



Housing People



Cornerstone Housing Report and Financial Statements 2024 - 2025

Contents

Legal and administrative details	3
Chair and Chief Executive review	4
Three-year summary of financial highlights	7
Strategic report	
• our strategy	8
• our performance and value for money	9
Report of the board	24
• financial risk management	
• governance	
• internal controls and risk management	
• compliance with Regulatory Standards	
Independent auditor's report to the members of Cornerstone Housing Ltd	30
Statement of comprehensive income	33
Statement of changes in equity	34
Statement of financial position	35
Statement of cash flows	36
Reconciliation of net debt	37
Notes to the financial statements	38

Legal and administrative details

Board

Adam Carrick
Chair

Peter Howard-Williams
Chair
Retired 18/9/24

Louise Cumberland Vice
Chair

Stephanie Henshaw
Audit and Risk Committee
Chair

Darren Galliford
(resigned 18/9/24)

Janet Gale
(resigned 28/5/25)

Mark Mayler
appointed 19/9/24
(Resigned 30/4/25)

Mary Bennell
Appointed 19/9/24

Samantha Johnson

Tom Woodman
Chief Executive
(Resigned 2/4/2024)

Asad Butt

Christopher Lovegrove

Fred Carter

Harriet Bosnell
(appointed 23/4/2024)

Directors

Harriet Bosnell
Chief Executive
(appointed 23/4/2024)

Tom Woodman
Chief Executive
(resigned 2/4/2024)

Yvonne Woodward
Finance Director
(Resigned 2/4/25)

Neil Allan
Finance Director
Appointed 7/5/25

Clare Beach
Director of Housing

Anne Seaborne
Director of Development

Adrian Smith
Director of Property Services
(appointed 4/11/24)
(Resigned 3/7/25)

Company Secretary

Nicola Hallam

Registered name and address

Cornerstone Housing Limited
Cornerstone House
Western Way
Exeter
Devon EX1 1AL

Registered numbers

Mutuals Public Register:
14457R
Regulator of Social Housing:
L0147

External Auditors

S&W Audit
15-17 Cumberland Place,
Southampton SO15 2BG

Internal Auditors

Beever and Struthers
The Colmore Building, 20
Colmore Circus Queensway,
Birmingham B4 6AT

Solicitors

Trowers & Hamlins
The Senate, Southernhay
Gardens, Exeter EX1 1UG

Ashfords LLP
Ashford House, Grenadier
Rd, Exeter, EX1 3LH

Bankers

Barclays Bank PLC
3 Bedford Street, Exeter,
EX1 1LX

Funders

MORHomes
Future Business Centre,
Kings Hedges Road,
Cambridge, CB4 2HY

The Housing Finance Corporation Ltd
3rd Floor, 17 St Swithin's Lane,
London EC4N 8AL

Orchardbrook (National Westminster)
10 Upper Bank Street,
London, E14 5HJJ

Affordable Housing Finance plc
3rd Floor, 17 St Swithin's
Lane, London EC4N 8AL

Chair and Chief Executive review

In a changing world Cornerstone continues to make a difference

At Cornerstone Housing, we work with residents and organisations to create places that people are proud to come home to, which residents can afford to live in, and that provide a comfortable, healthy and safe place to be.

We believe that home is what makes everything else possible. By offering safe, stable, affordable homes, we open the door to health and wellbeing, work and education, family, friends and communities.

During the year we consulted with residents, colleagues, our Board and sector experts to launch our new 2025-2030 Big Plan. As part of this process, we completed a big door knock and spoke to 29% of our tenants. Our Big Plan identifies the following priorities:

1. Developing more new homes to create great places to live
2. Working together in partnership with residents and organisations to support strong, thriving communities
3. Investing in homes and neighbourhoods that we can take pride in

The Housing crisis was highlighted in the April 2025 National Audit Office report to parliament showing an 84% increase in households in temporary accommodation since 2015/16 and an estimated 160,000 children living in temporary accommodation. Cornerstone's response is to develop more new homes with an ambitious but achievable target of delivering 400 homes in the next 5 years. We will do this, whilst we continue to invest in residents' homes and communities.

Our Resident Engagement Panel continued to provide valuable insight when reviewing Cornerstone's policies and procedures in the year including scrutinising the Anti-Social Behaviour service and the service charging policies.

We have taken time to listen to peoples' priorities for their neighbourhoods and through working closely with residents' representatives our Customer Strategy has been co-designed to respond at neighbourhood level.

Our Greener Ways Strategy working group launched the first of our edible gardens and spent time to measure and understand our carbon impact. We have used our in-house garden team to expediate grounds maintenance improvements to our communities.

We have been proactive in our approach to cherishing and building partnerships with aligned organisations that can benefit our residents. We held a strategic partnership event with stakeholders to explore where we can support each other in our shared missions to support residents' wellbeing in their homes and our mission to build more new homes than ever before.

This year as our tenant's satisfaction measures reflect, we continue to provide person centred services, with positive local complaint handling services and increased cross correlation of our data insights to continuously improve and target resources.

Building safety also remains at the forefront for us, the sector and the public as we continue to respond to tightening legislative requirements following the Grenfell disaster enquiry findings and the death of Awaab Isaaq aged 2 in his damp and mouldy home. We have begun investment in a new Hazards reporting module that will allow us to meet the needs of our residents when Awaab's Law comes into force in October 25.

We continue to invest in our existing homes and as part of our Greener Ways strategy looking to ensure our homes are thermally comfortable and more energy efficiency than ever before. We have successfully obtained Warm Homes grant funding from the Government to improve over 100 homes to EPC C standard over the next 3 years. This grant funding will allow us to improve more homes more quickly for our residents.

We have identified 177 properties to date that are below the energy rating EPC level C, and we are on track for these to be improved to level C in advance of the government's 2030 target. Our asset management strategy includes our aspiration to be carbon-neutral by 2050 and sets out the early milestones towards this.

During the year we have delivered an improvement programme, installing new windows, kitchens and solar panels. The flexibility and commitment of our in-house labour team has been fundamental to achieving this. Our budget for 2025/26 is focused on continuing our investment in existing homes and increasing the supply of new homes.

