722	17,456
Trade and other debtors due after more than one year	18	2,216	1,461
Trade and other debtors due within one year	18	8,302	9,921
Current asset investments		39	13,054
Cash and cash equivalents		10,644	20,814
		<u>47,923</u>	<u>62,706</u>
Creditors: amounts falling due within one year	19	(16,189)	(17,531)
Net current assets		<u>31,734</u>	<u>45,175</u>
Total assets less current liabilities		321,320	307,914
Creditors: amounts falling due after more than one year	20	(192,666)	(186,686)
Provision for Liabilities			
Pension provision	30	-	-
Total Net Assets		<u>128,655</u>	<u>121,228</u>
Reserves			
Income and Expenditure reserve		128,656	121,228
Total Reserves		<u>128,656</u>	<u>121,228</u>

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 17 September 2026 and signed on its behalf by:



Hazel Makinson
Chair of the Board



David Hampton
Vice Chair



Matthew Maouati
Secretary

Southway Housing Trust (Manchester) Limited
Year Ended 31 March 2026
Trust Statement of Financial Position

	Note	2026 £'000	2025 £'000
Fixed Assets			
Tangible fixed assets - properties	12	263,274	235,061
Tangible fixed assets - other	13	8,063	8,182
Investment properties	14	5,775	3,903
Investment in Subsidiaries	15	-	-
		<u>277,112</u>	<u>247,145</u>
Current Assets			
Properties for Sale, Stock and Work in Progress	17	26,389	17,263
Trade and other debtors due after more than one year	18	15,999	15,174
Trade and other debtors due within one year	18	7,819	9,656
Current asset investments		39	13,054
Cash and cash equivalents		10,184	20,114
		<u>60,430</u>	<u>75,261</u>
Creditors: amounts falling due within one year	19	(16,206)	(17,580)
Net current assets		<u>44,224</u>	<u>57,681</u>
Total assets less current liabilities		321,336	304,827
Creditors: amounts falling due after more than one year	20	(192,304)	(185,695)
Provision for Liabilities			
Pension provision	30	-	-
Total Net Assets		<u>129,032</u>	<u>119,132</u>
Reserves			
Income and Expenditure reserve		129,032	119,132
Total Reserves		<u>129,032</u>	<u>119,132</u>

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 17 September 2026 and signed on its behalf by:



Hazel Makinson
Chair of the Board



David Hampton
Vice Chair



Matthew Maouati
Secretary

Southway Housing Trust (Manchester) Limited
Year Ended 31 March 2026
Consolidated Statement of Cash Flows

	Note	2026 £'000	2025 £'000
Net Cash (used)/in from operating activities	25	<u>(2,441)</u>	<u>3,819</u>
Cash flow from Investing activities			
Purchase of tangible fixed assets Housing Properties		(33,430)	(38,080)
Purchase of tangible fixed assets Other Fixed Assets		(501)	(283)
Purchase of tangible fixed assets Investment Properties		(152)	(240)
Proceeds from the sale of tangible fixed assets		6,543	4,495
Grants Received		9,451	8,563
Interest received		685	2,402
Current asset investments		13,015	5,422
Net Cash used in investing activities		<u>(4,388)</u>	<u>(17,721)</u>
Cash flow from financing activities			
Interest Paid		(3,341)	(3,392)
Net Cash used in Financing activities		<u>(3,341)</u>	<u>(3,392)</u>
Net change in cash and cash equivalents		(10,170)	(17,294)
Cash and cash equivalents at beginning of the year		20,814	38,108
Cash and cash equivalents at the end of the year		<u><u>10,644</u></u>	<u><u>20,814</u></u>

The accompanying notes form part of these financial statements.

Southway Housing Trust (Manchester) Limited
Year Ended 31 March 2026

Notes to the financial statements

1. Legal status

Southway Housing Trust (the "Trust") is registered under the Housing Act 1996 with the Regulator of Social Housing in England, as a Registered Provider of social housing (registration number L4507). The registered office is Southern Gate, 729 Princess Road, Manchester, M20 2LT.

The Trust is a charitable Registered Society under the Co-operative and Community Benefits Societies Act 2014, and registered with the Financial Conduct Authority, registration number 30348R. The Trust is a public benefit entity.

2. Accounting policies

Basis of accounting

The financial statements of the Group and Trust are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

The financial statements are presented in sterling (£) and have been rounded to the nearest £1,000, unless otherwise indicated.

Basis of consolidation

The Group accounts consolidate the accounts of the Trust and all its subsidiaries at 31 March 2026 using the purchase method.

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

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate, using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Disclosure exemption

The individual accounts of the Trust have adopted the following disclosure exemption:
- the requirement to present an individual statement of cash flows and related notes.

Going concern

The Group's business activities; its current financial position net assets of £128.7m (2025: £121.8m) and factors likely to affect its future development are set out within the Strategic Report from the Board.

The Group has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations.

The Group has modelled several scenarios using multiple variants to test the resilience of its business plan. The Group is confident it can service its debt facilities and can put measures in place, if necessary, to address any unforeseen challenges and remain in compliance with lenders' covenants. Additional information is included in the Report of the Board and Strategic Report.

On this basis, the Board continues to adopt the going concern basis in the financial statements.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

(i) Significant management judgements

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

Impairment:

As part of the group's continuous review of the performance of their assets, management identify any impairment triggers which may affect any homes, or schemes. Such triggers include increasing void losses, government policy changes (such as welfare reform changes or rent reductions), climate change, additional costs adversely impacting development scheme values, any significant damage or repairs required to any homes, or where the decision has been made to dispose of the properties. These factors are considered to be an indication of impairment.

Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any impairment losses are charged to operating surpluses.

As a result, we estimated the recoverable amount of our housing properties as follows:

- (a) determined the level at which recoverable amount is to be assessed (ie, the asset level or cash generating unit (CGU) level). The CGU level was determined to be an individual scheme
- (b) estimated the recoverable amount of the cash-generating unit
- (c) calculated the carrying amount of the cash-generating unit and
- (d) compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

Based on this assessment, we calculated the Depreciated Replacement Cost (DRC) of each new social housing scheme, using appropriate construction costs and land prices. Where DRC is lower than the carrying amount an impairment is taken to reduce the carrying amount to the DRC.

Note 3 indicates an impairment of £1.857m in the year to 31 March 2026 (2025: £0.33m) comprising £1,775m relating to housing properties (Note 12) and £82k for properties held for sale (Note 17).

Classification of loans as basic:

Southway Housing Trust considers its Private Placement bond as a basic loan in accordance with the definition under FRS 102 Section 11. For this reason it has treated this loan as such in the accounts.

Note 21 reports the value and repayment terms of the Private Placement bond and the current revolving credit facilities (RCF)

(ii) Estimation uncertainty

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

Useful lives of depreciable assets:

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected life of the assets.

