FLAGSHIP HOUSING LIMITED

Financial Statements

For the year ended 31 March 2026

Co-operative and Community Benefit Society
Registration Number 31211R

Regulator of Social Housing
Registration Number 4651

Flagship Housing Limited

Financial statements
For the year ended 31 March 2026

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General information
For the year ended 31 March 2026

Board members:

The Board members who served from 1 April 2025 up to the date of approval of these financial statements were as follows:

Board Member	Position	Meetings attended 2025/26
Jacqueline Starr (appointed 29 January 2026)	Independent Non-Executive Director Chair	3/3
Peter Hawes (resigned 28 January 2026)	Independent Non-Executive Director Chair	8/8
Steven Barford	Independent Non-Executive Director	11/11
Emma Barton	Independent Non-Executive Director	11/11
Richard Bird	Independent Non-Executive Director	11/11
Dame Sandra Horley	Independent Non-Executive Director	9/11
Robert Nettleton	Chief Executive	11/11
Neil Rimmer	Independent Non-Executive Director	11/11
Jerry Toher	Independent Non-Executive Director	8/11
David Lee (resigned 28 January 2026)	Independent Non-Executive Director	8/8
David Armstrong (resigned 28 January 2026)	Chief Operating Officer	8/8
Charles Hutton-Potts (resigned 28 January 2026)	Independent Non-Executive Director	8/8
Cecilia Tredget (resigned 28 January 2026)	Independent Non-Executive Director	8/8
Paul Walsh (resigned 28 January 2026)	Chief Finance Officer	8/8
Joanna Crane (appointed 29 January 2026)	Independent Non-Executive Director	3/3
David Hardy (appointed 29 January 2026)	Independent Non-Executive Director	3/3
Philip Stephens (appointed 29 January 2026)	Independent Non-Executive Director	3/3

Meetings attended reflects the number of board meetings that were attended by each board member out of the total number of board meetings they were eligible to attend.

Company Secretary

Sarah Beal

Advisors:

External Auditors:
Menzies LLP
The Colmore Building
20 Colmore Circus
Queensway
Birmingham
B4 6AT

Business Assurance Provider:
PricewaterhouseCoopers LLP
2 Glass Wharf
Bristol
BS2 0FR

Bankers:
Barclays Bank plc
15 Colmore Row
Birmingham
B3 2BH

Registered office:

31 King Street, Norwich, Norfolk, NR1 1PD

Flagship Housing Limited
Board and strategic report
For the year ended 31 March 2026

The Board of Flagship Housing Limited ('FHL') is pleased to present its annual report and financial statements for the year ended 31 March 2026.

Principal activities

FHL is a subsidiary of Bromford Flagship LiveWest Limited ('BFL'). Previously known as Bromford Flagship Limited, following the merger between Bromford Flagship and LiveWest on 29 January 2026 the parent entity name was changed to Bromford Flagship LiveWest Limited. It is a Registered Provider of Social Housing and a Registered Society under the Co-operative and Community Benefit Societies Act 2014.

BFL is an affordable homes provider for almost 300,000 customers across the East, West, Midlands and South West of England. We are the UK's largest provider of new affordable homes, delivering 2,871 new homes in 2025-26.

We deliver locally, coordinate regionally and are supported centrally. Our starting point is always the people who live in our homes and the places that shape their everyday lives. These considerations inform how we invest, how we work with partners and how we deliver services. When people have quality homes and are part of confident, caring and connected communities, anything is possible. Through scale and commitment, flexibility and investment, experience and imagination, we enable people to thrive.

FHL's principal activities are to develop and manage affordable homes for sale, rent or shared ownership and to provide a range of services that help customers to thrive.

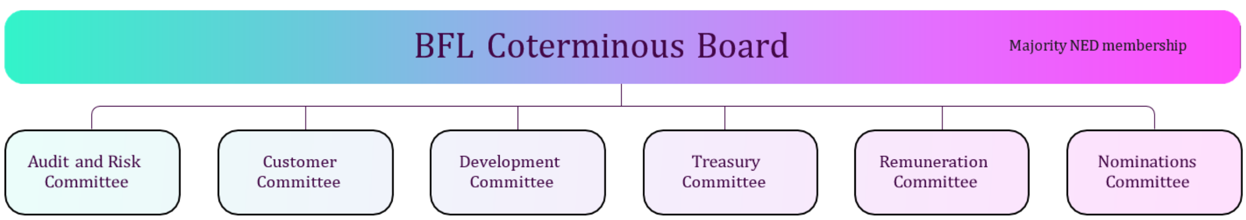
Board structure

BFL operates a group structure with coterminous Boards across the six main entities – the parent – Bromford Flagship LiveWest Limited and our main operating subsidiaries Bromford Housing Association Limited (BHA), Flagship Housing Limited (FHL), LiveWest Homes Limited (LW), Merlin Housing Society (MHS), and Bromford Home Ownership (BHO). The membership of all entities is the same for each – all Non-Executive Directors (NEDs) plus Robert Nettleton, Chief Executive, except for BHO, where Dame Sandra Horley and Phil Stephens are not members. This approach is consistent with the Group's Conflicts of Interest Policy and protects the charitable interests of BFL, BHA, FHL, LW and MHS. Certain Board members are also Directors of the other subsidiaries. All members of the Board, Executive and Non-Executive make decisions by working together and achieving general consensus.

All Board members, except the Chair, serve on one or more Group committees that meet regularly throughout the year. All Non Executive Directors were independent on appointment and complete annual fit and proper person and declaration of interest processes. Conflicts of interest are declared at the start of each Board meeting, with members withdrawing from discussions or decisions where an actual or perceived conflict exists. There are currently no issues relating to the continued independence of any NED. One Board member, Richard Bird, who will reach the end of his term of office in 2027, has been asked to serve on the Board of a Welsh Registered Provider. His formal appointment will not be confirmed until after he retires from Bromford Flagship LiveWest and is therefore not considered to give rise to any issue in relation to his continued service on the BFL Board.

The roles of the Non Executive Directors, Chair and Chief Executive are set out in the Governance Framework and Charter of Expectations. There is a clear separation of roles of the Chair and Chief Executive.

Until 29 January 2026, the Bromford Flagship Board was supported by four committees comprising Audit and Risk, Remuneration, Nominations, Treasury and two panels comprising Development and Customer Influence. A new committee structure came into effect on 29 January 2026 following the merger of Bromford Flagship LiveWest (image below).



The role of the Board

BFL is the parent company of FHL. Under the group's Governance Framework, FHL delegates matters of governance and financial authority to the BFL Board (the Board). Our governance structure contributes directly to the delivery of our strategy. The Board holds ultimate responsibility for the governance of the BFL Group and is accountable for ensuring the Group's long-term sustainable success. Its responsibilities are:

- determining the strategic direction of the Group and setting our strategy and values
- approving high level strategies, long-term plans and objectives to achieve our vision
- financial control and risk management
- governance and the system of delegation
- monitoring the Group's performance
- accountability to stakeholders

Decision making

The Board operates as a single Board while taking decisions on behalf of each Group entity where appropriate. Clear schedules of matters reserved to the Board are in place to ensure effective oversight, accountability and compliance, with other authorities delegated to committees in accordance with approved terms of reference and a robust scheme of delegations. Matters not delegated remain within the authority of the Chief Executive.

Following the merger of Bromford Flagship and LiveWest, the governance and committee structure was reviewed to ensure it is proportionate to the size, scale and complexity of the organisation and supports effective decision making and assurance.

A Development Committee has been established to provide focused oversight and challenge of the Group's large scale development programme. In addition, a Customer Committee and Regional Customer Networks have been implemented to ensure the customer voice is clearly and directly represented in Board level decision making.

The Board and its committees receive timely, accurate and high quality information and have access to appropriate resources, skills and independent advice to enable them to discharge their duties effectively and in accordance with the principles of good governance.

Board effectiveness

The Chair is responsible for managing the performance of the Board and the Chief Executive. The performance of the Chair is the responsibility of the Board facilitated by the Senior Independent Director.

Board members are expected to foster a culture of open and constructive debate, supporting informed and prudent decision-making. They are also expected to continually develop their knowledge and skills to contribute effectively to Board discussions.

The conflicts of interest register is reviewed annually by both the Audit and Risk Committee and the Board to support independence, transparency and accountability. During the year, no instances were identified where the Chair's or any Non Executive Director's external commitments adversely affected their ability to fulfil their role.

The Board undertakes an annual evaluation of its performance, as well as that of its committees and individual NEDs. In line with the Code, this evaluation is externally facilitated at least every three years to provide an independent perspective.

An externally facilitated review was undertaken in 2025 by Altair. The findings were reported to the Board and were in the main relating to ways of working and succession arrangements. Actions were agreed and these have been monitored. The Board recognised that some actions had been superseded by activity relating to the Bromford Flagship LiveWest merger. During the merger process, Altair was commissioned to inform the independent interview process for appointments to the coterminous Board of Bromford Flagship LiveWest.

Board effectiveness (continued)

Creation of the new BFL Board focussed on the skills required to deliver the full merger business case. The Governance Framework recognises that it is important the Board has a collective range of skills, experience and breadth of perspective so that the Board can fully discharge its responsibilities. Promoting the principles of fairness and valuing diversity is a key responsibility of the Board and is enshrined in the Diversity, Equity and Inclusion Policy which is approved by the Board and sets the framework for ensuring that BFL has a fair and equitable recruitment and selection process; has inclusive behaviours; a clear and transparent process for allocation and lettings and is reporting and monitoring metrics. The Nominations Committee is responsible for making recommendations to the Board in respect of succession planning.

Stakeholders, transparency and diversity

Delivering long term, sustainable social impact is central to the Group's purpose and strategy, benefiting the customers and communities we serve, our colleagues and our wider stakeholders. The Board promotes a culture that reflects these priorities and supports sustainable value creation.

Audit and Risk Committee

The committee supports the Board by providing independent oversight and advice on the integrity of the financial statements, the effectiveness of risk management and internal control and the adequacy of assurance arrangements across the Group. The committee's responsibilities are set out in its terms of reference, which were reviewed by the Board as part of both mergers. There were no significant changes in remit during the year. The committee discharged its responsibilities through a structured programme of scheduled meetings, additional meetings where required and regular engagement with Executive management. The committee also met privately with internal and external audit, without management present. The Board considers that the committee as a whole has an appropriate balance of skills, experience and sector knowledge, including recent and relevant financial and audit expertise. The Chair is a qualified accountant. Meetings were well attended throughout the year, supporting effective challenge, informed decision-making and continuity of oversight during a period of significant change.

Risk management

The Board is responsible for establishing the Group's risk appetite and for maintaining a robust system of risk management and internal control. Risk is viewed not only as something to be managed, but also as a factor to be actively and proportionately taken where it supports innovation, investment and improved outcomes for customers and places, consistent with the Group's strategy and values.