In 2024/25, we delivered 25 new homes, and we have identified 91 new homes to be completed over the next 2 years. Our development strategy sets out our aspirations to increase development to 100 homes per year by 2029. We have supported this ambition through our refinancing, which has provided us with the funds to build new homes. At the year-end we had an undrawn revolving credit facility (RCF) of £11m, which was extended to £21m in June 2025.

We successfully negotiated a settlement with the developer relating to the long running building defects issue. The settlement was received, and the repairs works commenced in the year, with the repairs expected to be completed by March 2026. We have continued to keep residents regularly updated throughout the process.

We continue to have provided support and advice to our residents, and despite the cost pressures they are facing, rent arrears performance remains strong at 0.28% (2024: 0.23%). We continue to support customers in difficulty through signposting to debt advice services, direct advice and small grants.

Management of empty properties has been a challenge over the last year with more work required to bring properties up to a good standard before letting due to the state that the properties have been left in. This has affected our performance on lettings where we have seen an increase in the average time to relet at 27 days (2024: 18 days).

We are pleased with the results from the second year of collecting the new Tenant Satisfaction Measures which sees overall satisfaction with our services of 87% (2024: 86%). However, we are not complacent and will continue to be transparent about looking at where we need to improve how we provide services. We have seen some improvement but there is still more work to do in how we respond to complaints as only 59% (2024: 53%) of responses were satisfied with our approach to complaints and how we deal with Anti-Social Behaviour where satisfaction was 64% (2024: 59%). We implemented the first phase of a Customer Relationship Management (CRM) system in the year which records

our contacts with residents and ensures we can monitor performance against standards and improve the delivery of services to our residents.

We have continued to work with Julian House helping young people at risk of homelessness. We lease a number of properties to Julian House, enabling them to set up trainer tenancies helping young people to progress to stability and independence, and ensuring vulnerable people are 'tenancy ready'.

Value for money (VFM) remains a key theme for the Board, as set out in the VFM section later in this report.

Our total comprehensive income of £1.7m (2024: £0.6m) is all reinvested into the services provided to our residents, investment in existing homes and development of new homes.

Our Board reviewed our business plan in May 2025, stress-testing against a wide range of eventualities linked to our risk map.

Our regular staff surveys have shown a decrease in satisfaction levels to 77% March 2025 (March 2024 96%) which we believe is due to vacancies and changes in the Executive team during the year increasing uncertainty for our colleagues.

Feedback on our regular colleague communication at staff briefings has been consistently positive, and we continue to invest in colleague well-being through colleague events and opportunities to learn together. Our internal training programme is wide-ranging and well-resourced to ensure that colleagues are supported to have the skills and tools they need to enjoy working here at Cornerstone. Our balanced approach to flexible working continues to serve us well with a healthy working ethos at our heart.

Two new board colleagues joined us this year, Mary Bennett and Mark Maylor, bringing them the key expertise in asset management and treasury. Mark has subsequently left to take up a new role whilst still supporting our treasury committee. Our thanks and the thanks of the Board go to all our colleagues for their dedicated and committed work over the year.

In May 2025, we welcomed our new Director of Finance and Resources who brings a wealth of experience from his previous roles, including housing associations.

In conclusion, thanks to our colleagues and board team, our work last year has made a sound contribution to achieving our long-term strategy. Now in 2025/26 we will take that forward in the new economic environment, with the support and help of our residents, in pursuit of our purpose and vision.



[Adam Carrick \(Sep 25, 2025 17:01:27 GMT+1\)](#)

Adam Carrick
Chair



[Harriet Bosnell \(Sep 26, 2025 16:01:52 GMT+1\)](#)

Harriet Bosnell
Chief Executive

Three-year summary of financial highlights

Statement of comprehensive income	2025	2024	2023
Turnover	£9,160k	£8,364k	£7,716k
Percentage change in turnover	10%	8%	-2%
Operating cost and cost of sale	£8,758k	£6,771k	£6,074k
Surplus on sale of property	£160k	£136k	£68k
Operating surplus	£2,349k	£1,873k	£1,813k
Operating margin	20%	20%	22%
Total comprehensive income *	£1,709k	£579k	£489k

Statement of financial position	2025	2024	2023
Fixed assets	£74,844k	£71,573k	£69,384k
Creditors due > one year	£40,458k	£40,785k	£40,577k
Revenue reserves	£36,457k	£34,748k	£34,169k
Gearing	34%	34%	33%

Key financial indicators	2025	2024	2023
Properties owned and managed	1,442	1,421	1,417
New homes built	25	8	10
Debt per home	£21k	£21k	£21k
Rent losses from voids and bad debts	£120k	£106k	£51k

* The total comprehensive income above is wholly re-invested into the services provided to our residents, investment in existing homes and development of new homes. The total comprehensive income is higher than 2024 mainly due to two factors:

- i) actuarial movements in respect of the pension scheme increasing the total comprehensive income £227k (2024: reducing the total comprehensive income £415k)
- ii) surplus generated from building defects claims £310k (2024: £nil)

Strategic report

About us

We are a local charitable housing association based in Exeter, Devon. We provide affordable homes to help meet the local housing shortage in the Exeter area and we make sure that our homes are safe, stable and affordable.

Our strategy

Our strategy sets out our long-term direction and ethos, together with the projects and metrics that we will use to deliver our goals and measure our progress.

Our current strategy covers the period to 2030. It links closely to our 30-year long-term financial plan which ensures that we have resilient and robust foundations for our ambitions.

We review the strategy annually with our latest review completed by the Board in May 2025.

The strategy contains the following elements:

- our purpose, vision and values
- cross-cutting themes that run through our work
- our framework for risk management (as outlined later in this report)
- high-level projects that will support delivery of our vision
- key metrics that enable us to measure our progress.

Our purpose

Home is what makes everything else possible. By offering safe, stable, affordable homes, Cornerstone opens the door to health and wellbeing, work and education, family, friends and communities.

Our vision and values

We work together to create places that people love to come home to. We achieve this by focusing on great places, great services, a great business and great people. We are ambitious and responsible, and we are positive and kind.