Uncertainties in these estimates include changes to future decent homes standards may require more frequent replacement of key components.

Accumulated depreciation at 31 March 2026 of housing properties (note 12) was £82.2m (2025: £75.5m) including £1.775m in respect of impairment (2025: £0.33m), and £3.8m (2025: £4.3m) depreciation of other fixed assets (note 13).

Defined benefit obligation (DBO):

Management's estimate of the DBO is based on a number of 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.

The calculation of the obligation also incorporates the impact of the various High Court rulings; namely McCloud and GMP rulings where appropriate.

The defined benefit obligation pension liability at 31 March 2026 was £nil (2025:£nil) (note 30).

Fair value measurement:

Upon completion of a market rent scheme a professional valuation is obtained using the market approach to valuation in accordance with the RICS Valuation – Professional Standards and International Valuation Standards. At the end of the accounting period management bases the assessment of fair value on observable data. If this is not possible management uses the best information available. Estimated fair values may vary from actual prices.

The Plus Board has judged £12.9m to be an appropriate accounting valuation for its investment properties assuming sale to an institutional investor (note14)

Turnover and Revenue Recognition

Turnover comprises rental income receivable in the year, service charge income, income from shared ownership first tranche sales, support services and other services included at the invoiced value (excluding VAT where recoverable) of goods and services supplied in the year and grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Service charge income is recognised in the period to which it relates net of losses from voids.

Income from first tranche sales is recognised at the point of legal completion of the sale. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Value Added Tax

The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure.

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

Employee benefits

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

Pensions

The Group participates in a funded multi-employer defined benefit scheme, the Greater Manchester Pension Fund (GMPF).

For the GMPF, scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates.

The net surplus or deficit is presented separately from other net assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the Group through reduced contributions or through refunds from the plan.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability.

Remeasurements are reported in other comprehensive income.

The Group also participates in the government's NEST pension scheme which is a defined contribution scheme. Any liabilities relating to the scheme are shown as accrued liabilities.

Interest payable

Interest is capitalised on borrowings to finance the development of qualifying assets to the extent that it accrues in respect of the period of development if it represents:

- a) interest on borrowings specifically financing the development programme after deduction of related grants received in advance; or
- b) a fair amount of interest on borrowings of the association as a whole after deduction of SHG received in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to income and expenditure in the year.

Gift aid donations

Charitable donations to the Trust from its wholly owned subsidiaries are accounted for as income in the statement of comprehensive income for the year, and is eliminated on consolidation. In the year ending 31 March 2026 £304k donation was paid by DevCo to Trust. (2025:£nil)

Taxation

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

Deferred Taxation

Deferred tax is recognised in respect of all timing differences 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 relating to investment property that is measured at fair value is measured using the tax rates and allowances that apply to the sale of the asset, except for investment property that has a limited useful life and is held in a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is measured on an undiscounted basis.

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit.

Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period.

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

Shared Ownership properties and staircasing

Expenditure on shared ownership properties is split proportionally between current and fixed assets based on the element relating to expected first tranche sales.

The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Under low cost home ownership arrangements, the Trust disposes of a long lease on low cost home ownership units for a share of value.

The buyer has the right to purchase further proportions up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Sales of subsequent tranches are treated as a part disposal of housing properties. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

Donated land and other assets

Land and other assets donated by local authorities and other government sources is added to cost at the fair value of the land at the time of the donation.

Where the land is not related to a specific development and is donated by a public body an amount equivalent to the increase in value between fair value and consideration paid is treated as a non-monetary government grant and recognised on the statement of financial position as deferred income within liabilities.

Where the donation is from a non-public source, the value of the donation is included as income.

On disposal of an asset for which non-monetary government grant was received by the social landlord any unamortised grant remaining within liabilities in the statement of financial position is derecognised and recognised as income in the statement of comprehensive income.

Depreciation of housing properties

The Group separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

The Group depreciates the major components of its housing properties over the following useful economic lives:

Component	Useful Economic Life
Freehold land	Not depreciated
Kitchens	20 years
Bathrooms	30 years
Doors and windows	30 years
Heating system	15 years
Electrical system and lifts	30 years
Cladding - non traditional properties	30 years
Roofs and chimneys	50 years
Air Source Heat Pumps	20 years
Ground source heat pump - underground	50 years
Ground source heat pump - overground	20 years
Off road parking - tarmac/paved drives	10 to 30 years
Structure - traditional build properties	80 years
Structure - non traditional properties	30 years

The Group depreciates assets the year following completion/installation.

Impairment

Annually housing properties are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure.

Where a scheme is currently deemed not to be providing service potential to the Trust, its recoverable amount is its fair value less costs to sell.

An impairment charge of £1.857m (2025: £0.33m) has been made in the year. The Group identified additional costs required to complete two development schemes. Following reassessment, the forecast recoverable amount of the schemes was lower than their carrying value resulting in an impairment charge of £1.775m. An impairment of £82k related to write down in value of property held for sale (2025: nil).

Other tangible fixed assets

Other tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The assumed useful economic lives are:

Asset	Useful Economic Life
Freehold land	Not depreciated
Freehold Buildings	50 years
Long Leasehold Property	Over life of lease
Community Shops	7 years
Community Centre (structure)	80 years
Furniture, fixtures and fittings	7 years
IT infrastructure (new)	5 years
Computers and related equipment	3 years
Commercial vehicles	4 years

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

Investment properties

Investment properties consist of market rent and other commercial properties not held for social benefit or for use in the business. Investment properties are initially measured at cost and subsequently at fair value as at the year end, with changes in fair value recognised in the Statement of Comprehensive Income.

It is not considered possible to accurately measure the value of properties that are under construction. Where this is the case the properties are measured at cost and revalued on completion.

Investment in subsidiaries

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

Investments in joint ventures - Fixed asset investment

Investments in jointly controlled entities are based on Equity method of accounting less impairment.

Southway Plus Limited has entered into a joint venture arrangement with 9 other registered providers to create GMJV FundCo LLP. GMJV FundCo LLP, together with the Greater Manchester Combined Authority have invested in Hive Homes (Greater Manchester) LLP ("Hive Homes") which is a delivery vehicle to build homes for outright sale. This is a financial arrangement where Plus will be investing up to £3m as a mix of debt and equity into Hive Homes.

Properties for sale

Shared ownership first tranche sales, completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Debtors

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

Where deferral of payment terms have been agreed at below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

Creditors

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

Government grants

Government grants include grants receivable from Homes England, local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

Good Growth Fund (Brownfield funding) is a new grant received from other government organisations towards general housing properties and shared ownership properties. In respect of shared ownership properties, the grant is recognised in income over 15 years as per the grant agreement. Any first tranche sale will expense the grant income in the same proportion as the percentage of first tranche sale. Subsequent staircasing will also require the expensing of the relevant percentage of staircasing to the income and expenditure account.