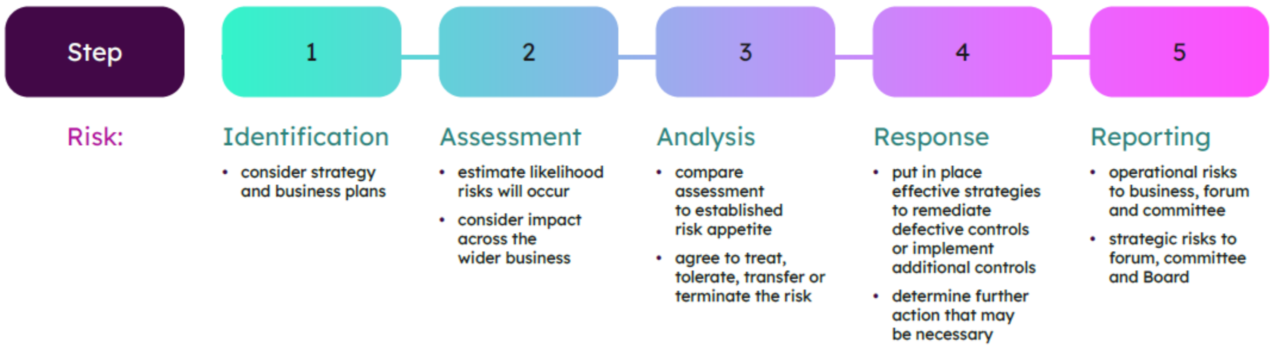
The Group operates a structured risk management framework, based on the best-practice COSO ERM Framework (Committee of Sponsoring Organisations of the Treadway Commission Enterprise Risk Management) that:

- identifies and assesses risks on both a top down (strategic) and bottom up (operational) basis
- evaluates risks against agreed impact and likelihood criteria
- aligns mitigation plans with the Group's risk appetite
- is reviewed regularly to reflect changes in the external environment

Risks are considered alongside strategic planning, stress testing, treasury management and investment decisions, ensuring that risk assessment informs resource allocation and long term decision making. The Board and Executive actively consider emerging risks, including cyber security, supply chain resilience, regulatory change and longer term affordability pressures affecting customers. These risks are reviewed through horizon scanning, external benchmarking and scenario analysis, ensuring the Group remains alert to future challenges while retaining flexibility to respond.

Risk management (continued)

We follow a five-step risk management process aimed at identifying potential issues early, allowing for proactive mitigation to support our strategic objectives. Risk is defined as anything that could hinder the achievement of these objectives. Our approach enables the business to navigate uncertainty, managing both threats and opportunities, while staying aligned with strategic priorities. The Board sets clear risk appetite and tolerance levels, with regular reporting to monitor changes in key risk assessments.



Risk management is embedded throughout BFL, with clear accountabilities at Board, committee and Executive level:

- the Board has ultimate responsibility for risk management - it sets risk appetite and tolerance levels, approves principal risks and oversees the effectiveness of the system of internal control
- the Audit and Risk Committee monitors the risk framework, reviews emerging risks and receives assurance from internal and external sources
- oversight of operational and strategic risks is delegated to the Chief Executive and the Executive Risk and Disclosure Committee supports this role, providing review of audit, assurance and risk reporting and ensuring implementation of resulting actions
- risk owners across the Group are responsible for identifying, assessing and managing risks within their areas

Assurance over risk management is provided through multiple lines, including management controls (1st line), assurance reviews (2nd line), internal audit (3rd line), external audit and independent regulatory assessment. The Board receives regular assurance on the effectiveness of controls and takes action where improvement is required.

The Group remains committed to continuous learning, drawing on internal insight and wider sector experience to strengthen its approach to managing risk and uncertainty.

Principal risks

Following the recent merger, the Board have re-assessed the principal risks faced by the Group. The identified risks facing Bromford Flagship LiveWest are similar to those experienced across the housing sector but are considered in the context of the Group's scale, geography and operating model following the merger. The Board has set its risk appetite against each of these risks, forming an integral part of our corporate decision making. Risk we accept is clearly understood, regularly reviewed and managed effectively. In some areas we have risks for which we have little or no appetite however the nature of these risks mean they cannot be eliminated completely.

Risk	Impact	Risk mitigations	Changes in year
1. Health and safety Status: significant Appetite: averse Future direction of travel: static	Failure to effectively manage all aspects of health and safety across operations (including customers, colleagues and suppliers) results in death or serious injury.	• group-wide Health and Safety Policy • dedicated health and safety software and processes • integrated governance via the health and safety group with clear escalation and reporting routes • training and competence frameworks • contractor management arrangements • incident escalation and reporting processes	• embedding consistent health and safety arrangements across the newly merged Group • improving training and compliance reporting • managing and reducing Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) incidents • onboarding colleagues to Group systems and processes
2. Existing homes Status: significant Appetite: balanced Future direction of travel: static	Failure to comply with all landlord obligations including landlord health and safety and broader current/emerging property related regulatory/legal requirements (for example Decent Homes and Awaab's Law) increases the risk of failing to maintain our homes to expected standards.	• compliance frameworks for landlord obligations • Awaab's Law governance and specialist teams • process alignment workshops • enhanced compliance reporting • targeted investment and operational improvement plans • integrated governance through the landlord compliance group	• strengthening compliance with Awaab's Law Phase 1 and preparing for Phase 2 • progressing building safety works • preparing for new Heat Network regulation • reducing outstanding safety backlogs • improving emergency and non emergency repairs performance • improving customer communication and case management
3. People and culture Status: medium Appetite: flexible Future direction of travel: static	Our culture does not adapt to deliver our strategy and purpose.	• culture and organisational design workplan • defined values and behavioural frameworks • engagement and wellbeing initiatives • workforce planning and leadership oversight	• supporting colleagues through merger integration • addressing sickness absence and recruitment pressures • improving engagement and leadership capability • working towards a shared culture across BFL • responding to employment law reform

Risk	Impact	Risk mitigations	Changes in year
4. Financial viability Status: high Appetite: cautious Future direction of travel: static	Failure to maintain financial viability including accessing sufficient funds and liquidity or managing financial exposure effectively in order to deliver our strategy.	• robust treasury and liquidity management and reporting • strong stakeholder relationship management • high proportion of fixed rate debt • stress testing of the business plan	• managing ongoing cost pressures • monitoring market volatility and interest rates • delivering a sustainable merged business plan • ensuring continued access to funding and covenant compliance • delivering efficiency savings and value for money
5. Customer experience Status: high Appetite: cautious Future direction of travel: improving	We do not meet our purpose including the provision of core services such as repairs and effective complaint management, which results in ineffective customer journeys and negative customer experience.	• Customer Influence Framework • Regional Customer Networks (customer members), dedicated Executive and Non-Executive committees with overlapping attendees • complaints lessons learned processes • Voice of the Customer reporting • contractor performance scrutiny	• Customer Influence Framework • Regional Customer Networks (customer members), dedicated Executive and Non-Executive committees with overlapping attendees • complaints lessons learned processes • Voice of the Customer reporting • contractor performance scrutiny
6. Systems and data Status: high Appetite: balanced Future direction of travel: static	We hold inaccurate or incomplete data resulting in ineffective decision making, poor customer experience, operational inefficiency or regulatory/ legal non-compliance.	• Group data governance framework • defined data owner and steward roles • role-based access controls • data migration processes • data quality dashboards • policies supporting data accuracy and regulatory compliance	• updating data governance arrangements following the merger • improving data quality and reporting confidence • maturing our approach to AI governance • starting to align processes and methodologies • preparing for system integration, including dependencies on D365 stability and scalability

Risk	Impact	Risk mitigations	Changes in year
7. New homes Status: high Appetite: open Future direction of travel: improving	Balancing the ambition to deliver new homes with the risk of exceeding capacity or controls, potentially causing financial loss, regulatory breach, or reputational damage.	• financial guardrails and investment frameworks • Homes England grant engagement • development pipeline oversight • regular performance and cost monitoring	• reviewing controls and approaches post merger • securing future grant funding • ensuring delivery remains within capacity and financial appetite • monitoring developer and market exposure
8. Cyber and business continuity Status: significant Appetite: cautious Future direction of travel: improving	Our network, applications, infrastructure, devices or data are compromised through physical, people or technological threats. Our business continuity and disaster recovery provisions fail to support continuity and recovery of services in a timely fashion.	• Cyber Essentials accreditation • vulnerability and patch management • multi-factor authentication • incident response planning • supplier due diligence • business continuity and disaster recovery plans	• strengthening third party cyber risk management • progressing the Group crisis management and business continuity framework • monitoring heightened geopolitical risk, including cyber risk • improving resilience and preparedness
9. Business change and integration Status: significant Appetite: balanced Future direction of travel: static	Planned business change including integration fails to achieve the intended outcomes, resulting in financial under performance, reduced stakeholder confidence and an inability to realise anticipated synergies.	• formal integration governance • delivery tracking against agreed outcomes • D365 migration planning • gap analysis and prioritisation of technology dependencies	• achieving stability and scalability of D365 • delivering integration outcomes • managing technology constraints • improving colleague experience during change

Risk	Impact	Risk mitigations	Changes in year
10. Governance and regulation Status: significant Appetite: cautious Future direction of travel: improving	Ineffective governance arrangements, decision-making structures, or regulatory controls are not aligned to the external regulatory environment, resulting in non-compliance with applicable laws and regulations, ineffective oversight of strategic and operational decisions and a failure to anticipate or respond appropriately to regulatory change.	• governance structures in line with strategy, regulation and governance code • consumer regulation steering group • prioritised action plans • horizon scanning for regulatory change • proactive regulatory engagement	• bedding in governance and regulatory arrangements post merger • updating the regulator at regular engagement meetings • evidencing compliance with consumer standards • strengthening assurance and accountability frameworks

Emerging risks

The Group actively monitors the evolving operating environment to identify emerging risks that may affect our ability to deliver our strategic objectives and operate within our defined risk appetite. This includes ongoing analysis of geopolitics and financial markets, national and local media, sector developments, regulatory and legal insights and parliamentary activity, as well as engagement with relevant consultations. Where emerging risks are identified with a short to medium term horizon to potential realisation, clear accountabilities are assigned to ensure that appropriate mitigating actions are implemented and our approach is adapted in a timely manner to minimise adverse impacts.

Internal Audit

Internal audit is an independent assurance function which reports to the Board, Audit and Risk Committee and management. The role of internal audit is to strengthen the group's ability to create, protect and sustain value by providing the Board and leaders with independent, risk-based and objective assurance, advice, insight and foresight. Internal audit enhances governance, risk management and control processes, delivering a series of risk based and advisory reviews.

The internal audit function is led by an independent Group Director of Internal Audit supported by an in-house team and co-source partners who provide access to expertise to support delivery of the plan. The co-source arrangement adds value through greater access to specific areas of expertise and increased ability to flex resources.

A three year strategic audit plan is created, from which a flexible annual plan is developed for approval by the Audit and Risk Committee. The committee reviews and challenges the plan, specifically whether key risk areas are audited with sufficient frequency and depth. Regular reporting enables the committee to monitor delivery of the audit plan and performance of the internal audit function.

The findings of each audit are reported to the committee alongside any actions that have been agreed by management where areas of improvement are identified. The control framework is adequate and controls to mitigate key risks are generally operating effectively, although several controls need to improve to ensure business objectives are met. The Audit and Risk Committee is satisfied that there is effective internal audit function in place that adds value to support.

Financial review

Overall a strong performance in a continued challenging environment. We knew this year was going to be a challenge with continued cost pressures. Our core rental income has increased however repair costs have increased at a higher rate due to inflationary pressures. We have continued to invest in our homes while driving down repairs in progress and focused on reducing condensation, damp and mould in our homes. Other central costs have reduced when compared to the prior year due to spend relating to the merger with Bromford in 2025 not reoccurring this year. This has resulted in an increase in operating margins and surplus when compared to the prior year, however understanding and controlling spend on our repairs remains a core focus for the coming year.