In support of our purpose, vision and values we have four cross-cutting themes that run throughout our strategy and are used in all aspects of our work and decision-making:

- equality, diversity and inclusion
- safety, health and wellbeing
- financial viability and value for money
- environmental sustainability.

Our performance

During the year ended 31 March 2025 the total comprehensive income was £1.7m (2024: £0.6m).

As set out earlier in the introduction, our prime focus is the delivery of services and improvements to existing customers and homes. There was £0.9m (2024: £1.5m) of improvement work capitalised in the year, reflecting our ongoing investment in our housing stock.

The Board agreed the following key metrics to be achieved by March 2026 to demonstrate delivery of our strategy:

Our high-level measures and targets are that by March 2026 we will:	2024/25 Progress
Maintain overall customer satisfaction at top quartile level, and maintain customer trust and net promoter scores at their current level or better	Overall customer satisfaction was 87% during 2024/25, which is top quartile level. Our net promoter score was 48, marginally down from 52 last year.
Improve customer satisfaction with both the quality of homes and with neighbourhoods as a place to live, each from third quartile to top quartile	As part of the Tenant Satisfaction Measures, we are now recording customer satisfaction with us making a positive contribution to neighbourhoods, this was 71% in 2024/25.
Carry out component replacements in our existing homes as set out in the annual budget and asset management plan	The programme was delivered as planned in 2024/25
Improve the energy efficiency of our existing homes as set out in the annual budget and asset management plan, and be on target for all homes to be at EPC level C by 2030	We have 177 homes that are at EPC D or lower and an annual budget of £120k has been included in the business plan to bring these up to EPC C by 2030. The increase in the number of homes is due to improved surveying of individual properties.
Maintain safety of our homes at 100% compliance in respect of gas, electric, fire, water, asbestos and lifts safety	100% of gas safety checks were carried out on time. All other safety checks were 100%, except electrical testing 98% which was due to staffing and property access challenges.
Increase our housing stock by the number of new homes set out in the business plan and create a pipeline to support our development ambitions	We delivered 25 new homes during 2024/25 (Target 25) and a pipeline has been created to continue the delivery of new homes in line with the business plan.
Improve staff satisfaction and employee net promoter score year on year	The staff net promoter score decreased from 54 to 28 during 2024/25 and overall staff satisfaction decreased from 96% to 77% due to changes in staffing in the year

Our high-level measures and targets are that by March 2026 we will:	2024/25 Progress
Annually achieve our target business plan total cost per existing home and remain within all the Board's financial golden rules.	The business plan remains within the golden rules. The headline cost per existing home was above budget due to a one off provision for costs on the building defects settlement.

Value for money

Value for money (VFM) is a key focus for our Board and we are continuously striving to improve the way we work to provide better services to our tenants, improve our homes and build more affordable homes.

We fully embrace the VFM Standard and Code of Practice published by the Regulator of Social Housing (RSH). The standard requires registered providers to publish a statement within their accounts to help stakeholders to understand their performance in relation to VFM. This includes performance against metrics set by the RSH and requires organisations to demonstrate performance against their own targets, linked to strategic objectives.

Adoption of the standard enables our Board to ensure that:

- optimal benefit is derived from our resources and assets;
- we have a robust approach to decision making for improving our VFM; and
- we report on the VFM metrics and explain plans to address outliers;

The Report and Financial Statements for the year ending 31 March 2025 have been produced in accordance with the standard enabling us to benchmark performance with other providers.

In the sections below we consider our VFM performance during 2024/25 against each of the key enablers in our vision statement: great places, great services, a great business and great people.

We show our benchmarked performance against all quartiles in the peer benchmark (southwest) group of 19 housing associations, alongside the national averages. These measures have been mandated by the RSH, including the definition of the measure, which sometimes differs to measures elsewhere in the financial statements and to our financial covenants.

We also provide a summary of the progress made on our plans to improve VFM.

	2024/25 Actual	2023/24 Actual	2022/23 Actual	2024/25 Target	Peer Group 1 Median 2023/24	Peer Group 2 Median 2023/24	Sector Median 2023/24
1. Reinvestment %	7.3%	6.1%	3.5%	7.4%	7.4%	7.6%	7.7%
2a New supply (social housing units)	1.8%	0.6%	0.7%	1.1%	2.1%	2.0%	1.4%
2b. New supply delivered (non-social housing units)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3. Gearing	34.5%	34.2%	32.9%	34.4%	46.5%	40.2%	45.6%
4. EBITDA MRI interest cover	257.4%	174.0%	184.7%	150.1%	132.2%	134.6%	121.7%
5. Headline social housing cost per home	£5,315	£4,503	£4,014	£4,352	£5,099	£4,957	£5,136
6a. Operating margin (social housing lettings)	20.8%	22.1%	24.5%	21.0%	21.5%	18.7%	20.4%
6b. Operating margin (overall)	20.0%	20.4%	22.3%	19.6%	20.2%	18.3%	18.5%
7. Return on capital employed	3.0%	2.4%	2.4%	2.0%	2.8%	2.8%	2.8%

We benchmark against 3 peer groups, taking the top quartile performance as a comparison. Our benchmark groups are:

- peer group 1 –all housing associations with 1-20,000 homes in the southeast and southwest
- peer group 2 - a group of 19 housing associations with a social housing stock presence in the southwest of more than 50%
- peer group 3 – whole sector

(Data published by the Regulator for Social Housing for 31 March 2024)