For general housing properties, the grant is recognised as income over 15 years as per agreement.

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

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

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

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

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to income and expenditure. Upon disposal of the associated property, the Trust is required to recycle these proceeds and recognise them as a liability.

Other grants

Grants received from non-government sources are recognised using the performance model.

A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified 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 recognised as deferred income.

Leases

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

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

Provisions for liabilities

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

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

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

Reserves

The revenue reserves are unrestricted and available for use within the Group's activities.

3. Turnover, operating cost and operating surplus Group

2026	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	39,128	-	(33,953)	5,175
Other social housing activities				
First Tranche Shared Ownership Sales	4,756	(4,708)	(685)	(637)
Development Services	-	-	(232)	(232)
Community Investment	88	-	(764)	(676)
Financial Inclusion	-	-	(311)	(311)
Other Support Activities	84	-	(505)	(421)
Non social housing activities				
Open Market Sales	-	-	(40)	(40)
Private Rented Sector	1,143	-	(381)	762
Repairs for Others	43	-	(61)	(18)
Other Activities	95	-	(13)	82
	45,337	(4,708)	(36,945)	3,684
Surplus on the disposal of housing properties (note 6)				5,456
				9,140
2025	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	37,572	-	(30,896)	6,676
Other social housing activities				
First Tranche Shared Ownership Sales	3,641	(2,768)	(478)	395
Development Services	-	-	(323)	(323)
Community Investment	146	-	(736)	(590)
Financial Inclusion	1	-	(285)	(284)
Other Support Activities	157	-	(481)	(324)
Non social housing activities				
Open Market Sales	400	-	(460)	(60)
Private Rented Sector	993	-	(332)	661
Repairs for Others	77	-	(57)	20
Other Activities	23	-	(48)	(25)
	43,010	(2,768)	(34,096)	6,146
Surplus on the disposal of housing properties				3,220
				9,366

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

Trust

2026	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	39,128	-	(33,953)	5,175
Other social housing activities				
First Tranche Shared Ownership Sales	4,756	(4,708)	(685)	(637)
Development Services	1,249	-	(1,397)	(148)
Community Investment	88	-	(764)	(676)
Financial Inclusion	(0)	-	(311)	(311)
Other Support Activities	84	-	(505)	(421)
Gift Aid	304	-	-	304
Non social housing activities				
Open Market Sales				
Private Rented Sector	245	-	(64)	181
Repairs for Others	43	-	(61)	(18)
Other Activities	82	-	(3)	79
	45,979	(4,708)	(37,743)	3,528
Surplus on the disposal of housing properties (note 6)				5,456
				8,984
2025	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	37,573	-	(30,896)	6,677
Other social housing activities				
First Tranche Shared Ownership Sales	3,641	(2,768)	(478)	395
Development Services	1,103	-	(1,374)	(271)
Community Investment	146	-	(736)	(590)
Financial Inclusion	1	-	(285)	(284)
Other Support Activities	157	-	(481)	(324)
Non social housing activities				
Open Market Sales	-		-	-
Private Rented Sector	223	-	(70)	153
Repairs for Others	77	-	(57)	20
Other Activities	38	-	(0)	38
	42,959	(2,768)	(34,377)	5,814
Surplus on the disposal of housing properties (note 6)				3,220
				9,034

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

Group and Trust

Income and expenditure from social housing lettings	2026 £'000	2025 £'000
Rent receivable net of identifiable service charges	35,768	33,840
Service income	1,933	1,809
Net rental income	37,701	35,649
Amortised government grants	1,248	1,469
Government grants taken to income	13	291
Other revenue grants	80	84
Other Income	86	79
Turnover from social housing lettings	39,128	37,572
Management	(10,646)	(8,903)
Services	(2,235)	(1,945)
Routine maintenance	(8,799)	(7,339)
Planned maintenance	(2,324)	(2,432)
Major repairs expenditure	(2,226)	(3,973)
Bad debts	(252)	(12)
Depreciation of housing properties	(5,497)	(5,473)
Impairment of housing properties	(1,857)	(328)
Other expenditure	(116)	(490)
Operating costs on social housing lettings	(33,953)	(30,896)
Operating surplus on social housing lettings	5,175	6,676
Void losses	230	212

The number of supported housing and shared ownership properties owned is not significant, hence no segmental reporting.

Other expenditure includes: £101k credit cost relating to pension obligations (2025: £109k cost), £181k development expenditure treated as revenue (2025: £286k), and £36k cafes/non housing costs (2025: £95k).

4. Accommodation in management and development Group and Trust

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

	2026 No. of properties	2025 No. of properties
Social housing		
General needs - social rent	5,375	5,387
General needs - affordable rent	404	340
General needs - intermediate rent	79	79
Supported housing for older people	219	222
Low cost home ownership	392	301
Total social managed	<u>6,469</u>	<u>6,329</u>
Managed by others	1	4
Total social owned*	<u>6,470</u>	<u>6,333</u>
Investment Properties		
Southway Housing Trust - market rent	27	25
Southway Plus - market rent	69	69
Total owned	<u>6,566</u>	<u>6,427</u>
Other accommodation managed		
Southway Housing Trust - leasehold properties	299	293
Total owned and managed	<u><u>6,865</u></u>	<u><u>6,720</u></u>
In course of construction		
Southway Housing Trust - shared ownership	205	287
Southway Housing Trust - social rent	43	44
Southway Housing Trust - affordable rent	4	97
Southway Housing Trust - Commercial	1	1
	<u>253</u>	<u>429</u>
*During the year there was an increase of 139 social housing properties owned comprising:		
Shared Ownership homes developed or acquired	91	18
Social Rent Homes developed	26	10
Affordable Rent properties developed or acquired	63	66
less Social Rent RTB/RTA disposals	-40	-12
less Other disposals	-1	-1
reclassify Managed by Others to Social Rent	-	1
	<u>139</u>	<u>82</u>

5. Operating surplus

	Group		Trust	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
This is arrived at after charging:				
Depreciation of housing properties	5,497	5,473	5,496	5,470
Impairment of housing properties	1,775	328	1,775	328
Depreciation of other tangible fixed assets	630	554	631	527
Operating lease rentals				
- office accommodation	45	49	45	49
- maintenance vehicles	503	515	503	515
External auditors' remuneration (excluding VAT)				
- for audit services	43	38	31	26
- additional audit services	-	-	-	-
- for non-audit services	-	-	-	-
Internal auditors' remuneration (excluding VAT)	29	35	35	43