Gain on disposal of housing properties has increased from £16.6m to £22.1m. This is due to increased volume of strategic sales in the year, cash generated from property sales is reinvested to build new homes and make our remaining homes more efficient. By investing in our existing homes, and selling those that are no longer suitable, we aim to provide our tenants with secure and comfortable homes have increased in the year

Our principal financial ratios show good performance in both areas. Operating margins were broadly maintained in the year with social housing letting operating margin of 34.7% (2025: 33.4%) and overall operating margin before gains on disposal of fixed assets of 34.1% (2025: 33.7%).

Liquidity remains a key focus and at 31 March 2026 we have:

- Cash and cash equivalents of £35.4m (2025: £57.7m) which are made up of cash held and liquidity deposit reserves (note 17).
- £nil (2025: £200m) in undrawn loan facilities (Revolving Credit Facilities)

During the year undrawn borrowing facilities were novated to the parent undertaking Bromford Flagship LiveWest Limited. This has been part of a groupwide approach to manage liquidity levels efficiently across the group.

Income and expenditure

The surplus before tax of £68.1m (2025: £75.8m) is a solid financial performance for FHL given the challenges of the operating environment.

Social housing lettings

Social housing lettings remains the core of our business and increased to £210.5m (2025: £200.8m) of turnover driven by strong new build performance from the previous year and the 2.7% annual social rent increase. Social housing lettings turnover as a proportion of total turnover increased in the year to 86.4% (2025: 86.0%).

Shared Ownership

Shared ownership sales income for the year was £16.2m (2025: £16.0m). We sold 196 shared ownership homes at an average 100% sales value of £288.2k (2025: 171 homes, 100% value: £301.8k). The average first tranche share sold was 28.7% (2025: 31.0%).

Costs

Cost control is a core deliverable across the business. Success in controlling costs drives our strong operating margins. Our focus on cost is a central part of our Value for Money framework, evidencing not just the cost of what we do but its effectiveness and the outcomes we achieve for our customers.

Over the last year we have seen an increase of 3.6% in our total cost of sales and operating costs per the Statement of comprehensive income from £154.9m last year to £160.5m in the current year, driven by continued investment in our existing homes through higher maintenance and repairs as we continue to focus on reducing repairs in progress and condensation, damp and mould risks in our homes. Colleague costs have increased reflecting pay awards made during the year. Insurance premium costs have seen an increase in the year and an increase in technology costs reflects our continued investment in our IT systems.

Disposals

Disposals are not a material feature in our financial results and we expect them to vary over time as we proactively manage our homes to deliver a strong return on assets.

Disposal profits in the year were £22.8m (2025: £16.7m). We continued to receive receipts for right to buy and right to acquire sales that generated £0.6m (2025: £0.5m) of disposal profit. Staircasing activity generated profits of £3.6m (2024: £3.0m). Other property and other fixed asset disposals generated profits of £18.6m (2024: £13.2m).

Corporation tax

We continue the policy of gift aiding taxable surpluses from non-charitable group members to charitable group members. During the year, FHL received gift aid payments from other group members of £4.7m (2025: £6.8m).

Balance sheet

Fixed assets

Details of the movements in fixed assets during the year are set out in notes 12, 15 and 16 to the financial statements.

Sales exposure

Exposure to unsold shared ownership stock is not a material issue for us. At 31 March, we had £0.6m of completed shared ownership properties held as stock (2025: £0.5m) see note 19.

Investment in our homes

In the year we invested £53.8m in major repair and refurbishment programmes (2025: £61.7m) and £140.2m in new homes (2025: £110.9m).

Treasury

The following table highlights our position on key measures:

	2026	2025
Borrowing	£970.5m	£953.2m
Undrawn facilities	£nil	£200m
Cash and cash equivalents	£35.4m	£57.7m
Fixed rate borrowing	98.0%	72.1%
Cost of borrowing	4.6%	4.2%
Interest cover covenant	1.3 times	1.7 times
Asset gearing covenant	42.8%	42.5%

Cash and liquidity

Rigorous control of cash is a key focus for us. During the year we have taken a groupwide cash management approach, balancing the level of cash available and the cash requirements.at a group level. Cash balances remain strong at £21.7m (2025: £44.0m) with a further £13.7m (2025: £13.7m) held as investments.

Facilities and funding

External loans of £184.2m (2025: £643.0m) decreased by £458.8m during the year and group loans of £786.3m (2025: £310.1m) increased by £476.2m, with all group drawings from BFL.

Interest rate management

We use fixed rate borrowings to manage our exposure to increases in interest rates and 98.0% of our borrowings are at fixed rates (2025: 72.1%) limiting our exposure to any rises in SONIA. No further interest rate hedging was undertaken during the year.

The average cost of borrowing has remained constant at 4.6% (2025: 4.2%) with the increase reflecting increased borrowing costs for new borrowings in the year. The high level of fixed borrowing means there is limited exposure to future increases in SONIA.

Security

We have a healthy level of available uncharged security. We continue to review our security pool for excess security which could be released to support future funding plans.

Covenants

Funder covenants are based on group numbers and are broadly consistent in their composition. We have considerable capacity on both our interest cover and asset gearing covenants and they do not limit our activities.

Operating performance

Operational performance against targets is monitored at group level and a summary is included within the Annual Report and Accounts of BFL – which are available on the group website bfl-places.co.uk.

Value for money (VfM)

Details of the group's VfM performance are summarised in the Annual Report and Accounts of BFL – which are available on the group's website bfl-places.co.uk.

The Regulator for Social Housing metrics for FHL as a stand alone entity are shown below.

Sector metrics

Ref	Metric Name	2026	2025
1	Reinvestment %	7.3%	7.5%
2A	New supply delivered (Social housing units) %	1.6%	1.6%
2B	New supply delivered (Non-social housing units) %	0.0%	0.0%
3	Gearing %	42.9%	42.5%
4	EBITDA MRI interest cover	132.3%	169.9%
5	Headline Social housing cost per unit (£000s)	4.62	4.85
6A	Operating Margin (social housing lettings only) %	34.7%	33.4%
6B	Operating Margin (overall) %	34.1%	33.7%
7	ROCE	4.3%	4.2%

The metrics show another strong performance with operating margins at 34.7% for social housing lettings (2025: 33.4%) and 34.1% overall (2025: 33.7%). EBITDA MRI interest cover has fallen to 132.3% (2025: 169.9%) as a result of increased interest costs and our continued investment in our existing homes.

Board compliance statements

Statement of compliance with the regulatory standards

The Regulator of Social Housing (RSH) publishes a regulatory framework comprising economic and consumer standards. The economic standards are governance and financial viability, value for money and rent. The consumer standards are safety and quality, transparency, influence and accountability, neighbourhood and community and tenancy.

Registered Providers are required each year to assess their compliance with the economic and the consumer standards and to provide assurance to customers and stakeholders that the RSH's specific expectations are being met.

The Board is satisfied that the Group is materially compliant with the RSH's regulatory framework, including the governance and financial viability and consumer standards and the accompanying Code of Practice. As part of its regulatory approach, the RSH assigns a governance and financial viability rating. Regulatory judgements may follow an inspection, stability check, responsive engagement, or an interim judgement issued in connection with a merger.

Prior to the merger, both Bromford Flagship and LiveWest held the highest possible ratings of G1 for governance and V1 for financial viability. LiveWest had also been inspected against the consumer standards and achieved the highest consumer grading of C1. We are pleased that following the merger, the RSH issued an interim regulatory judgement of G1/V1 for Bromford Flagship LiveWest on 25 February 2026. A consumer standards inspection of Bromford Flagship LiveWest has not yet taken place. The Group received positive feedback from the Regulator through proactive engagement during the merger process.

Board compliance statements (continued)

Statement of compliance with our code of governance

We have voluntarily adopted the UK Corporate Governance Code 2024 (the Code). We continue to adopt the Code as our chosen Code of Governance as we believe that it continues to reflect our commercial outlook, focusses on achieving the highest possible standards of accountability and transparency and our desire to position ourselves alongside other high-achieving organisations, regardless of sector.

As we do not have shareholders in a conventional sense, certain aspects of the Code do not apply to us. However, we strongly support the objectives that this section aims to achieve and this is reflected in the open and transparent way we deal with our partners and stakeholders. Each year the Board reviews compliance with the Code and during the financial year ended 31 March 2026, we consider that the Group has complied with all relevant principles and provisions of the Code.

Fair, balanced and understandable

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for stakeholders to assess the group's position, performance, business model and strategy.

Statement of board's responsibilities in respect of the board's report and the financial statements

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

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

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

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

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

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Cooperative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (group accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities. The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The board, after reviewing the Flagship Housing Limited's budget for 2026 to 2027 and BFL's medium term financial position as detailed in the 30-year business plan is of the opinion that, taking account of severe but plausible downsides, Flagship Housing Limited has adequate resources to continue in business for the foreseeable future.

Accordingly, the financial statements set out on pages 22 to 58 have been prepared on a going concern basis.

Viability statement

As required by the provisions of the UK Corporate Governance Code, the Board has undertaken an assessment of the future prospects of the Group taking into account its current position and principal risks. The assessment includes changes arising from the challenges to the sector such as high levels of inflation and interest rates, potential for further government imposed rent caps and the availability of resource.

This assessment was made using the following core business processes:

- **Thirty year business plan (the plan) –** the Board reviews each iteration of the plan during the year as part of its strategic planning process, the most recent business plan was approved in May 2026. This process includes detailed stress testing of the plan which involves flexing a number of assumptions underlying the forecast both individually and together under particular scenarios.
- **Risk management –** as set out in the risk section of the strategic report, the group has a structured approach to the management of risk and the principal risks identified are reviewed regularly by the Board.
- **Liquidity –** based on the output of the plan and regular reforecasting of cashflows, the Board reviews the liquidity position of the Group ensuring funding is secured in accordance with the Group's treasury policy. Current available cash and unutilised loan facilities are over £1,622m, which gives significant headroom for committed spend and other forecast cash flows that arise.

In undertaking this assessment, a period of three years has been selected. For the initial year of this three year period there is a greater level of certainty because detailed annual budgets are prepared and regularly reforecast. Monthly cashflow forecasts are reviewed by the Board covering a rolling three year period and are used to ensure sufficient facilities are in place. The largest single area of spend remains the development programme and the bulk of the committed programme completes within this timeframe. Whilst development spend and required facilities are planned over a longer term than three years, the period chosen ensures that the Group is viable beyond its usual development commitment timeframe.

On the basis of this and other matters considered and reviewed by the Board during the year, the Board has reasonable expectations that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period used for this assessment.

Appointment of auditors

Menzies LLP (previously Beever and Struthers) have indicated their willingness to continue in office and, following an internal assessment of effectiveness, will be proposed for re-appointment.

Information for auditors

We, the members of the Board who held office at the date of approval of these financial statements as set out above confirm, so far as we are aware, that there is no relevant audit information of which the Association's auditors are unaware. We have taken all the steps that we ought to have taken as Board members to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The board and strategic report was approved on 28 July 2026 and signed on its behalf by:

Jacqueline Starr
Chair

Opinion

We have audited the financial statements of Flagship Housing Limited (the Association) for the year ended 31 March 2026 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in reserves and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2026 and of the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of 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.