Value for money in 2024/25, considered against our four strategic themes

Great places

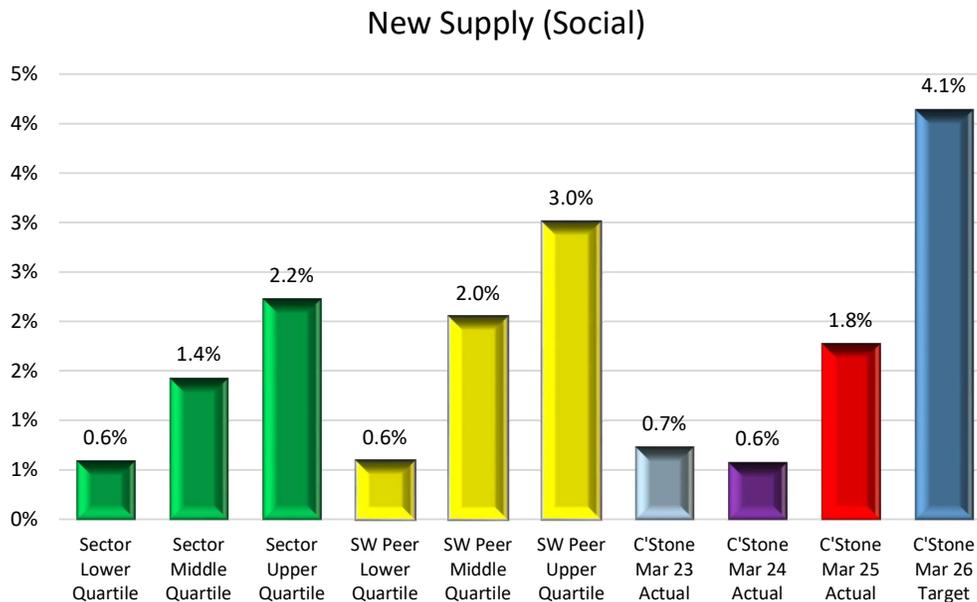
This strategic theme includes all our work on safety, new building, improving existing homes, managing neighbourhoods, and achieving zero-carbon in homes.

New homes developed

We are committed to meeting housing need through developing new homes in accordance with the Board’s strategy set out earlier in this report. As at 31 March 2025, we have £11m of undrawn funding available. In June 25 we extended the funding available to £21m.

All developments are funded by our cash reserves, additional loans, and grants. We work in collaboration with local developers, supported by Homes England, to build more homes to provide additional quality homes for people who are in housing need. Our 30-year business plan demonstrates that our commitment to development can be achieved and that we will continue to meet our covenants, objectives and financial obligations going forward.

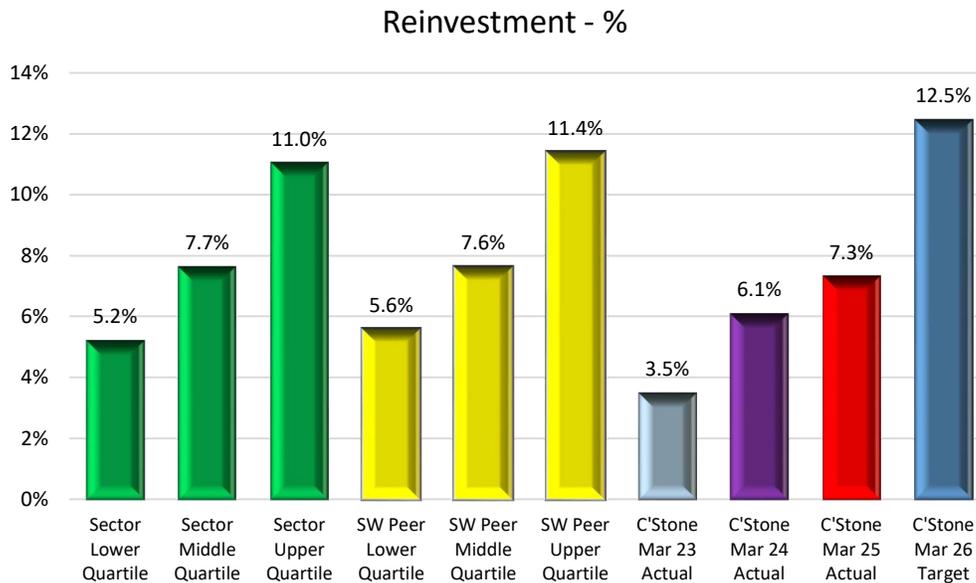
In 2024/25, we delivered 25 (Target 25) new homes across 4 sites with 17 rented and 8 shared ownership homes:



We are aiming to complete 60 new homes in 2025/26 and our medium term goal is to deliver 400 homes over the next five years. We do not build any non-social homes.

Reinvestment in housing

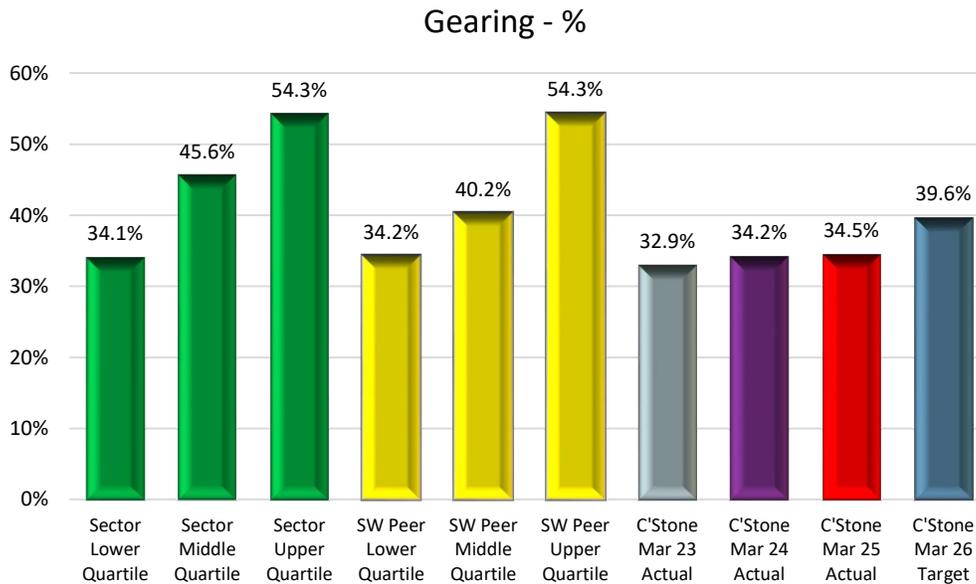
The increase in 2024/25 reflects the increase in our development programme as we built 25 new homes (2024: 8) and £4.3m spent on new homes completed or started (2024: £2.7m). Our investment in existing homes was £0.9m (2024: £1.5m.) The 2025/26 target reflects investment in our existing homes £1.1m and new homes development £7.8m. Our reinvestment rates have historically been low compared against our peer group, and the Board took this into account in increasing the ambition within our strategy.