6. Surplus on sale of fixed assets - housing properties

	Group		Trust	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Disposal Proceeds	7,006	3,496	7,006	3,496
Carrying value of fixed assets	(1,050)	(1,227)	(1,050)	(1,227)
Other cost of sales	(457)	104	(457)	104
Disposal of social housing properties	<u>5,499</u>	<u>2,373</u>	<u>5,499</u>	<u>2,373</u>
Proceeds from other property sales	29	914	29	914
Carrying value of other property disposals	(37)	(48)	(37)	(48)
Other cost of sales	<u>(35)</u>	<u>(19)</u>	<u>(35)</u>	<u>(19)</u>
Total surplus on sale of fixed assets	<u><u>5,456</u></u>	<u><u>3,220</u></u>	<u><u>5,456</u></u>	<u><u>3,220</u></u>

7. Interest receivable and other income

	Group		Trust	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Interest receivable	685	2,402	1,263	2,960
Other finance income	1,639	978	1,639	978
	2,324	3,380	2,902	3,938

Funds are invested in money market accounts to obtain higher interest rates. These are invested to maximise interest income based on projected cash flow whilst ensuring funds are available for day to day operational expenses.

8. Interest and financing costs

	Group		Trust	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Loans and bank overdrafts	3,321	3,251	3,321	3,251
Capitalised development interest	(1,281)	(737)	(1,267)	(736)
Amortisation of initial loan costs	56	51	56	51
Loan security trustee	18	23	18	23
	2,114	2,588	2,128	2,589
Capitalisation rate used to determine the amount of development interest capitalised	2.70%	2.70%	2.70%	2.70%

9. Employees Group and Trust

Average monthly number of employees (including executive directors) expressed as full time equivalents (based on an average of 35 hours per week)

	2026 No.	2025 No.
Administration	57	48
Maintenance Service & Home Improvement	105	96
Neighbourhood Services & Community Investment	67	67
Call Centre & Customer Response	31	29
Development and Property Acquisition	25	23
	<u>285</u>	<u>263</u>

Employee costs

	2026 £'000	2025 £'000
Wages and salaries	11,775	10,651
Social security costs	1,532	1,126
GMPF pension contributions	732	725
Nest pension contributions	506	427
	<u>14,545</u>	<u>12,929</u>

The above staffing costs breakdown includes all those contracted under Southway Housing Trust's employment. This does not include any temporary staff employed via agency.

The Group's employees are members of the Greater Manchester Pension Fund (GMPF) defined benefit pension scheme or the Government's NEST defined contribution pension scheme. Further information on GMPF is given in Note 30.

The full time equivalent number of staff and Executive Directors who received emoluments:

	2026 No.	2025 No.
£60,001 - £70,000	5	2
£70,001 - £80,000	2	7
£80,001 - £90,000	5	1
£90,001 - £100,000	-	-
£100,001 - £110,000	-	-
£110,001 - £120,000	-	-
£120,001 - £130,000	3	2
£130,001 - £140,000	-	-
£140,001 - £150,000	1	1

10. Key management personnel

Group and Trust

Board Members received emoluments totalling £42k excluding pension and national insurance contributions (2025 nil). This was for partial year starting in October 2025.

Board members expenses totalled £5,328 in the year to 31 March 2026 (2025: £9,679).

The emoluments of the highest paid Director, the Chief Executive, excluding pension contributions was £149k (2025: £146k).

The aggregate remuneration for key management personnel, disclosed as Executive Directors on page 3, in the year is shown below. All Directors, including the Chief Executive, are ordinary members of the Greater Manchester Pension Scheme and no enhanced or special terms apply.

Executive Directors	2026 £'000	2025 £'000
Basic salary	527	421
Social Security Costs	76	54
Pension contributions	117	93
	720	568

11. Tax on profit on ordinary activities

	Group		Trust	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
The tax charge/(credit) is based on the profit for the year and represents:				
Current tax				
UK corporation tax at 25% (PY: 25%)	-	-	-	-
Deferred tax				
Origination and reversal of timing differences	(645)	(117)	-	-
Adjustments in respect of prior periods	15	-	-	-
Effect of tax rate change on opening balance	-	-	-	-
	<u>(630)</u>	<u>(117)</u>	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>(630)</u>	<u>(117)</u>	<u>-</u>	<u>-</u>
Movement in deferred tax provision				
Provision at start of period	992	1,109	-	-
Deferred tax charged in the Profit and loss account for the period	<u>(630)</u>	<u>(117)</u>	<u>-</u>	<u>-</u>
Tax on results on ordinary activities	<u>362</u>	<u>992</u>	<u>-</u>	<u>-</u>
Profit/(loss) on ordinary activities before tax	<u>8,539</u>	<u>10,158</u>	<u>11,640</u>	<u>10,383</u>
Tax on profit on ordinary activities at standard CT rate of 25% (PY: 25%)	2,135	2,538	2,910	2,596
Income not taxable for tax purposes	(13,735)	(12,553)	(13,875)	(12,529)
Amounts (charged)/credited directly to the STRGL or otherwise transferred	54	(24)	-	-
Capital gains/(losses)	(673)	0	-	-
Group relief surrendered/(claimed)	-	-	-	-
Other permanent differences	(76)	-	-	-
Fixed asset differences	1	2	-	-
Expenses not deductible for tax purposes	11,660	10,013	10,965	9,933
Deferred tax not recognised	(10)	(93)	-	-
Adjustments in respect of prior year periods (deferred tax)	15	-	-	-
Tax charge/(credit) for the period	<u>(630)</u>	<u>(117)</u>	<u>(0)</u>	<u>(0)</u>

12. Tangible fixed assets - properties Group

	Social housing properties for letting £'000	Shared ownership properties completed £'000	Social housing properties under construction £'000	Shared ownership properties under construction £'000	Total £'000
Cost					
At 1 April 2025	216,671	32,541	28,822	31,450	309,484
Development of new properties	-	-	13,589	15,481	29,070
Interest capitalised	0	-	504	689	1,193
Schemes completed	22,128	16,345	(22,128)	(16,345)	-
Works to existing properties	4,414	-	-	-	4,414
Other Adjustments	(1,986)	1,885	(2)	1	(101)
Disposals	(1,023)	(616)	-	-	(1,639)
Transfer to Properties held for sale			(511)	2,000	1,489
At 31 March 2026	<u>240,204</u>	<u>50,155</u>	<u>20,275</u>	<u>33,276</u>	<u>343,910</u>
Depreciation and impairment					
At 1 April 2025	(73,771)	(701)	(136)	(928)	(75,536)
Depreciation charged in year	(5,296)	(200)	-	-	(5,496)
Impairment charged in year	-	-	-	(1,775)	(1,775)
Other adjustments	192	-	-	(192)	-
Released on disposal	488	22	-	-	510
Transfer to Properties held for sale			136		136
At 31 March 2026	<u>(78,387)</u>	<u>(879)</u>	<u>-</u>	<u>(2,895)</u>	<u>(82,161)</u>
Net book value					
At 31 March 2026	<u>161,817</u>	<u>49,276</u>	<u>20,275</u>	<u>30,381</u>	<u>261,749</u>
At 31 March 2025	<u>142,900</u>	<u>31,840</u>	<u>28,686</u>	<u>30,522</u>	<u>233,948</u>

Housing properties At 31 March 2026 are comprised entirely of freehold land and buildings.