Basis for opinion

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

We were first appointed as auditor of Flagship Housing Limited by the Board for the period ending 31 March 2026. The period of total uninterrupted engagement for the Association is for the financial year ending 31 March 2026. We have fulfilled our ethical responsibilities under, and we remain independent of the association in accordance with, UK ethical requirements including the FRC Ethical Standard. No non-audit services prohibited by that standard were provided.

Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £4,936,780, determined with reference to a benchmark of Turnover (of which it represents 2%). We consider turnover to be the most appropriate benchmark, and more appropriate than a profit-based benchmark as the association is a not-for-profit organisation and the focus is on turnover rather than any surpluses, which are reinvested in the association.

Performance materiality was set at 70% of materiality for the financial statements as a whole, which equates to £3,455,746. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £246,839, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of stock and fixed asset work in progress

The risk of stock and fixed asset work in progress being overstated on the Statement of financial position was considered to represent a significant audit risk, because, in addition to it being high value, consideration of impairment is a significant management judgement and is considered a significant risk of material misstatement due to uncertainty around estimating the final costs and sales proceeds.

The association recorded turnover from properties developed for first tranche shared ownership sale of £16.2m (2025: £16.0m) and generated a surplus of £2.5m (2025: £4.1m). Other property sales (such as staircasing, RTB and asset disposals) generated a surplus of £22.1m (2025: £16.6m). At 31 March 2026, the association held within current assets unsold properties with cost value of £4.0m (2025: £3.8m). Work in progress in relation to properties being developed for sale but still under construction at 31 March 2026 totalled £0.6m (2025: £0.5m).

Refer to page 25 - 36 (accounting policies) and page 37 - 58 (financial disclosures).

<u>Our response</u>

Our procedures included the following tests of detail:

- **Test of detail:** Agreeing the calculation of the surplus on sale for a sample of sales in the period. We reviewed the estimation basis used to calculate the cost of sale for 1st tranche sale to ensure it is in line with the Housing SORP.
- **Assessment of recoverability:** For a sample of development schemes, we reviewed the carrying value of the Association's stock and work-in-progress at the year-end including the financial appraisals of each scheme. This included testing on a sample basis the expected profitability of the current schemes, and reviewing post year end sales of properties held in stock at 31 March 2026. We reviewed management's assessment of impairment indicators.

<u>Our results</u>

We found no evidence that the year-end balance of stock and work in progress is overstated at the year end.

Our review of schemes under development did not identify any indication of work in progress that required provision or impairment write down. We identified no issues with recoverability from review of sales after year end.

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. Our evaluation of the Board's assessment of the entity's ability to continue to adopt the going concern basis of accounting included carrying out the following:

- We obtained management's assessment that supports the board's conclusions with respect to the disclosures around going concern
- We considered the appropriateness of management's forecasts by reviewing and assessing assumptions applied by management, assessing historical forecasting accuracy and considered the reasonableness of the range of scenarios included in management's consideration of downside sensitivity analysis
- We challenged management on the suitability of the mitigating actions identified in their downside assessment, including the quantum and period ascribed to these mitigating actions
- We obtained an understanding of the financing facilities from the finance agreements, including the nature of the facilities and covenant headroom calculations. We assessed the facilities and covenant headroom calculations
- We reviewed the wording of the going concern disclosures and assessed its consistency with management forecasts

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Corporate governance disclosures

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the entity's voluntary compliance with the provisions of the UK Corporate Governance Code.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 16;
- Directors' explanation as to their assessment of the Association's prospects, the period this assessment covers and why the period is appropriate set out on page 16;
- Director's statement on whether it has a reasonable expectation that the Association will be able to continue in operation and meets its liabilities set out on page 16;
- Directors' statement on fair, balanced and understandable as set out on page 15;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 6;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 6; and;
- Section describing the work of the Audit and Risk Committee set out on page 5.

Responsibilities of the board

As explained more fully in the Statement of Board's Responsibilities set out on page 4, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Association's activities and the regulated nature of the Association's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.

- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the Association's members as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members for our audit work, for this report, or for the opinions we have formed.

Signed by:
Menzies LLP
DBC7679AF0DF489...

Menzies LLP
Chartered Accountants
Statutory Auditor

The Colmore Building
20 Colmore Circus Queensway
Birmingham
B4 6AT

Date: 31-Jul-2026

Flagship Housing Limited
Statement of comprehensive income
For the year ended 31 March 2026

	Notes	2026	2025
		£'000	£'000
Turnover	**2**	**243,764**	233,515
Operating costs	**2**	**(160,525)**	(154,937)
Gain on disposal of assets	**10**	**22,835**	16,674
Operating surplus	**5**	**106,074**	95,252
Interest receivable	**6**	**2,900**	1,969
Interest and financing costs	**7**	**(49,008)**	(29,397)
Movement in fair value of investment properties	**14**	**3,801**	1,003
Gain on shared equity loans		**376**	188
Gift aid receivable		**4,681**	6,780
Impairment	**17**	**(715)**	-
Surplus before tax		**68,109**	75,795
Taxation	**11**	**(10)**	(48)
Surplus for the year after tax		**68,099**	75,747
Actuarial gain/(loss) relating to pension scheme	**32**	**539**	(1,905)
Total comprehensive income for the year		**68,638**	73,842

The association's results relate wholly to continuing activities.

The notes on pages 25 to 58 form an integral part of these financial statements.

There is no material difference between surplus for the year before taxation and the surplus for the financial period stated above and their historical cost equivalent.

The financial statements on pages 22 to 58 were approved and authorised for issue by the board on 28 July 2026 and were signed on its behalf by:

Jacqueline Starr	**Robert Nettleton**	**Sarah Beal**
Chair	**Chief Executive**	**Company Secretary**

Registration number 4651

Flagship Housing Limited
Statement of financial position
As at 31 March 2026

	Notes	2026 £'000	2025 £'000
Fixed assets			
Tangible fixed assets - housing properties	12	**2,365,993**	2,226,112
Investment properties	14	**82,553**	78,830
Tangible fixed assets - other	15	**18,361**	18,220
Intangible fixed assets	16	**2,887**	2,648
Investments in subsidiaries and other investments	17	**75,535**	76,313
Shared equity loans	18	**2,496**	2,120
		2,547,825	2,404,243
Current assets			
Stocks	19	**4,539**	4,319
Trade and other debtors: receivable within one year	20	**15,812**	21,904
Cash and cash equivalents	21	**21,753**	43,940
		42,104	70,163
Creditors: amounts falling due within one year	22	**(107,077)**	(98,909)
Net current liabilities		**(64,973)**	(28,746)
Total assets less current liabilities		**2,482,852**	2,375,497
Creditors - amounts falling due after more than one year	23	**(1,277,387)**	(1,235,262)
Provisions for liabilities			
Pension liability	32	**-**	(2,527)
Other provisions	26	**(3,005)**	(3,886)
Total net assets		**1,202,460**	1,133,822
Reserves			
Called up share capital	27	**-**	-
Income and expenditure reserve		**840,679**	765,061
Revaluation reserve		**361,781**	368,761
Total reserves		**1,202,460**	1,133,822

The notes on pages 25 to 58 form an integral part of these financial statements. The financial statements on pages 22 to 58 were approved and authorised for issue by the board on 28 July 2026 and were signed on its behalf by:

Jacqueline Starr	**Robert Nettleton**	**Sarah Beal**
Chair	**Chief Executive**	**Company Secretary**

Flagship Housing Limited
Statement of movement in reserves
As at 31 March 2026

	Revaluation reserve	Income and expenditure reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2024	373,830	686,150	**1,059,980**
Surplus from statement of comprehensive income	-	75,747	**75,747**
Other comprehensive income:			
Actuarial losses relating to pension schemes	-	(1,905)	**(1,905)**
Total comprehensive income for the year	373,830	759,992	**1,133,822**
Reserve transfers:			
Transfer from revaluation reserve to revenue reserve	(5,069)	5,069	**-**
Balance at 31 March 2025	368,761	765,061	**1,133,822**
Surplus from statement of comprehensive income		68,099	**68,099**
Other comprehensive income:			
Actuarial losses relating to pension schemes	-	539	**539**
Total comprehensive income for the year	368,761	833,699	**1,202,460**
Reserve transfers:			
Transfer from revaluation reserve to revenue reserve	(6,980)	6,980	**-**
Balance at 31 March 2026	361,781	840,679	**1,202,460**

The notes on pages 25 to 58 form an integral part of these financial statements.

Legal Status

Flagship Housing Limited (FHL) is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 (Registered Society number 31211R) and is registered with the Regulator of Social Housing (RSH) as a Private Registered Provider of Social Housing (registration number L4651). The registered office is 31 King Street Norwich, Norfolk, NR1 1PD.

1. Principal accounting policies

The financial statements of the association are prepared in accordance with Financial Reporting Standard 102 – the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018 and comply with the Accounting Direction of Private Registered Providers of Social Housing 2022. The association is a public benefit organisation and applies the relevant paragraphs prefixed "PBE" in FRS 102.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000. The financial statements are prepared on the historical cost basis as modified by the fair value of certain investments.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The preparation of the accounts requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed on pages 25 to 36.

Going concern

The association's business activities, its current financial position, and factors likely to affect its future development are set out within the Board and strategic report.

The association meets its day-to-day working capital requirements primarily through the cash generated from its trading activities and through cash made available through the group debt financing arrangements.

Operating pressures continued through this financial year. Our customers continued to experience a high cost of living as supply chain inflation continued.

We've continued to invest in our existing homes and build new homes in line with our strategic priorities, as we know there are many more families waiting for a place to call home.

Rents increased by c2.7% in April 25 linked to CPI+1% September 2024 inflation. Salary inflation (our largest single fixed cost) was c2% and linked to a lower inflation figure from March 2025 resulting in a cash flow benefit for the association supporting the decision to maintain investment levels.

The current economic, geo-political and environmental conditions continue to create uncertainty over (a) the extent of arrears due to inflationary cost pressures on our tenants and the future recoverability of debts; (b) availability of financing for customers to purchase the association's products; (c) land availability at attractive hurdle rates to be used for social housing provision and ability to obtain planning permission in required timeframes under current working conditions; (d) the ability to procure construction contracts amidst unpredictable inflation which meet the association's investment hurdle rates; (e) source availability and price instability of materials; (f) the cost impact on registered providers of changes to social housing regulation; and (g) investment requirements in existing homes linked to energy efficiency requirements.

The board, after reviewing the association budgets for 2026 to 2027 and the group's medium term financial position as detailed in the 30-year business plan, is of the opinion that, taking account of severe but plausible downsides, the association have adequate resources to continue in business for the foreseeable future. The board therefore continues to adopt the going concern basis in preparing the annual financial statements.

Financial Reporting Standard 102 - reduced disclosure exemptions

The association has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of financial position paragraph 4.12(a)(iv)
- the requirements of Section 7 Statement of cash flows
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d)
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c)
- the requirement of Section 33 Related Party Disclosures paragraph 33.7

This information is included in the consolidated financial statements of Bromford Flagship LiveWest Limited as at 31 March 2026 and these financial statements can be obtained from the website bfl-places.co.uk.

Turnover and revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of discounts, void loss and value added taxes (where applicable).

The association generates the following material income streams:

Rental and service charge income

Rental income receivable is shown net of void losses and rent received in advance is deferred and included in creditors. Rental income is recognised from the point when properties under development reach practical completion and become available for letting, net of any voids. For schemes managed by agents, income is shown as rent receivable and management fees payable to agents are included in operating costs.