Gearing

This metric assesses the dependence on debt finance. Our gearing over the last three years has remained consistently low and it reflects the Board's financial risk appetite. We have funded large-scale improvements through working capital and used bank borrowing to develop new homes whilst ensuring we can comfortably meet funders' requirements.

Once our development programme accelerates with an associated drawing down of current facilities, we will see an increase in gearing from 2025 onwards moving us nearer the median for our peer group but still well below the sector median.



Investing in communities

As a local community housing association, we ensure that we maximise our impact on the communities we serve. As well as supporting local businesses via our supply network we also work with partners to support their work in communities.

Our Director of Housing is a member of the Council Housing & Development Advisory Board for Exeter City Council. We are committed to positive engagement with residents and to working with partners to support vulnerable and at-risk customers. This includes participation with best practice groups for safeguarding and customer involvement and multi-agency meetings with colleagues in policing, probation, health, child protection and other voluntary sector specialists.

Customer satisfaction with neighbourhoods

The Tenant Satisfaction Measures record satisfaction that Cornerstone makes a positive contribution to neighbourhoods and our result for 2025 was 71% (2024 73%). We have followed up with residents who expressed dissatisfaction and the main themes coming through were how we handled complaints, how we manage and maintain communal areas, and how we deal with anti-social behaviour. We will be talking to residents about their ideas for their neighbourhoods and do everything we can to make those ideas happen.

Plans for improving VFM for 'great places'

Plans for VFM improvements in 2025/26 include the following:

- continuing implementation of the asset management strategy to invest in our existing homes
- continuing our work on addressing the zero-carbon agenda and embedding increased post-2030 improvement costs into our business plan
- delivering the development strategy targets to increase the number of homes built taking account of customer aspirations, housing need and sustainability

- responding to the priorities identified in the tenant satisfaction surveys specifically around how we look after our physical neighbourhoods and outside spaces

Great services

This strategic theme includes all customer services, our customer relationship and customer voice. Great places and safe places are a co-production between Cornerstone and our residents.

During the year we consulted with our residents to launch our new 2025-2030 Big Plan. As part of this process, we completed a big door knock and spoke to 29% of our tenants. Our Big Plan identifies the following priorities:

- Developing more new homes to create great places to live
- Working together in partnership with residents and organisations to support strong, thriving communities
- Investing in homes and neighbourhoods that we can take pride in

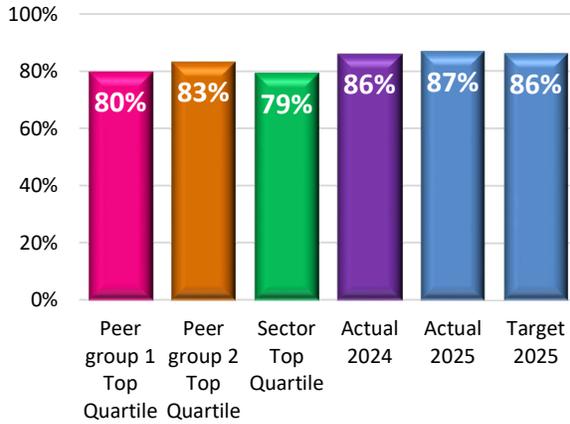
Over the year we have continued to work closely with our resident engagement panel to improve services and take account of the views of residents. The panel was involved in the service charges review project, scrutinised our damp and mould services, contributed to the new development strategy and were involved in designing the new complaints workflow in our CRM. The panel also reviewed the aids and adaptations policy and tenant handbook during the year.

The Tenant Satisfaction Measures, introduced in 2023, include the following headline results:

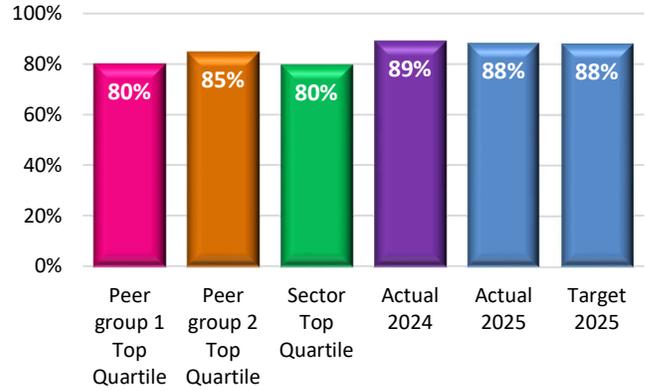
- overall satisfaction 87% (2024: 86%);
- satisfaction with repairs and maintenance 88% (2024: 89%).
- satisfaction that we listen and act upon customer views 73% (2024: 72%)

We also use a measure called net promoter score. This is a measure to gauge customer loyalty, satisfaction, and enthusiasm with a company that's calculated by asking the question: "On a scale from 0 to 10, how likely are you to recommend this product/company to a friend or colleague? This has marginally decreased to 48 (2024: 52).

Overall customer satisfaction (%)



Satisfaction with repairs & maintenance (%)

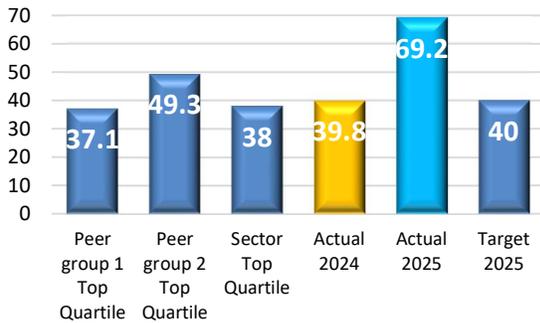


We are pleased that our overall customer satisfaction is top quartile and shows the service improvements our colleagues have implemented throughout the year.