Southway Housing Trust considers individual new development schemes to be separate cash generating units (CGUs) when assessing for impairment in accordance with the requirements of FRS102 and SORP 2018. Stock transferred from Manchester City Council (MCC) is assumed to be one distinct CGU.

12. Tangible fixed assets - properties (continued)

Trust

	Social housing properties for letting £'000	Shared ownership properties completed £'000	Social housing properties under construction £'000	Shared ownership properties under construction £'000	Total £'000
Cost					
At 1 April 2025	217,095	32,887	28,984	31,629	310,595
Development of new properties	-	-	13,737	15,747	29,484
Interest capitalised	0	-	504	689	1,193
Schemes completed	22,300	16,536	(22,300)	(16,536)	-
Works to existing properties	4,414	-	-	-	4,414
Other Adjustments	(1,986)	1,885	(2)	1	(101)
Disposals	(1,023)	(616)	-	-	(1,639)
Transfer (to)/from Properties held for sale			(511)	2,000	1,489
					-
At 31 March 2026	<u>240,800</u>	<u>50,692</u>	<u>20,413</u>	<u>33,530</u>	<u>345,435</u>
Depreciation and impairment					
At 1 April 2025	(73,771)	(701)	(136)	(928)	(75,536)
Depreciation charged in year	(5,296)	(200)	-	-	(5,496)
Impairment charged in year	-	-	-	(1,775)	(1,775)
Other adjustments	192	-	-	(192)	-
Released on disposal	488	22	-	-	510
Transfer to Properties held for sale			136		136
At 31 March 2026	<u>(78,387)</u>	<u>(879)</u>	<u>-</u>	<u>(2,895)</u>	<u>(82,161)</u>
Net book value					
At 31 March 2026	<u>162,413</u>	<u>49,813</u>	<u>20,413</u>	<u>30,635</u>	<u>263,274</u>
At 31 March 2025	<u>143,324</u>	<u>32,186</u>	<u>28,848</u>	<u>30,701</u>	<u>235,059</u>

Housing properties at 31 March 2026 are comprised entirely of freehold land and buildings.

Southway Housing Trust considers individual new development schemes to be separate cash generating units (CGUs) when assessing for impairment in accordance with the requirements of FRS102 and SORP 2018. Stock transferred from Manchester City Council (MCC) is assumed to be one distinct CGU.

12. Tangible fixed assets - properties (continued)

Group and Trust

Expenditure on works to existing properties	2026 £'000	2025 £'000
Components capitalised	4,414	6,605
Amounts charged to income and expenditure account	2,226	3,973
	<u>6,640</u>	<u>10,578</u>

Finance Costs	2026 £'000	2,025 £'000
Aggregate amount of capitalised interest included in the cost of housing properties	6,498	5,305

Social Housing Assistance	2026 £'000	2,025 £'000
Total accumulated grants received or receivable at 31 March		
Recognised in Statement of Comprehensive Income	26,993	25,744
Held as Deferred Grant Income (note 22)	72,508	66,309
	<u>99,500</u>	<u>92,053</u>

13. Tangible fixed assets - other Group

	Furniture fixtures and fittings £'000	Computers and related equipment £'000	Community assets £'000	Office accommodation £'000	Total £'000
Cost					
At 1 April 2025	389	2,793	2,863	6,509	12,554
Additions	16	389	27	69	501
Write down of fully depreciated assets	-	(1,177)	-	-	(1,177)
At 31 March 2026	<u>405</u>	<u>2,005</u>	<u>2,890</u>	<u>6,578</u>	<u>11,878</u>
Depreciation					
At 1 April 2025	(335)	(2,305)	(396)	(1,355)	(4,391)
Charged in year	(23)	(372)	(39)	(196)	(630)
Other adjustments		11			11
Write down of fully depreciated assets	-	1,177	-	-	1,177
At 31 March 2026	<u>(358)</u>	<u>(1,489)</u>	<u>(435)</u>	<u>(1,551)</u>	<u>(3,833)</u>
Net book value					
At 31 March 2026	<u>47</u>	<u>516</u>	<u>2,455</u>	<u>5,027</u>	<u>8,045</u>
At 31 March 2025	<u>54</u>	<u>488</u>	<u>2,467</u>	<u>5,154</u>	<u>8,162</u>

13. Tangible fixed assets - other Trust

	Furniture fixtures and fittings £'000	Computers and related equipment £'000	Community assets £'000	Office accommodation £'000	Total £'000
Cost					
At 1 April 2025	308	2,727	2,881	6,509	12,425
Additions	16	389	27	69	502
Write down of fully depreciated assets		(1,177)	-	-	(1,177)
At 31 March 2026	<u>324</u>	<u>1,939</u>	<u>2,908</u>	<u>6,578</u>	<u>11,750</u>
Depreciation					
At 1 April 2025	(264)	(2,229)	(396)	(1,355)	(4,244)
Charged in year	(14)	(382)	(39)	(196)	(631)
Other adjustments		11			11
Write down of fully depreciated assets		1,177	-	-	1,177
At 31 March 2026	<u>(278)</u>	<u>(1,423)</u>	<u>(435)</u>	<u>(1,551)</u>	<u>(3,687)</u>
Net book value					
At 31 March 2026	<u>46</u>	<u>516</u>	<u>2,473</u>	<u>5,027</u>	<u>8,063</u>
At 31 March 2025	<u>44</u>	<u>498</u>	<u>2,485</u>	<u>5,154</u>	<u>8,181</u>

14. Investment properties

	GROUP				TRUST			
	2026 £'000	2026 £'000	2026 £'000	2025 £'000	2026 £'000	2026 £'000	2026 £'000	2025 £'000
	Properties completed	Properties under construction	Total Investment Properties	Total Investment Properties	Properties completed	Properties under construction	Total Investment Properties	Total Investment Properties
At 1 April 2025	19,411	405	19,816	19,576	3,903	-	3,903	3,893
Additions/(reductions)	(3)	166	163	240	(10)	-	(10)	10
Increase/(decrease) in value	(812)	-	(812)	-	1,882	-	1,882	-
Transfer to properties held for sale		(175)	(175)					
At 31 March 2026	<u>18,596</u>	<u>396</u>	<u>18,992</u>	<u>19,816</u>	<u>5,775</u>	<u>-</u>	<u>5,775</u>	<u>3,903</u>

There are 25 market rent investment properties in the Trust. Valuation of a sample of properties was undertaken by Roger Hannah and extrapolated to arrive at an overall valuation for the 25 properties. Management considers OMV is an appropriate basis to be applied to these individual properties.