Service charge income

Service charge income and costs are recognised on an accrual basis net of losses from voids. The association operates both fixed and variable service charges on a scheme-by-scheme basis in full consultation with customers. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to customers by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the statement of financial position. Where periodic expenditure is required, a balance may be built up over the years, in consultation with the customers. Until these costs are incurred this liability is held in the statement of financial position within long term creditors.

Property management services

The association provides property management services. Revenue is recognised monthly on a straight-line basis throughout the financial year.

Shared ownership first tranche sales

Income from first tranche sales is recognised at the point of legal completion of the sale. The surplus or deficit arising on a first tranche sale is shown after deducting the cost of the properties and related sale expenses.

Responsive repairs and maintenance

Revenue from responsive repairs and maintenance services is recognised in the accounting period in which the responsive service was rendered and on completion of the job.

Turnover and revenue recognition(continued)

Capital project improvement service

The association provides capital replacement and improvement services to, social landlords, and local government. Revenue is recognised in accordance with the terms of the performance contract in the accounting period in which the services are rendered when the outcome of the contract can be estimated reliably and on completion of the services rendered.

Grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. If there are specific performance requirements, the grant is recognised in turnover when the performance requirements are met.

Other income

Other income is included at the invoiced value of goods and services provided.

Interest income

Interest income is recognised using the effective interest method.

Taxation

The association is registered as a charity with HM Revenue & Customs. By virtue of S.478 Corporation Tax Act 2010, the association is exempt from corporation tax. The association pays corporation tax at the rate applicable on any surplus it generates from non-charitable activities.

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Value Added Tax

The association charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by the association and is not recoverable. The balance receivable or payable at the year-end is included in current assets or current liabilities.

Tangible fixed assets and depreciation
Tangible fixed assets are stated at cost or deemed cost valuation (as part of the FRS102 transition, taken at 1 April 2014), less accumulated depreciation and accumulated impairment losses.

Housing properties
Housing properties are properties held for the provision of social housing or to otherwise provide a social benefit. Cost includes the original purchase price, directly attributable development costs, borrowing costs and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties. Donated land / assets or assets acquired at below market value from a government source, i.e. local authority, are included as a liability in the statement of financial position at the fair value less consideration paid.

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The association depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

	Years
Boilers	15
Heating systems	25- 30
Electrics and wiring	30
Insulation	30
PV Panels	25-30
Lifts	25-40
Kitchens	20
Bathrooms	30
Roofs	50-80
Windows and doors	25-30
Structure – houses	130
Structure – flats	100

Freehold land is not depreciated.

The association depreciates housing properties held on long leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

The costs of low-cost home ownership properties are split between current and fixed assets based on the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

Works to existing properties which replace a component that has been treated separately for depreciation purposes or result in enhancing the economic benefits of the properties are capitalised. Where the component is replaced the cost and related depreciation are eliminated from housing properties. Economic benefits are enhanced if the improvements result in an increase in rental income, a reduction in future maintenance costs or a significant extension of the life of the property. Works to existing properties which do not meet the above criteria are expensed as incurred.

Flagship Housing Limited
Notes to the financial statements
As at 31 March 2026

Tangible fixed assets and depreciation (continued)

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress. The interest capitalised is either on borrowings specifically taken to finance a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was raised. Administration costs relating to development.

Other tangible fixed assets
Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which are as follows:

	Years	
Motor vehicles	6	(20% residual value)
Fixtures, fittings, plant and equipment	5-33	
Computer hardware	3-5	
Leasehold improvements	10-25	
Office buildings	50	

Intangible fixed assets
Software acquisition costs, licence costs and development costs are treated as intangible fixed assets and are stated at cost, less accumulated amortisation and accumulated impairment losses. Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the association are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use it or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Amortisation is charged on a straight-line basis over the expected economic useful life of the asset as follows:

	Years
Computer software	3-7

Investment property
Investment property includes commercial and other properties held by the association for reasons other than social benefit or for use in the business. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and is derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the statement of comprehensive income.

Valuation of investments
Investments in subsidiaries are measured at cost less any accumulated impairment.

Finance leases
At inception the association assesses the agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Leases that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the association's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset. Assets are depreciated over the shorter of the lease term and estimated useful life of the asset. Assets are assessed for impairment at each reporting date. The capital element of lease obligations is recorded as a liability on the inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating leases
Payments are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

HomeBuy and shared equity
Shared equity loans are treated as concessionary loans. They are initially recognised as a loan at the value of the equity retained by Flagship and are subsequently updated to reflect any impairment. Any impairment loss is recognised in income and expenditure to the extent that it cannot be offset against the shared equity loan. The loan is redeemed upon sale of the property or through purchaser repayment based on the market value at that point in time.

Current asset investments
Current asset investments include cash and cash equivalents invested for periods of more than 30 days which cannot be accessed within 24 hours. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the statement of comprehensive income.

Stock and properties held for sale
Stocks of materials are stated at the lower of cost and net realisable value. Work in progress and finished goods include labour and attributable overheads. Cost of materials is based on a first in, first out basis. Net realisable value is the estimated selling price less costs to complete and sell.

Properties developed for outright sale are included in current assets as they are intended to be sold, at the lower of cost or estimated selling price less costs to complete and sell.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and deposits which mature within 30 days.

Social housing and other 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 under the accruals model. Grants relating to revenue are recognised in the statement of comprehensive income over the same period as the expenditure to which they relate once reasonable assurance has been gained that the association 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, current liabilities, or non-current liabilities in accordance with the expected realisation of the income. Government grants received for housing properties are subordinated to the repayment of loans by agreement with Homes England. Government grants released on the 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.

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.

Defined benefit pension
The association operates a defined benefit plan for certain colleagues. A defined benefit plan defines the benefit that the colleague will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan. The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the association engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate'). The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the association's policy for similarly held assets. This includes the use of appropriate valuation techniques. The amounts charged to operating surplus are the costs arising from the colleague services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of colleague costs.

The net interest cost on the net defined benefit liability is charged to surplus for the year and included within finance costs. Remeasurement of the net assets/defined liability are recognised in other comprehensive income. Defined benefit schemes are funded in separate trustee administered funds. The actuarial valuations are obtained triennially and are updated at each reporting date.

Defined contribution pension
The association also provides a defined contribution pension scheme for colleagues. The employer contribution to the scheme is charged to the statement of comprehensive income as it becomes payable. The assets of the schemes are kept separately from those of the association in separately administered funds.

Provisions

Provisions are recognised when the association has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.
Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the group's control. Contingent liabilities are disclosed, but not recognised, in the financial statements as the probability of an outflow of resources is remote.

Revaluation reserve

The revaluation reserve represents the difference on transition to FRS102 between the fair value of social housing properties and other assets and the historical cost carrying value, where deemed cost transitional relief was taken. The difference between the actual depreciation charge and the historical cost depreciation charge is transferred from the revaluation reserve to the revenue reserve annually.

Financial instruments

The association has chosen to adopt Sections 11 of FRS 102 in respect of financial instruments.

Financial assets

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

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

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

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

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that this is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services, deducted from the liability recognised and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives such as interest rate swaps are classified as financial assets or financial liabilities at fair value.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled, or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Carrying amounts

The carrying amounts of non-financial assets not carried at fair value, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "CGU"). An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income. Goodwill is allocated on acquisition to the cash generating unit expected to benefit from the synergies of combination. Goodwill is included in the carrying value of cash generating units for impairment testing.

Segmental reporting
The association's reportable segments are based on its operational divisions which offer distinguishable services, are managed separately and are regularly assessed by the chief operating decision makers, the association's executive board. Operating division results include items directly attributable to the segment, together with the apportioned centralised costs. Central costs are allocated based on a number of factors including number of homes and staff costs within each of their respective operations. The presentation of these financial statements and accompanied notes reflect the association's management and internal reporting. The information reviewed within the management accounts to assess performance and make strategic decisions are consistent with and closely aligned to the financial statements.

The material operating segments are disclosed in note 2 where information about income and expenditure attributable to the material operating segments are presented on the basis of tenure type. This is appropriate based on the similarity of the services provided, the nature of the risks associated and the nature of the regulatory environment in which the association operates. Assets and liabilities are not reported by operating segment or tenure, other than housing properties which are split by tenure type and are shown in note 12.

Critical accounting judgements and estimation uncertainty
The association makes estimates and assumptions concerning the future. Estimates and judgements are based on historical experience and future expectations but by definition, will seldom equal the related actual results. The judgements and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Operating surplus
Operating surplus is shown including the following as these are part of our usual operating activity:

- Gain on disposal of housing properties and other property, plant and equipment

Management have made a judgement that the movement in fair value of investment properties does not form part of our usual operating cycle based on the existing use of the assets.

Tangible fixed assets
Other than investment properties, tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. See notes 12 and 15.

Revaluation of investment properties

The association carries its investment property at fair value, with changes in fair value being recognised in profit or loss. The association engages independent experts to determine the fair value of its investment properties at the balance sheet date. The estimation of the fair values requires the combination of assumptions including revenue growth, estimates in respect of voids and bad debt exposure, investment required in maintenance and improvement as well as judgement to use an appropriate discount rate. For details of assumptions adopted, see note 14.

The association's market rented property portfolio is valued on an MV-STT basis. The association has not seen a deterioration in arrears or voids across its market rented portfolio with demand broadly outstripping supply throughout the year. Maintenance expenditure and management costs have increased during the year due to inflation, but occupancy rates remain high which is reflected in the uplift in valuation.

The association's student accommodation portfolio is valued on a discounted cash flow basis. The association continues to see demand for its student accommodation outstrip its availability, with education providers seeking longer term leases. Similarly in a high inflation economy maintenance expenditure has increased and the discounted cash flow model forecasts c3% inflation.

The association has recognised a £3.8m valuation increase in its investment properties during the year ended 31 March 2026. The association considers this to be reasonable given the future expected trading performance of its investments in challenging economic conditions.

Housing property allocation

Where schemes under construction are mixed tenure, costs are split using a suitable method such as area (square footage) or rental yield. The allocation of the cost of shared ownership schemes under construction between inventories and housing properties is determined by past experience. At 31 March 2026 management have determined that 30% is a suitable estimate based on the association's experience in the year. Management forecast the market value of shared ownership properties on a scheme-by scheme basis which informs the current element allocated to stock accordingly. This estimate influences stock valuations in note 19 and housing properties under construction in note 12.

Categorisation of debt

The association's loans have been treated as 'basic' in accordance with paragraphs 11.8 and 11.9 of FRS 102. The association has fixed rate loans which have a two-way break clause which means, in addition to compensation being payable by a borrower to a lender if a loan is prepaid where the prevailing fixed rate is lower than the existing loan's fixed rate, compensation could be payable by the lender to the borrower in the event that a loan is prepaid and the prevailing fixed rate is higher than the existing loan's fixed rate. On 2 June 2016, The Financial Reporting Council (FRC) issued a statement in respect of such loans and gave no prescriptive direction as to whether they should be classified as 'basic' or 'non-basic'. The association believes the recognition of each loan liability at cost provides a transparent and understandable position of the association's financial position and that each loan still satisfies the requirements of paragraphs 11.8 and 11.9 of FRS 102, therefore, the association has retained its 'basic' treatment of its fixed rate loans following the FRC announcement. See note 23 for more details on the association's loans and other borrowing.

Intangible fixed assets

These are amortised over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

Pension and other post-employment benefits
The association has obligations to pay pension benefits to certain colleagues. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. The assumptions reflect historical experience and current trends. For details of assumptions adopted, see note 32.