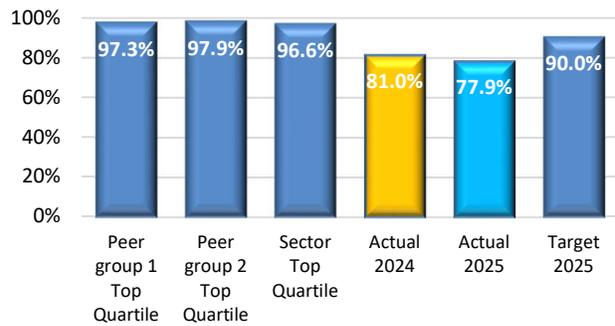
Satisfaction with how we respond to Anti-Social Behaviour ASB was still lower than we would like at 64%, though slightly better than last years 59%. We continue to look to improve our service to our residents taking on board comments from our resident engagement panel.

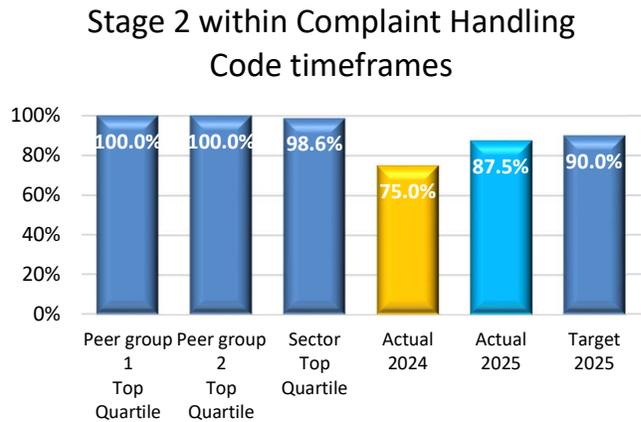
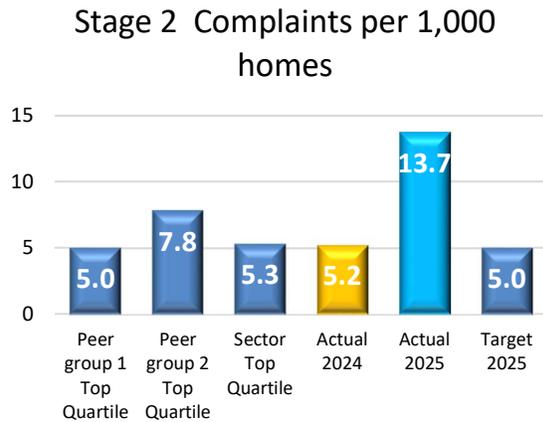
During the year, we have increased the training our staff receive in identifying what a complaint is and how to respond. This increased awareness has resulted in an increase in the number of complaints recorded.

Stage 1 Complaints per 1,000 homes



Stage 1 within Complaint Handling Code timeframes





A new CRM system was implemented in 2024, the use of the system showed an improvement in the number of complaints responded to within time. However, in quarter 4 due to a configuration error in the system, a number of emails from the system remained unsent for a period even though staff had drafted them. This has impacted the KPIs with regard to timeframes. (without the issue the timeframes were 95.4% at stage one and 93.8% at stage two.)

The number of complaints in the year increased compared to the previous year and average response time also increased. In comparison with the peer groups Cornerstone has more complaints per one thousand homes.

The data shows that the largest volume of complaints were related to communication. This covers a wide range of issues but in general is related to residents not being kept up to date, especially when there are changes to appointments. We have reviewed and improved our processes to ensure communication to residents is improved.

Plans for improving VFM for ‘great services’ in 2025/26

- Launching the Hazards module of our CRM in August 25 to improve our service to residents and respond to the Awaabs Law regulations from October 25;
- Creating a learning culture from complaints to continually improve our responses to residents;
- Recruiting an additional Housing Officer that will reduce patch sizes and lead to improved support for residents;
- ensuring compliance with the Housing Ombudsman’s new Complaints Handling Code;
- prioritising our strategies to respond to the feedback received during the Big Plan consultation e.g. improving communication especially concerning our out of hours service

Great business

This strategic theme includes all elements of VFM, efficiency, financial and operational effectiveness, business resilience, and net zero-carbon in the workplace.

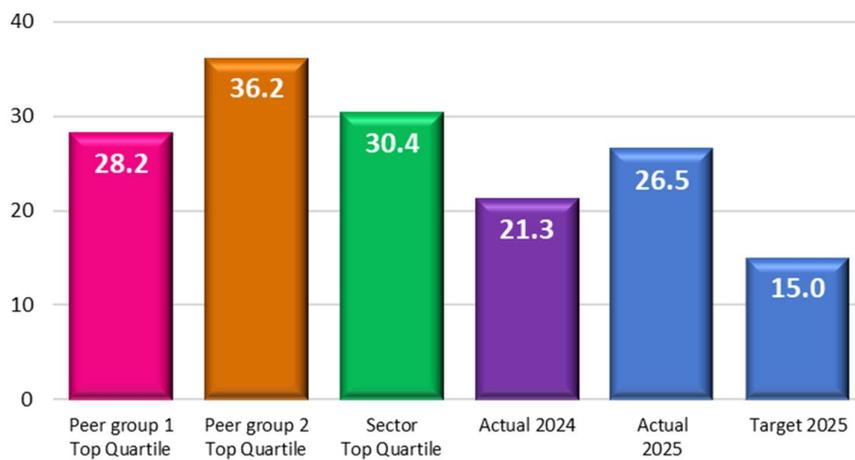
During 2024/25 we have completed the following projects to improve VFM:

- we launched our Greener Ways' strategy for supporting warm homes that are fit for purpose for the future;
- increasing the number of colleagues in our housing and administration, and direct labour force teams to improve resident services;
- continuing to expand the development pipeline for new homes to meet our ambitious Development Strategy;

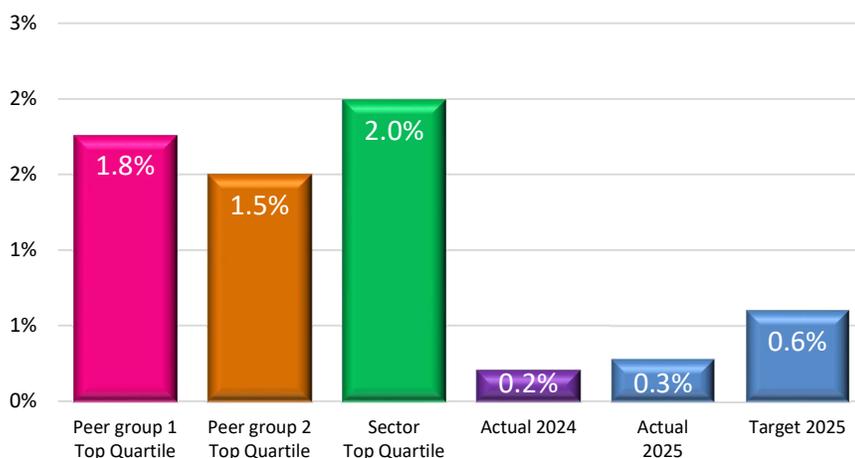
This investment increased resilience and enabled us to continue to deliver customer services and landlord safety compliance.