The Group includes two completed schemes of 69 market rented properties owned by Southway Plus Ltd. The 69 market rented properties were valued by Savills in January 2026 at £12.9m adopting an investment value basis reflecting sale to an institutional investor. This is a more suitable basis for the accounts than OMV which was previously applied, as sale of individual properties is not anticipated given these are apartments within three blocks of flats. Savills methodology is in accordance with the RICS Valuation - Professional Standards and International Valuation Standards. The RICS Valuation - Global Standards 2017, defines Market Value as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

15. Investment in subsidiaries

Trust

As required by statute, the financial statements consolidate the results of Southway Housing Trust, Southway DevCo Ltd and Southway Plus Ltd.

Southway Plus Ltd and Southway DevCo are wholly owned subsidiaries of the Trust. Both are non-regulated subsidiaries of the Trust. The registered office is the same for all group entities.

Southway Housing Trust is the ultimate parent undertaking and exercises control over the subsidiaries. The Trust's fixed asset investment in the subsidiaries is as follows:

	Southway Plus Limited £	Southway DevCo Limited £
Cost		
At 1 April 2025	1	1
Additions	-	-
Disposal	-	-
At 31 March 2026	<u>1</u>	<u>1</u>

The dormant subsidiary of Southway Plus, Weavers Manco Ltd. was incorporated on 21st January 2021. It is a company limited by guarantee, the company number is 13147845. Southway Plus is registered as the entity with significant control. The director is Mark Taylor whom is a Director of Southway Plus. The company was established to demise car parking spaces at the Weavers Cottages development (six in total). Once all units and the associated car park spaces have been sold, Southway Plus' interest in the company will end and the company will be wound down.

16. Investment in joint ventures

	Group		Trust	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Investment in Joint Venture	800	800	-	-
	<u>800</u>	<u>800</u>	<u>-</u>	<u>-</u>

Southway Plus Limited has entered into a joint venture arrangement with 9 other Registered Providers to create GMJV FundCo LLP. Plus will invest up to £3m via a mix of debt and equity in GMJV FundCo LLP. GMJV FundCo LLP together with the Greater Manchester Combined Authority invest in Hive Homes (Greater Manchester) LLP which is a delivery vehicle to build homes for outright sale and provide a competitive return to investors. At 31 March 2026 Southway Plus' investment totals £3.0m (2025: £2.26m), comprising the above equity investment and a loan due over more than one year (reported in note 18).

17. Properties for sale, stock and work in progress

	Group		Trust	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Shared ownership properties				
Completed for sale	6,563	1,423	6,563	1,423
Under construction	17,193	12,499	17,193	12,499
Properties for outright sale				
Completed for sale	177	231	-	37
Under construction	2,147	1,093	2,166	1,093
Land for Sale	550	2,000	375	2,000
Maintenance materials	92	210	92	210
	<u>26,722</u>	<u>17,456</u>	<u>26,389</u>	<u>17,262</u>

18. Debtors

	Group		Trust	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Due within one year				
Rent and service charges receivable	2,895	2,829	2,895	2,829
Less: Provision for bad and doubtful debts	(2,198)	(2,111)	(2,198)	(2,111)
	<u>697</u>	<u>718</u>	<u>697</u>	<u>718</u>
VAT incurred and recoverable	391	293	-	133
Amounts due from group companies	-	-	74	15
Trade debtors	314	588	285	588
Grants Receivable	3,049	4,949	3,049	4,949
Other debtors	2,021	1,734	2,025	1,735
Prepayments and accrued income	1,830	1,639	1,689	1,518
	<u>8,302</u>	<u>9,921</u>	<u>7,819</u>	<u>9,656</u>
Due more than one year				
Amounts due from group companies over one year	-	-	15,999	15,174
Other debtors due over one year	2,216	1,461	-	-
	<u></u>	<u></u>	<u></u>	<u></u>
Total Debtors	<u>10,518</u>	<u>11,382</u>	<u>23,819</u>	<u>24,830</u>

The amount due over one year within the Trust represents an intra-group loan to Southway Plus Limited. There is a floating charge over Southway Plus's assets for the loan; the interest rate charged on the loan is 3.65%.

Other debtors due over one year represents the amount owing on loan investment in GMJV.

Other debtors due within one year includes £1.7k (2025: £1k) relating to the Homelessness Fund (see Note 19 - Other Creditors), £922k (2025: £359k) relating to Leasehold sinking funds and £51k (2025: £49k) held on behalf of the Strategic Housing Partnership.

19. Creditors: amounts falling due within one year

	Group		Trust	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Deferred grant income (note 22)	1,248	1,469	1,248	1,469
Recycled capital grant fund (note 23)	254	329	254	329
Rent and service charges received in advance	1,020	946	1,020	946
Leasehold and Shared Ownership sinking funds	922	584	922	584
Tenant sinking funds	1,059	923	1,059	923
Other taxes and social security costs	340	284	340	284
VAT incurred and recoverable	-	-	108	-
Trade creditors	1,736	925	1,695	903
Other creditors	891	1,576	891	1,573
Amounts due to group companies	-	-	4,216	3,816
Accruals and deferred income	8,719	10,493	4,453	6,753
	<u>16,189</u>	<u>17,529</u>	<u>16,206</u>	<u>17,580</u>

Other creditors includes £nil (2025: £1k) relating to the Homelessness Fund (see also Note 18 - Other Debtors)

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

	Group		Trust	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Loans due in more than one year (note 21)	120,000	120,000	120,000	120,000
Loan arrangement fees to be amortised	(445)	(499)	(445)	(499)
Deferred Grant income (note 22)	71,260	64,840	71,260	64,840
Recycled capital grant fund (note 23)	751	616	751	616
Capital proceeds fund	26	26	26	26
Homelessness Equity share	712	712	712	712
Deferred taxation (note 11)	361	991	-	-
	<u>192,666</u>	<u>186,686</u>	<u>192,304</u>	<u>185,695</u>

21. Debt analysis

Group and Trust

	2026 £'000	2025 £'000
Bank loans - Due within one year		
Repayable within one year	-	-
Bank loans - due after more than one year		
Repayable more than one year but less than two years	-	-
Repayable more than two years but less than five years	-	-
Repayable more than five years	120,000	120,000
	<u>120,000</u>	<u>120,000</u>
Total Debt	<u>120,000</u>	<u>120,000</u>

All loans are secured on housing stock, which covers the value of outstanding liabilities.