Impairment of non-financial assets
Reviews for impairment of housing properties and intangible assets are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the statement of comprehensive income.

Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified. Following a trigger for impairment, the association performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the association as the existing property. The cash flows are derived from the business plan for the next 30 years and do not include any restructuring activities that the association is not yet committed to nor any significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

A detailed review has been performed in relation to housing stock and work in progress and no adjustment to carrying values was required. The carrying value of intangible assets has been assessed this year with no triggers for impairment identified.

Rent arrears and bad debt provisions
The association makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of the debtors and historical experience.

Flagship Housing Limited
Notes to the financial statements
As at 31 March 2026

2. Turnover and operating surplus

2026

	Note	Turnover £'000	Cost of sales £'000	Operating costs £'000	Surplus on disposal £'000	Operating surplus/ (deficit) £'000
Social housing lettings	3a	210,537	-	(137,522)	-	73,015
Other social housing activities						
First tranche shared ownership sales		16,214	(11,359)	(2,400)	-	2,455
Other		1,020	-	(816)	-	204
Gain on disposal of housing properties		-	-	-	22,100	22,100
		227,771	(11,359)	(140,738)	22,100	97,774
Non-social housing activities	3b	15,993	(1,595)	(6,833)	-	7,565
Gain on disposal of other fixed assets		-	-	-	735	735
		243,764	(12,954)	(147,571)	22,835	106,074

2025

	Note	Turnover £'000	Cost of sales £'000	Operating costs £'000	Surplus on disposal £'000	Operating surplus/ (deficit) £'000
Social housing lettings	3a	200,827	-	(133,742)	-	67,085
Other social housing activities						
First tranche shared ownership sales		15,997	(9,230)	(2,641)	-	4,126
Other		1,020	-	(816)	-	204
Gain on disposal of housing properties		-	-	-	16,614	16,614
		217,844	(9,230)	(137,199)	16,614	88,029
Non-social housing activities	3b	15,671	(1,540)	(6,968)	-	7,163
Gain on disposal of other fixed assets		-	-	-	60	60
		233,515	(10,770)	(144,167)	16,674	95,252

Flagship Housing Limited
Notes to the financial statements
As at 31 March 2026

3a. Income and expenditure from social housing lettings

	2026				2025
	Housing accommodation £'000	Supported housing for older people and My Place £'000	Shared Ownership £'000	Total £'000	Total £'000
Income					
Rent receivable net of identifiable service charge	179,170	10,017	10,441	**199,628**	189,591
Service charge income	3,888	2,343	1,247	**7,478**	7,593
Amortised government grants	2,025	-	-	**2,025**	2,108
Revenue grants from other sources	1,381	25	-	**1,406**	1,535
Turnover from social housing lettings	**186,464**	**12,385**	**11,688**	**210,537**	200,827
Expenditure					
Management	35,810	1,056	3,541	**40,407**	43,309
Service charge costs	6,359	1,872	1,697	**9,928**	10,077
Routine maintenance	39,209	721	-	**39,930**	35,402
Planned maintenance	10,254	189	-	**10,443**	8,883
Bad debts	(118)	(228)	(359)	**(705)**	725
Depreciation of housing properties	29,476	30	1,567	**31,073**	29,409
Depreciation/amortisation of other tangible and intangible assets	5,761	127	558	**6,446**	5,937
Operating expenditure on social housing lettings	**126,751**	**3,767**	**7,004**	**137,522**	133,742
Operating surplus on social housing lettings	**59,713**	**8,618**	**4,684**	**73,015**	67,085
Voids	**(2,182)**	**(267)**	**(153)**	**(2,602)**	(2,081)

3b. Turnover from non-social housing activities

	2026 £'000	2025 £'000
Lettings		
Market rented property	**3,937**	3,810
Student accommodation	**4,850**	4,367
Private garages	**739**	773
Commercial property	**88**	54
Other		
Management charges	**3,518**	3,496
Gas servicing / Flagship Services External	**2,856**	2,027
Other income	**5**	1,144
	15,993	15,671

Flagship Housing Limited
Notes to the financial statements
As at 31 March 2026
4. Accommodation - owned and managed

	As at 1 April 2025 (as restated)	Additions	Disposals	Other	As at 31 March 2026
	No.	No.	No.	No.	No.
Social housing					
General needs housing - social rent	24,594	203	(212)	(1)	**24,584**
General needs housing - affordable/intermediate rent	5,297	403	(11)	(4)	**5,685**
Supported housing and housing for older people	615	-	(8)	(2)	**605**
Care homes	22	-	(7)	-	**15**
Low-cost home ownership	2,484	245	(54)	-	**2,675**
Leasehold	763	12	-	5	**780**
Total social housing units	**33,775**	**863**	**(292)**	**(2)**	**34,344**
Owned and managed	32,294	746	(278)	(3)	**32,759**
Owned but not managed	77	-	(4)	-	**73**
Managed for others	641	105	(10)	(4)	**732**
Leasehold	763	12	-	5	**780**
	33,775	**863**	**(292)**	**(2)**	**34,344**
Non-social housing					
Market rent	344	1	-	(1)	**344**
Student accommodation	597	-	-	-	**597**
Offices and commercial	40	-	(1)	1	**40**
Retained interest	340	102	-	45	**487**
Total non-social housing units	**1,321**	**103**	**(1)**	**45**	**1,468**

Flagship Housing Limited
Notes to the financial statements
As at 31 March 2026

5. Surplus on ordinary activities

The surplus on ordinary activities is stated after charging	**2026**	2025
	£'000	£'000
Operating lease rentals		
- office land and buildings	**776**	651
- other operating lease rentals	**63**	32
Auditors' remuneration:		
- Audit of financial statements	**81**	70
- other	**2**	2

6. Interest receivable and income from investments

	2026	2025
	£'000	£'000
Interest receivable from cash, deposits and intragroup loans	**2,189**	1,969
Dividends receivable	**711**	-
	2,900	1,969

7. Interest payable and similar charges

	2026	2025
	£'000	£'000
Interest on loans, overdrafts and other financing		
Repayable wholly or partly in more than five years	**49,016**	39,581
	49,016	39,581
Finance leases	**165**	176
Unwinding of discounts on provisions	**493**	505
Interest accrued on RCGF balance	**33**	42
Amortisation of debt issue costs	**573**	758
Fair value amortisation on repayment of loans in the year	**1,202**	(9,882)
	51,482	31,180
Less: interest capitalised (note 12) Weighted average interest on borrowings used for calculating capitalised interest 4.6% (2025: 4.2%)	**(2,562)**	(1,768)
	48,920	29,412
Net interest cost on defined benefit deficit	**88**	(15)
	49,008	29,397

8. Colleague costs

	2026	2025
	£'000	£'000
Wages and salaries	**42,876**	43,368
Social security costs	**6,072**	4,763
Other pension costs	**5,447**	5,188
	54,395	53,319

The average number of full-time equivalent employees (including executive directors) employed during the year.

	2026	2025
	No.	No.
Housing and central services	**705**	617
Repairs, maintenance and capital improvement services	**512**	594
	1,217	1,211

A full-time equivalent colleague is classed as working a 37-hour week.

Details of the number of FTE's whose total remuneration exceeds £60k are disclosed in the Bromford Flagship LiveWest group annual report and accounts.

9. Board members and executive directors

The total emoluments of the directors are paid through group and are disclosed in the Bromford Flagship LiveWest Limited Annual report and accounts. Directors' emoluments are part of the overheads recharged to the Association, however cannot be separately identified.

10. Sale of properties not developed for outright sale and other fixed assets

	Proceeds of sales £'000	**Cost of sales £'000**	**Surplus £'000**	**Capital grant recycled £'000**	**Total £'000**
Further tranches of shared ownership	7,221	(3,239)	3,982	(354)	3,628
Right to buy	2,224	(2,181)	43	-	43
Right to acquire	804	(266)	538	-	538
Other property disposals	28,287	(10,396)	17,891	-	17,891
Other fixed asset disposals	1,371	(636)	735	-	735
Total 2026	**39,907**	**(16,718)**	**23,189**	**(354)**	**22,835**
Total 2025	27,313	(10,568)	16,745	(71)	16,674

11. Taxation on surplus on ordinary activities

	2026	2025
	£'000	£'000
Current tax		
UK corporation tax charge/(credit) on ordinary activities	**10**	27
Adjustments in respect of prior periods	**-**	21
Tax on surplus on ordinary activities	**10**	48
Total tax reconciliation		
Surplus on ordinary activities	**68,109**	75,795
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2025: 25%)	**17,027**	18,949
Effects of:		
Surplus relating to charitable activities	**(17,017)**	(18,922)
Adjustments to tax charge in respect of prior years	**-**	21
Tax charge for the year	**10**	48

Flagship Housing Limited
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12. Tangible fixed assets - housing properties

	Housing properties held for letting £'000	Completed shared ownership housing properties £'000	Housing properties under construction £'000	Total £'000
Cost				
As at 1 April 2025	2,279,197	197,788	74,530	2,551,515
Additions	13,468	-	126,738	140,206
Completed property additions	74,501	30,258	(104,759)	-
Replacement of components	53,815	-	-	53,815
Capitalised interest	-	-	2,562	2,562
Disposals	(13,057)	(4,084)	-	(17,141)
Transfer of shared ownership properties to inventories	-	-	(10,800)	(10,800)
As at 31 March 2026	**2,407,924**	**223,962**	**88,271**	**2,720,157**
Depreciation				
As at 1 April 2025	312,089	13,314	-	325,403
Charge for the year	29,506	1,567	-	31,073
Disposals	(1,905)	(407)	-	(2,312)
As at 31 March 2026	**339,690**	**14,474**	**-**	**354,164**
Net book value				
As at 31 March 2026	**2,068,234**	**209,488**	**88,271**	**2,365,993**
As at 31 March 2025	1,967,108	184,474	74,530	2,226,112

	2026 £'000	2025 £'000
Housing property net book value in respect of long leaseholds	**1,360**	1,422
Housing property net book value in respect of freeholds	**2,364,633**	2,224,690
	2,365,993	2,226,112

	2026	2025
Included in the above is:	**£'000**	£'000
Component depreciation within the depreciation charge	**18,671**	16,690
Development administration costs capitalised during the year	**3,347**	2,684

Properties held for security

Flagship Housing Limited - Registered Social Housing Provider - has property pledged as security value (existing use value – social housing and market value (EUV – SH) and market value – subject to tenancy (MV - STT)) of £1,052m (2025: £1,627m). The number of units on which security was pledged amounted to 15,409 (2025: 24,466).

13. Expenditure on work to existing properties

	2026 £'000	2025 £'000
Replacement of components	**53,815**	61,653
Amounts charged to statement of comprehensive income	**50,373**	44,285
	104,188	105,938

14. Investment properties held for letting

	2026 £'000	2025 £'000
As at 1 April	**78,830**	77,827
Gain from adjustment in value	**3,801**	1,003
Transfers to other tangible fixed assets	**(78)**	-
As at 31 March	**82,553**	78,830

Investment properties (commercial and market rent) were valued at 31 March 2026 by professional qualified external valuers.