We have continued to have a very low level of rent arrears and we provide support to residents who are struggling with their bills and the cost of living. This support includes a hardship fund, working with Westcountry Savings & Loans, the Southwest's credit union and referring residents for money and energy saving advice services.

Average re-let times in days



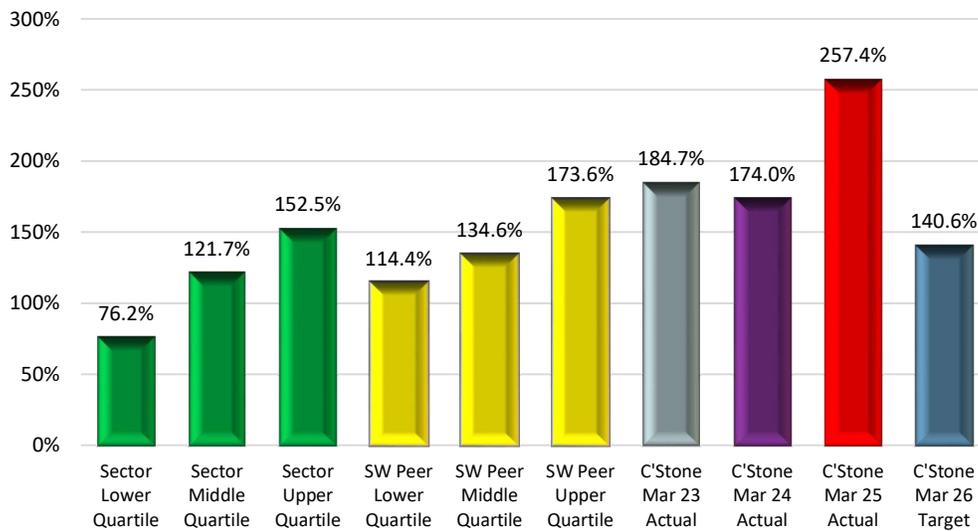
Current tenant arrears (%)



Interest cover

EBITDA-MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable; the measure avoids any distortions stemming from the depreciation charge. We can comfortably cover interest payments on outstanding debt with interest cover of 257%. Our Board stress tests our 30-year business plan regularly and it has a clear understanding of what would cause us significant financial distress. We have mitigating strategies to deal with key exposures.

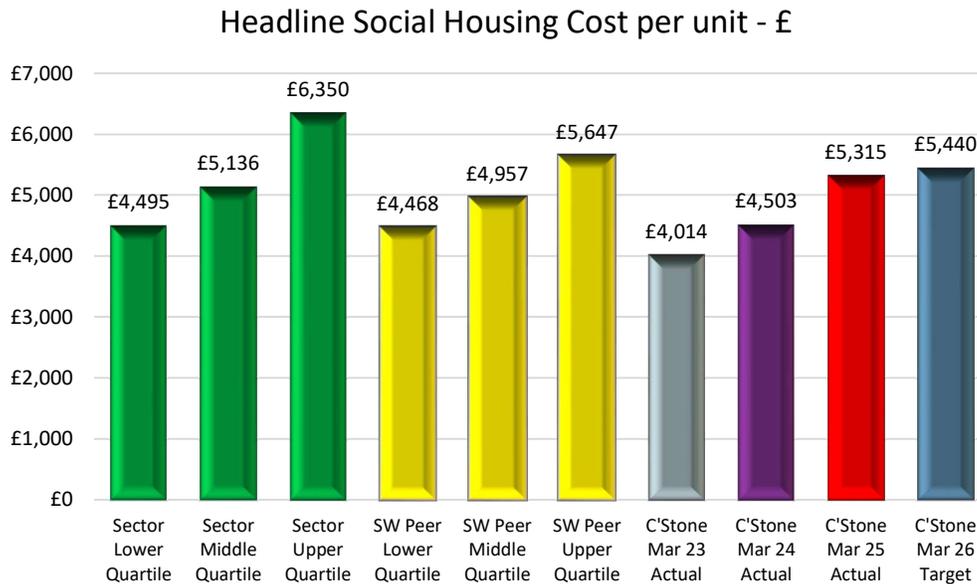
EBITDA MRI Interest Rate Cover - %



Our interest cover is forecast to reduce next year as we increase borrowing to increase our development of new homes. Interest cover then improves in future years once the rental income on the new homes is received.

Headline social housing cost per unit

The unit cost metric assesses the headline social housing cost as defined by the Regulator.



Our social housing cost per unit has increased year on year by 18% (£812 per home) to £5,315 (2024: £4,503) due to costs provided for remedying the building defects issue on new homes handed over by a developer, from whom we have received a settlement. Excluding the building defects costs provided the social housing cost would be £4,378. For 2025/26, there will be pressure on our costs as we continue to respond to the new Consumer standards and the new regulation with Awaab's Law coming into force from October 2025.