The loans reported at 31 March 2026 comprise:

- 1) £50m Private Placement issued on 19 July 2021 with redemptions dates between 2041 to 2051.
- 2) £35m issued on 25 May 2022 with redemption date 25 May 2044
- 3) £35m issued on 25 May 2023 with redemption date 25 May 2053

The Private Placement has a weighted average of interest rate of 2.7%, with a weighted average maturity of 26 years.

The £30m Revolving Credit Facility (RCF) with Barclays has been extended for a further year and now runs to 24th March 2029, with an option to extend for one more year.

22. Deferred grant income Group and Trust

	2026 £'000	2025 £'000
At 1 April	66,310	55,844
Grant received in the year - new development	6,478	12,516
Grant received in the year - existing properties	1,074	-
Disposals in year	(84)	(114)
Transfer to RCGF	(252)	(467)
RCGF development of properties	230	-
Released to income in the year	(1,248)	(1,469)
At 31 March	<u>72,508</u>	<u>66,310</u>
Of which:		
Amounts to be released within one year	1,248	1,469
Amounts to be released in more than one year	<u>71,260</u>	<u>64,840</u>
	<u>72,508</u>	<u>66,310</u>

23. Recycled capital grant fund Group and Trust

	2026 £'000	2025 £'000
At 1 April	945	504
Opening Balance Restatement		
Grant recycled from staircasing	217	464
Grant recycled from other sales	34	3
Interest accrued	40	21
Development of properties	(230)	(47)
At 31 March	<u>1,006</u>	<u>945</u>
Of which:		
Due within one year	254	329
Due greater than one year	<u>751</u>	<u>616</u>
	<u>1,006</u>	<u>945</u>

On the occurrence of certain relevant events, primarily the sale of dwellings, Homes England can direct the Group to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three year period (or as otherwise agreed), it will be repayable to Homes England with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

24. Non-equity share capital Trust

Shares of £1 each issued and fully paid	2026	2025
At 1 April	9	9
Shares issued during the year	2	-
Shares surrendered during the year	(1)	-
At 31 March	10	9

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

25. Cash flow from operating activities

Group

	2026 £'000	2025 £'000
Surplus for the year	9,168	10,276
<u>Adjustments for non cash items:</u>		
Depreciation of housing properties	5,496	5,470
Depreciation of other fixed assets	630	554
Amortised government grants	(1,248)	(1,469)
Impairment of housing properties	1,775	328
Loss on replacement of components	-	205
Reduction in investment property	812	-
Pension costs less contributions payable	(101)	109
<u>Changes in working capital:</u>		
Properties for sale, stock and work in progress	(10,638)	(11,283)
Debtors	(1,036)	140
Creditors	(1,045)	3,597
<u>Adjustments for investing or financing activities:</u>		
Surplus on the disposal of housing properties	(5,456)	(3,220)
Interest payable and other financing costs	2,114	2,588
Interest receivable less allocated to RCGF	(2,284)	(3,359)
<u>Taxation</u>		
Deferred tax charged in the Profit and loss account for the period	(630)	(117)
Net Cash (used)/in from Operating Activities	<u>(2,441)</u>	<u>3,819</u>

26. Capital commitments

	Group		Trust	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Expenditure contracted for but not provided in the accounts	18,723	75,016	18,717	62,447
Expenditure authorised by the board, but not contracted	51,871	16,847	47,579	16,830
	<u>70,594</u>	<u>91,863</u>	<u>66,296</u>	<u>79,277</u>

The above commitments of the Group at 31 March 2026 are expenditure that has been contracted and authorised as part of the development programme. This will be financed primarily through sales income £68.9m (2025: £41.8m) with the remaining balance through social housing grant £1.7m (2025: £17.6m).

All loans are secured on housing stock, which covers the value of outstanding liabilities. Refer to note 21 for further disclosure of the Group's debt arrangements.

27. Leasing commitments

Group and Trust

The future minimum lease payments of leases are as set out below.

	2026 £'000	2025 £'000
Within one year		
Office accommodation	46	45
Vehicles	508	500
Office equipment	15	-
	<u>569</u>	<u>545</u>
Between one and five years		
Office accommodation	120	113
Vehicles	637	1,073
Office equipment	16	-
	<u>773</u>	<u>1,186</u>

28. Contingent liabilities

Group and Trust

The Group and Trust had no contingent liabilities to disclose at 31 March 2026 (2025: £nil).

29. Financial assets and liabilities

Surplus cash during the period was deposited in UK financial institutions as deposits with all amounts either at call or at notice of periods not exceeding twelve months. The Board's policy on financial instruments is explained in the Board Report as are references to financial risk.

Refer to note 21 for details of existing loan facilities and future funding arrangements. All loans are secured on the Trust's housing stock, which covers the value of outstanding liabilities.

	Group		Trust	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Finance assets measured at historic cost				
Rental Debtors and other receivables (Note 18)	10,518	11,382	23,819	24,830
Cash investment	39	13,054	39	13,054
Cash and cash equivalents	10,644	20,814	10,184	20,114
Total financial assets	<u>21,200</u>	<u>45,250</u>	<u>34,041</u>	<u>57,998</u>
Financial liabilities measured at historic cost				
Loan payable (note 21)	120,000	120,000	120,000	120,000
Trade creditors (Note 19)	1,736	925	1,695	903
Other creditors (Note 19)	14,453	16,604	14,511	16,678
Total liabilities	<u>136,189</u>	<u>137,529</u>	<u>136,206</u>	<u>137,581</u>
The Trust's financial liabilities are sterling denominated. The interest rate profile of the financial liabilities at 31 March was:				
Floating rate	-	-	-	-
Fixed rate	120,000	120,000	120,000	120,000
Total borrowings	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>

29a. Analysis of changes in net debt Group

	At 1 April 2025 £'000	Cashflows £'000	Other non cash movements £'000	At 31 March 2026 £'000
Cash and cash equivalents				
Cash	20,814	(10,170)	-	10,644
Current Asset Investments	13,054	(13,015)	-	39
	<u>33,868</u>	<u>(23,185)</u>	<u>-</u>	<u>10,683</u>
Borrowing				
Debt due within one year	-	-	-	-
Debt due after one year	(120,000)	-	-	(120,000)
	<u>(120,000)</u>	<u>-</u>	<u>-</u>	<u>(120,000)</u>
Total	<u>(86,132)</u>	<u>(23,185)</u>	<u>-</u>	<u>(109,317)</u>

30. Pensions

Group and Trust

Greater Manchester Pension Fund

Southway participates in two Greater Manchester Pension Fund schemes. One scheme is for staff which transferred from Manchester City Council; the other is for new employees. The results of both schemes have been amalgamated in the notes which follow.