The valuation of investment properties was undertaken by Carter Jonas LLP and Jones Lang Lasalle Limited, independent qualified external valuers, in accordance with the Royal Institute of Chartered Surveyors Valuation Standards. In valuing the properties, the following significant assumptions were applied

Assumptions	**Market rented property**	**Student rented property**
Discount rate	**8.25 - 8.75%**	**8.5%**
Annual inflation rate	**3.0%**	**2.8%**
Vacant possession discount	**10-15%**	-

The association's market rented property portfolio is valued on an MV-STT basis. At the date of signing these financial statements the association continues to see strong occupancy rates and healthy demand within the rental market. Therefore, the association considers the valuation undertaken at 31 March 2026 to be a reasonable approximation of market valuation at that date.

The association's student accommodation portfolio is valued on a discounted cash flow basis. Management have reviewed the assumptions used in the valuation and conclude that they are reasonable in the context of the current trading environment.

The future minimum lease payments receivable under non-cancellable operating leases for each of the following periods:

	2026 £'000	2025 £'000
Not later than one year	**3,842**	4,448
Later than one year and not later than five years	**4,611**	8,543
	8,453	12,991

The association had no contingent rent arrangements within its investment property portfolio.

Flagship Housing Limited
Notes to the financial statements
As at 31 March 2026

15. Tangible fixed assets - other

	Office buildings and leasehold improvements £'000	Plant & equipment £'000	Total £'000
Cost			
At 1 April 2025	5,087	29,618	34,705
Additions	-	7,834	7,834
Disposals	(1,380)	(6,811)	(8,191)
Transfers from investment properties	78	-	78
At 31 March 2026	**3,785**	**30,641**	**34,426**
Depreciation and impairment			
At 1 April 2025	2,678	13,807	16,485
Charge for the year	67	4,854	4,921
Disposals	(882)	(4,459)	(5,341)
At 31 March 2026	**1,863**	**14,202**	**16,065**
Net book value			
At 31 March 2026	**1,922**	**16,439**	**18,361**
At 31 March 2025	2,409	15,811	18,220

All assets have been reviewed for impairment and no impairment has been identified.

The net carrying amount of assets held under finance leases included in other property, plant and equipment is £12.9m (2025: £12.9m).

16. Intangible fixed assets

	Software £'000	Total £'000
Cost		
As at 1 April 2025	10,803	10,803
Additions	1,764	1,764
As at 31 March 2026	**12,567**	**12,567**
Amortisation		
As at 1 April 2025	8,155	8,155
Charge for the year	1,525	1,525
As at 31 March 2026	**9,680**	**9,680**
Net book value		
At 31 March 2026	**2,887**	**2,887**
At 31 March 2025	2,648	2,648

17. Investments – other

	2026	2025
	£'000	£'000
Investment in subsidiaries (note 31)	**61,865**	62,580
Liquidity deposit reserve	**13,668**	13,731
Other investments	**2**	2
	75,535	76,313

Cost of investment	**2026**	2025
	£'000	£'000
As at 1 April	**76,313**	75,602
Additions	**-**	753
Disposals	**(63)**	(42)
Impairment	**(715)**	-
As at 31 March	**75,535**	76,313

During the year, Flagship Housing Limited received a final dividend of £0.7m from its subsidiary Blue Flame (Colchester) Limited (note 6). Following this distribution, the carrying value of the investment was reduced to £nil. The subsidiary has subsequently been dissolved.

18. Shared equity loans

	2026	2025
	£'000	£'000
As at 1 April	**2,120**	1,995
New loans issued	**376**	175
Loans redeemed in the year	**-**	(50)
As at 31 March	**2,496**	2,120

19. Stocks and work in progress

	2026	2025
	£'000	£'000
Consumable stock	**574**	510
Completed properties for sale	**3,965**	3,809
	4,539	4,319

20. Trade and other debtors

	2026 £'000	2025 £'000
Amounts falling due within one year		
Rent arrears	**12,381**	12,698
Less: provision for bad debts	**(6,582)**	(7,226)
	5,799	5,472
Trade debtors	**1,724**	1,224
Amounts due from group companies	**221**	714
Other debtors	**884**	3,767
Prepayments and accrued income	**7,184**	10,727
	15,812	21,904

Amounts owed by group companies are unsecured, interest free, have no fixed date of repayment and are repayable on demand. There were no amounts owed by Bromford group undertakings at the balance sheet date.

Included in 'other debtors' is a non-current receivable of £90,000 (2025: £90,000) relating to a security for a trade body membership, which would become repayable upon cessation of trade body membership.

21. Cash and cash equivalents

	2026 £'000	2025 £'000
Cash at bank	**21,753**	43,940

Included in the above are balances totalling £0.5m (2025: £0.5m) which are held in trust for leaseholders.

22. Creditors: amounts falling due within one year

	2026 £'000	2025 £'000
Bank loans and overdrafts	**4,185**	12,322
Trade creditors	**5,486**	9,212
Rental income paid in advance	**6,132**	5,398
Amounts due to group companies	**57,021**	27,797
Social security and other taxes	**448**	264
Deferred capital grant (note 24)	**2,145**	2,149
Other grant (note 24)	**30**	30
Corporation tax	**10**	27
Other creditors	**6,337**	5,778
Accruals and deferred income	**21,055**	31,370
Obligations under finance leases and hire purchase contracts	**4,228**	4,562
	107,077	98,909

Amounts owed to group companies due in less than one year are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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

	2026	2025
	£'000	£'000
Bank loans and overdrafts	**180,046**	630,691
Loans due to group companies (note 31)	**786,300**	310,146
Deferred capital grant (note 24)	**285,173**	269,716
Recycled capital grant fund (note 25)	**927**	980
Other grant (note 24)	**7,255**	4,790
Accruals and deferred income	**16**	284
Obligations under finance leases and hire purchase contracts	**17,670**	18,655
	1,277,387	1,235,262

The association's bank debt portfolio is secured by a floating charge over the assets of the association and by fixed charges on individual properties. Local authority and other loans are secured by fixed charges on individual properties.

The association's debt portfolio at 31 March 2026 consisted of £nil (2025: £250m) of revolving credit facilities, £20m (2025: £204m) of term debt held at variable interest rates, £737m (2025: £538m) of term loans held at fixed interest rates, a £250m listed bond held at a fixed rate (2025: £250m) and £3m overdraft facility (2025: £3m) held at a variable interest rate. Undrawn facilities at 31 March 2026 consist of £nil (2025: £200m) revolving credit facilities and £nil of term debt held at variable interest rates (2025: £50m).

The association's borrowing facilities have variable interest rates ranging between SONIA+0.7% and SONIA+1.7% and fixed interest rates ranging from 0.77% to 6.63%.

The final instalments fall to be repaid in 2061.

	2026	2025
	£'000	£'000
Loan repayment profile		
Repayable within one year	**5,712**	13,849
Repayable between one and two	**6,046**	74,112
Repayable between two and five years	**21,876**	84,632
Repayable after five years	**973,762**	819,143
Fair value adjustment on bank loans	**(34,971)**	(35,905)
Less: Loan finance costs	**(1,894)**	(2,672)
	970,531	953,159

The interest risk profile of loan liabilities are as follows:	**2026**	2025
	£'000	£'000
Floating rate	**20,000**	204,000
Fixed rate	**987,396**	787,736
	1,007,396	991,736

23. Creditors: amounts falling due after more than one year (continued)

The association uses a finance leasing model for some classes of asset. The obligations under finance leases are presented below:

	2026	2025
	£'000	£'000
Net finance lease obligations		
Not later than one year	**4,228**	4,562
Later than one year and not later than five years	**12,199**	12,246
Later than five years	**5,471**	6,409
	21,898	23,217

The obligations under finance leases are repayable by equal instalments.

Finance leases relate to vehicles used by the association to deliver its services and the association's investment property student accommodation portfolio.

Vehicle leases typically have a four-year term with a purchase option available at the end of the lease. The two investment property leases have 35-year lease terms and one of the leases has provision for discounted purchase at the end of the term.

24. Deferred capital grant

	2026				2025
	Housing Grant £'000	Social Housing Decarbonisation Grant £'000	Rough Sleeper Grant £'000	Total Grant £'000	Total Grant £'000
As at 1 April	271,113	4,820	752	**276,685**	249,399
Grants received in year	16,517	2,507	-	**19,024**	29,985
Grants released to the statement of comprehensive income	(689)	(13)	-	**(702)**	-
Grants recycled from the recycled capital grant fund	440	-	-	**440**	-
Grants recycled to the recycled capital grant fund	(354)	-	-	**(354)**	-
Amortised in year	(2,145)	(30)	-	**(2,175)**	(2,108)
Transferred to third party	1,489	-	-	**1,489**	-
Amortised grant on disposal	195	1	-	**196**	(591)
As at 31 March	**286,566**	**7,285**	**752**	**294,603**	276,685
Amount due to be released within one year	2,145	30	-	**2,175**	2,179
Amount due to be released in more than one year	284,421	7,255	752	**292,428**	274,506
	286,566	**7,285**	**752**	**294,603**	276,685

25. Recycled capital grant fund

	2026	2025
	£'000	£'000
As at 1 April	**980**	867
Inputs to reserve		
Grants recycled on disposals	**354**	71
Interest accrued	**33**	42
Utilised		
New build – recycled from housing grants	**(440)**	-
As at 31 March	**927**	980
Amounts due within one year	**-**	-
Amounts due after more than one year	**927**	980
	927	980
Amount three years or older where repayment may be required	**-**	-

Withdrawals from the Recycled Capital Grant Fund were used for the purchase and development of new schemes.

Recycled capital grant accrues notional interest in accordance with Homes England's Capital Funding policy.

26. Provision for liabilities and charges

		2026			2025
	Dilapidations	**Property remedial work**	**Other**	**Total**	Total
	£'000	**£'000**	**£'000**	**£'000**	£'000
As at 1 April	276	3,610	-	3,886	5,333
Additions	90	1,880	732	2,702	800
Utilised	-	(3,583)	-	(3,583)	(2,247)
As at 31 March	**366**	**1,907**	**732**	**3,005**	3,886

At 31 March 2026 the association held a provision of £0.4m (2025: £0.3m) for dilapidations for the leased office estate used by the association.

The association also holds a provision for £1.9m (2025: £3.6m) for remedial works that the association has a constructive obligation to deliver at a property it owns in Suffolk.

Additions in other provisions include £0.5m in relation to the shared ownership repair provision. This amount was previously classified within other creditors.

27. Share Capital and reserves

	2026	2025
	£	£
Issued and fully paid (nominal value £1)		
At 1 April	**11**	7
Allotted	**-**	5
Cancelled	**-**	(1)
	11	11

The share capital of the association consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. The shares are non-withdrawable and non-transferable. When a shareholder ceases to be a shareholder, the share is cancelled and the amount paid up becomes the property of the association.

Revaluation reserve - represents the difference on transition to FRS102 between the fair value of social housing properties and other assets and the historical cost carrying value, where deemed cost transitional relief was taken.

Income and expenditure reserve - represents the net surplus which are not restricted.