Both Greater Manchester Pension Fund schemes are multi-employer schemes, administered by Tameside Metropolitan Borough Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme.

The 31 March 2026 accounting figures are now based on the 2025 funding valuation results for the first time. This differs to the positions at the previous year end which were based on a roll forward from the 2022 funding valuation. The valuations are carried out by a qualified independent actuary. The present value of the Pension at March 2026 was £30.9m net surplus (2025: £28.2m net surplus). Southway's accounting policy states that a net surplus is recognised only to the extent that it is recoverable by the Group through reduced contributions or through refunds from the plan. Southway has a three year pension holiday resulting in no employer contributions being payable from April 2026 - 31 March 2029. This will be reviewed at the next valuation to determine the level of contributions applicable. For this reason Southway has continued to recognise nil asset/liability position in its accounts.

The employers' contributions to the fund by the Trust for the period ended 31 March 2026 were £773k (2025: £726k) at a contribution rate of 22.2% of pensionable salaries (2025: 22.2%).

Financial assumptions

	31 March 2026 % per annum	31 March 2025 % per annum
Major categories of plan assets as a percentage of total plan assets		
Equities	64%	65%
Bonds	16%	17%
Property	10%	9%
Cash	10%	9%
	<u>100%</u>	<u>100%</u>
	% per annum	% per annum
Pension increase rate	3.00%	2.70%
Salary increase rate	4.50%	3.50%
Discount rate	<u>6.30%</u>	<u>5.85%</u>

Demographic assumptions

Within the past three years, investigations have been carried out by the scheme actuaries into the mortality experience of the association's scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Number of Years 2026	Number of Years 2025
Retiring today:		
Males	22.8%	20.3%
Females	24.9%	21.4%
Retiring in 20 years:		
Males	22.4%	21.9%
Females	25.4%	25.0%

30. Pensions (continued) Group and Trust

Changes in fair value of scheme assets	2026 £'000	2025 £'000	2024 £'000
Opening fair value of plan assets	64,873	62,878	59,108
Expected return	3,754	3,014	2,793
Contributions by members	247	240	233
Contributions by employer	773	726	718
Actuarial gains	3,389	(570)	1,598
Benefits paid	(1,639)	(1,415)	(1,572)
Closing fair value of scheme assets	<u>71,397</u>	<u>64,873</u>	<u>62,878</u>
Changes in present value of scheme liabilities	2026 £'000	2025 £'000	2024 £'000
Opening scheme liabilities	36,720	42,471	42,393
Service cost	411	593	655
Interest cost	2,115	2,036	1,997
Contributions by members	247	240	233
Actuarial losses/(gains)	2,386	(7,447)	(1,235)
Past service costs	261	242	-
Losses on curtailments	-	-	-
Benefits paid	(1,639)	(1,415)	(1,572)
Closing scheme liabilities	<u>40,501</u>	<u>36,720</u>	<u>42,471</u>
Movement in net liabilities during the year	2026 £'000	2025 £'000	2024 £'000
Scheme liabilities less assets at start of year	28,153	20,407	16,715
Current service cost	(411)	(593)	(655)
Past service costs	(261)	(242)	-
Losses on curtailments	-	-	-
Contributions	773	726	718
Other finance costs	1,639	978	796
Actuarial movement	1,003	6,877	2,833
Scheme assets less liabilities at end of year*	<u>30,896</u>	<u>28,153</u>	<u>20,407</u>

*adjusted to £nil in line with accounting policy

30. Pensions (continued)

Group and Trust

Amounts recognised in the statement of financial position	2026 £'000	2025 £'000	2024 £'000
Present value of funded obligations	(40,501)	(36,720)	(42,471)
Fair value of plan assets	71,397	64,873	62,878
	<u>30,896</u>	<u>28,153</u>	<u>20,407</u>
Present value of unfunded obligations		-	-
Net asset*	<u>30,896</u>	<u>28,153</u>	<u>20,407</u>

*adjusted to nil in line with accounting policy

Analysis of the amount charged to operating surplus	2026 £'000	2025 £'000	2024 £'000
Current service cost	411	593	655
Losses on curtailments		-	-
Total operating charge	<u>411</u>	<u>593</u>	<u>655</u>

Analysis of the amount charged to other finance costs	2026 £'000	2025 £'000	2024 £'000
Expected return on pension scheme assets	3,754	3,014	2,793
Interest on pension scheme liabilities	(2,115)	(2,036)	(1,997)
Net interest	<u>1,639</u>	<u>978</u>	<u>796</u>

31. Transactions with related parties

	2026 £'000	2025 £'000
Southway Housing Trust		
Amounts due to Southway DevCo	4,216	3,816
Amounts due from Southway Plus	74	15
Loan to Southway Plus	15,999	15,174
Purchases from group companies		
Design and build contracts from Southway DevCo	42,811	27,353
Other charges from Southway DevCo	(4)	6
Sales to group companies		
Project management services to Southway DevCo	87	818
Project management services to Southway Plus	-	40
Overhead charges to Southway DevCo	357	245
Overhead charges to Southway Plus	-	-
Corporate support to Southway DevCo	28	27
Corporate support to Southway Plus	28	-
Interest on loan to Southway Plus	569	560
Donations from group companies		
Gift aid from Southway DevCo	304	-

Other transactions

There were two tenant members of the Board during the year. Their tenancies are on normal commercial terms and they are not able to use their position to personal advantage.

	Weekly Rent £	Amount Due £
Aggregate tenancy transactions as at 31 March 2026	211	1,186

During the year one member of the Board served as a Councillor with Manchester City Council, and one Board members was a senior manager at the same organisation. That local authority has nomination rights over tenancies for most of Southway's properties. All such lettings and all other transactions with the Council are on normal contractual commercial terms and the members concerned are not able to use this relationship to personal advantage.

One of the Board Members is a Treasurer of GMCA. We have applied to GMCA for Brownfield Funding. He had no involvement in that decision or transaction.

Two of the members of Customer Voice Committee serve as local Councillors. These members were remunerated as of October 2025. One, who is also a Board member, has a £5,000 annual salary from Southway. The other, as an independent Committee Member, received an annual salary of £2,000.

The Trust's Executive Director Finance and Development is a Director of ICO Didsbury Point Ltd, a management company which administers a piece of land which the Trust owns. There have been no payments made to this company in 2025/26 (2025: nil).

The Trust's Executive Director Finance and Business Development is also a Director of Southway Plus. During the year Southway Plus invested in GMJV Fundco LLP. Further details are in note 16.

One of the Board Members is on the Board at TPAS. We made a payment of £2,080 to this organisation in 2025/26 to cover landlord membership fees (2025: £2,080).

One of the Board Members is employed by Legal and General Affordable Homes. Legal and General are one of Southway's funders.