28. Capital commitments

	2026	2025
	£'000	£'000
Capital expenditure contracted for but not provided for in the financial statements	**271,627**	165,609

These commitments are to be financed by the receipt of social housing grant and a mixture of loan finance, reserves and proceeds from the sales of housing properties as follows

	2026	2025
Social housing grant	**16,896**	31,800
Proceeds from the sale of properties	**51,649**	48,570
Loans and reserves	**203,082**	85,239
	271,627	165,609

29. Other financial commitments

	Land and buildings		Total leases	
	2026	2025	**2026**	2025
	£'000	£'000	**£'000**	£'000
Operating leases which expire				
Within one year	**621**	502	**621**	502
Within two to five years	**1,867**	1,334	**1,867**	1,334
After more than five years	**445**	677	**445**	677
	2,933	2,513	**2,933**	2,513

30. Grant and financial assistance

The total accumulated government grant and financial assistance received or receivable at 31 March was as follows

	2026	2025
	£'000	£'000
Held as deferred capital grant	**287,318**	271,865
Held as other grants	**7,285**	4,820
Recognised as income in Statement of Comprehensive Income	**25,439**	23,294
	320,042	299,979

31. Related party transactions

Transactions with members of the trading group:

	2026					
	Bromford Flagship LiveWest Limited £'000	**Bromford Housing Association £'000**	**Flagship Housing Developments Limited £'000**	**Gasway Services Limited £'000**	**Flagship Finance Plc £'000**	**Hopestead £'000**
Income						
Gift Aid	-	-	3,235	1,446	-	-
Management recharges	-	-	2,761	757	-	-
	-	**-**	**5,996**	**2,203**	**-**	**-**
Expenditure						
Construction services	-	-	42,135	-	-	-
Other services	-	-	-	20,585	-	-
Interest payable	26,549	-	-	-	5,732	-
Intercompany recharges	-	5,792	-	-	-	-
Grant	-	-	-	-	-	1,400
	26,549	**5,792**	**42,135**	**20,585**	**5,732**	**1,400**

31. Related party transactions (continued)

			2025		
	Bromford Flagship LiveWest Limited £'000	Flagship Housing Developments Limited £'000	Gasway Services Limited £'000	Flagship Finance Plc £'000	Hopestead £'000
Income					
Gift Aid	-	5,587	1,193	-	-
Management recharges	-	2,761	735	-	-
	-	**8,348**	**1,928**	**-**	**-**
Expenditure					
Construction services	-	48,941	-	-	-
Other services	-	-	19,956	-	-
Interest payable	342	-	-	4,421	-
Intercompany recharges	-	-	-	-	-
Grant	-	-	-	-	1,500
	342	**48,941**	**19,956**	**4,421**	**1,500**

As at 31 March 2026 Flagship Housing Limited had the following intercompany balances with its related parties in the same trading group.

	2026	2025
	£'000	£'000
Bromford Flagship LiveWest Limited	**(593,576)**	(98,000)
Bromford Housing Association	**(5,792)**	-
Flagship Housing Developments Limited	**(34,743)**	(24,444)
RFT Repairs Limited	**(1,861)**	(1,861)
Flagship Finance Plc	**(213,104)**	(212,059)
Gasway Services Limited	**218**	(1,455)
Blue Flame (Colchester) Limited	**-**	673
Hopestead	**3**	33
	(848,855)	(337,113)

Amounts owed to Flagship Finance Plc relates to the issuance of a £250m capital market bond which it on-lent to the parent undertaking. Its balance is secured, interest bearing with a fixed date of repayment in 2061.

Amounts owed to Bromford Flagship LiveWest Limited include £573m of debt (2025: £0.1m). The balance is unsecured and is interest bearing. The final repayment date is in 2056.

All other amounts owed to group undertakings are unsecured, interest free, and have no fixed date of repayment and are repayable on demand.

There are no other related party transactions that require disclosure in these financial statements.

Flagship Housing Limited
Notes to the financial statements
As at 31 March 2026

The subsidiaries of Flagship Housing Limited, which are all non-regulated and incorporated under the Companies Act 2006 are:

Name	Company registration number	Ownership	Nature of business
Flagship Housing Developments Limited	05131085	100%	Development
Flagship Finance Plc	13448782	100%	Finance vehicle
Gasway Services Limited	04158628	100%	Gas servicing
Blue Flame (Colchester) Limited **	05086439	100%	Dormant
Hopestead CIO	1190324	N/A	Registered Charity
East Anglian Lettings Limited **	08421578	100%	Dormant
Flagship Community Housing Limited	09892942	100%	Dormant
North Norfolk Housing Company Limited	05999428	100%	Dormant
RFT Repairs Limited	08341166	100%	Dormant
Lovell Flagship LLP *	OC427790	50%	Development
Grange Lane (Littleport) LLP *	OC444733	25%	Development
Littleport Developments LLP *	OC435041	12.5%	Development

The registered address of Lovell Flagship LLP is Kent House, 14-17 Market Place, London. W1W 8AJ.
The registered address of Grange Lane (Littleport) LLP is 1 Crown Court, Crown Way, Rushden, NN10 6BS.
The registered address of Littleport Developments LLP is 11 Tower View Kings Hill, West Malling, ME19 4UY.
The registered address of the remaining companies is 31 King Street, Norwich, Norfolk. NR1 1PD.

Under section 33 of FRS102 defined benefit pension schemes are considered to be related parties. Flagship Housing Limited is a member of a defined benefit scheme. Details of transactions with the schemes are disclosed in note 32.

* These entities are joint ventures in which Flagship Housing Developments Limited holds an ownership interest.
** Dissolved 9 June 2026.

32. Pension obligations

During the year, the association participated in one defined benefit (DB) scheme, The Pensions Trust – Flagship Housing ex-SHPS Scheme - ('FHGS'). The association also participates in various defined contribution ('DC') schemes and the amount recognised in the statement of comprehensive income is as follows:

	2026	2025
	£'000	£'000
DB schemes: current service costs	**-**	333
Defined contribution schemes	**-**	4,855
Total charge in operating profit	**-**	5,188
DB schemes: net interest (income)/expense	**-**	(15)
Total charge to profit and loss	**-**	5,173

i. Local government defined benefit pension schemes LGPSN and LGPSS

Flagship Housing Limited exited the LGPSN and LGPSS schemes on 31 December 2024 and by virtue of exist has no future funding obligations to the schemes. A small number of employees of the association were members of the LGPSN and LGPSS schemes just prior to exit. The assets of the schemes were held in separately administered funds. The schemes provided retirement benefits on the basis of members' final salary. The plans were administered by an independent trustee, who was responsible for ensuring that the plans were sufficiently funded to meet current and future obligations. The schemes had £nil assets and £nil liabilities on 31 March 2026 (31 March 2025: £nil). No assumptions or sensitivities have been presented as there are no ongoing obligations to the scheme following the exit on 31 December 2024.

Total cost recognised as an expense:	**LGPSN**	LGPSN	**LGPSS**	LGPSS
	2026	2025	**2026**	2025
	£'000	£'000	**£'000**	£'000
Current service cost	**-**	52	**-**	9
Interest cost	**-**	541	**-**	153
	-	593	**-**	162

The return on the plan assets was:	**LGPSN**	LGPSN	**LGPSS**	LGPSS
	2026	2025	**2026**	2025
	£'000	£'000	**£'000**	£'000
Interest income	**-**	656	**-**	222
Return on plan assets less interest income	**-**	(1,017)	**-**	181
Total return on plan assets	**-**	(361)	**-**	403

32. Pension obligations (continued)

ii. The Pensions Trust – Flagship Housing ex-SHPS Scheme

During the year the association participated in a single employer defined benefit pension scheme The Pensions Trust – Flagship Housing ex-SHPS Scheme ('FHGS')) administered by The Pensions Trust. The association is solely responsible for the scheme's assets and liabilities.

On 31 December 2024 the scheme closed to accrual by virtue of a contractual exercise. All active members exited the scheme removing entitlement to future accrual from this date.

A comprehensive actuarial valuation of the FHGS scheme, using the projected unit credit method, was carried out at 30 September 2025, by independent consulting actuaries. These results have been updated based on the following assumptions:

	2026	2025
Expected rate of increase of pensions in payment (CPI)	**3.01%**	2.92%
Expected rate of salary increases	**3.01%**	2.92%
Discount rate	**6.22%**	5.86%
Rate of inflation (RPI)	**3.25%**	3.07%

The mortality assumptions used were as follows:	**2026**	2025
	Years	Years
Longevity at age 65 for current pensioners		
- Men	**23.0**	22.1
- Women	**25.0**	24.4
Longevity at age 65 for future pensioners		
- Men	**24.6**	23.7
- Women	**26.4**	25.8

	Assets	**Liabilities**	**Total**
	£'000	**£'000**	**£'000**
As at 1 April	31,054	(33,581)	**(2,527)**
Benefits paid	(1,789)	1,789	**-**
Member contributions	-	-	**-**
Employer contributions	2,205	-	**2,205**
Current service cost	(129)	-	**(129)**
Interest income/(expense)	1,828	(1,916)	**(88)**
Re-measurement gains/(losses)			
- Actuarial gains/(losses)	(777)	1,316	**539**
As at 31 March	**32,392**	**32,392**	**-**

Total cost recognised as an expense:	**2026**	2025
	£'000	£'000
Current service cost	**129**	272
Interest cost	**1,916**	1,803
	2,045	2,075

No amounts (2025: £nil) were included in the cost of assets.

32. Pension obligations (continued)

ii. The Pensions Trust – Flagship Housing ex-SHPS Scheme (continued)

The fair value of the plan assets was:	**2026**	2025
	£'000	£'000
Equity	**4,084**	3,223
Bonds	**7,475**	6,107
Property	**805**	1,509
Cash	**1,422**	824
LDI	**10,153**	10,621
Liquid alternatives	**991**	2,262
Private Credit	**1,985**	2,143
Other	**5,477**	4,365
	32,392	31,054

The plan assets noted above do not include any direct investments in the association's own financial instruments nor is any property occupied by the association.

The return on the plan assets was:	**2026**	2025
	£'000	£'000
Interest income	**1,828**	1,634
Return on plan assets less interest income	**539**	67
	2,367	1,701

The sensitives regarding the principal assumptions used to measure the scheme liabilities are set out below:

Changes in assumptions at 31 March 2026	**Approximate % increase to Defined Benefit Obligation**	**Approximate monetary amount (£'000)**
Discount rate + / - 0.1%	**- / + 2**	- / + 0.7
Inflation assumptions + / - 0.1%	**- / + 2**	- / + 0.7
Life expectancy + / - 1 year	**- / + 3-5**	- / + 1.7

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 4%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

TPT member benefit review

There is an ongoing legal review of scheme benefit changes that is being undertaken by TPT (the trustee of the ex-SHPS Scheme). The review specifically relates to historic changes to the scheme rules and is not expected to be concluded until later in 2026.

33. Contingent liabilities

The association receives capital grant from Homes England, which is used to fund the acquisition and development of housing properties and their components. Capital grant is amortised to the statement of comprehensive income over 100-130 years. In certain circumstances upon disposal of grant funded properties the association is required to recycle this grant by crediting it to the Recycled Capital Grant Fund.

As the timing of future property disposals is uncertain, no provision has been recognised in these financial statements for the portion of recyclable grant amortised through the statement of comprehensive income.

Flagship Housing Limited has acquired a number of properties where grant is considered to be part of the acquisition cost and is not accounted for separately in the balance sheet. This contingent liability will be realised if the assets to which the grant relates are disposed. As at 31 March 2026 this contingent liability is £63m (2025: £56m).

34. Parent entity

The association's ultimate parent organisation is Bromford Flagship LiveWest Limited registered in England and Wales under the Co-operative & Community Benefit Societies Act 2014 (Registered Society Number 29996R).

The results of Flagship Housing Limited are included in the results of Bromford Flagship LiveWest Limited.

Copies of group financial statements for Bromford Flagship LiveWest Limited are available from the website, www.bfl-places.co.uk.