The breakdown of the social cost per home is as follows:

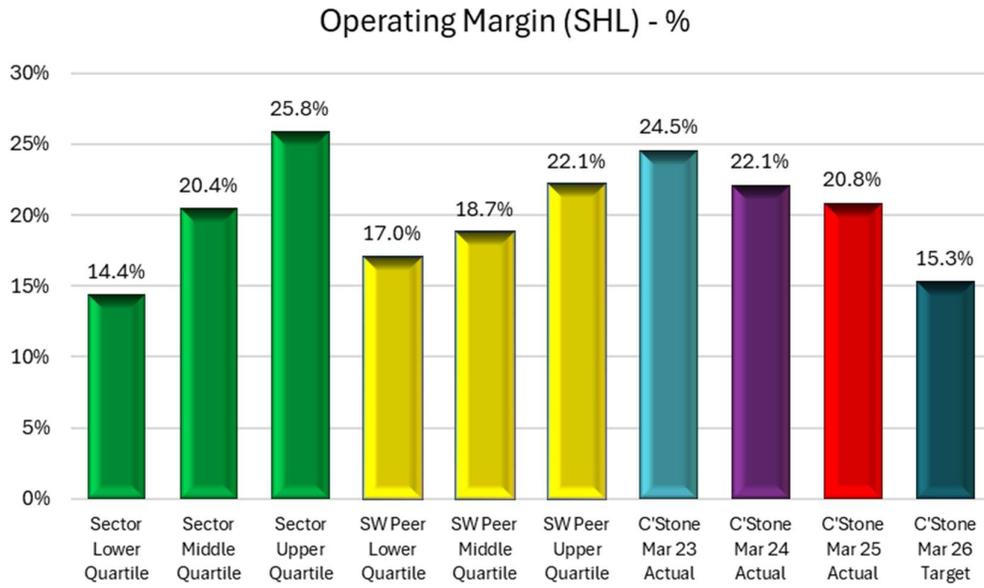
	Cost per home
Remuneration for the highest paid Director	£74
Total remuneration paid to Directors	£322
Total Management costs	£1,105
Total repairs and maintenance costs (includes building defects costs)	£3,181
Capital investment in existing homes	£642

Operating margin

The operating margin demonstrates the profitability of the Association.

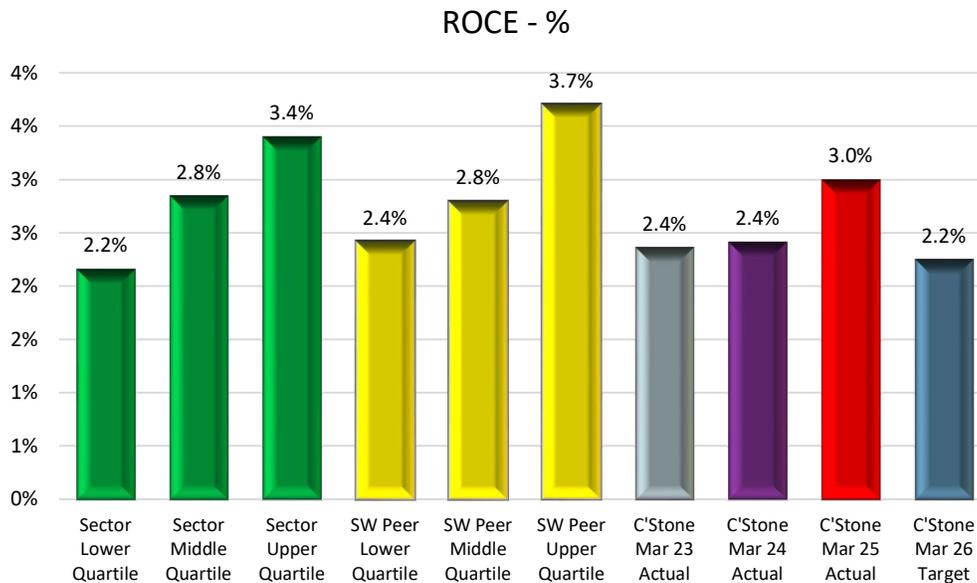
The operating margin on Social Housing Lettings (SHL) relates solely to income and expenditure attributable to social housing activities. During the year our operating margin on Social Housing Lettings was 21% (2024: 22%). The operating margin on Social Housing Lettings for 2026 is expected to decrease to 15% as the 2025 surpluses on pension provision movements and building defects claims are not expected to be repeated in 2026.

Alongside social housing activities, the operating margin overall includes all other activities (e.g. shared ownership first tranche sales and disposals). During the year our overall operating margin was 20% (2024: 20%).



Return on capital employed (ROCE)

This metric compares the operating surplus to total assets less current liabilities. It is a common measure in the commercial sector to assess the efficient investment of capital resources. The increase in year-on-year ROCE is due to an increased operating surplus which includes the settlement of the building defects claim.



Plans for improving VFM for 'great business' in 2025/26

- raising new funds in the year to support our future development goals;
- creating and delivering the development pipeline for future new homes;
- delivering energy efficiency improvements in residents' homes through the Warm Homes Fund;
- delivering our Knowledge, Information and Data plan for future service development and continuing infrastructure investment in future-proofed systems; and
- strengthening our contract management arrangements to ensure that our existing contracts continue to deliver VFM.

Great people

This strategic theme includes our being a great place to work and the continuing development of all staff to reach their potential.

We have a particular focus on employee wellbeing and have ongoing activities to promote mental health in the workplace. We continue to increase the training budget each year to invest in the skills of our colleagues, leading to them improving their services to residents.

Staff satisfaction fell to 77% (2024 89%) due to turnover in the Executive Team impacting colleagues.

Plans for VFM improvements in 2025/26 include the following:

- reviewing the benefits we offer to ensure they are meeting the needs of our colleagues and providing value for money;
- reviewing our sickness and maternity policies to identify improvements that can be made;
- consider ways in which we can improve flexibility for people across the business, including those in the DLF and front-line services;

We will measure success in the following ways:

- aim for overall satisfaction with us as an employer at 95%;
- employee net promoter score with a target of +10 (currently +28);
- sickness absences, with a target for top quartile level (currently 11 days per employee);
- staff turnover, with a target for top quartile level (currently 18%)
- specific diversity targets linked to the EDI strategy.



Report of the Board

Financial risk management objectives and policies

Cornerstone's financial instruments comprise borrowings, cash and items such as rental arrears and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to finance our operations.

The existence of these financial instruments exposes us to financial risks. The main risks arising from our financial instruments are considered by the Board to be interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

Cornerstone finances its operations through retained surpluses and loans. The Association's exposure to interest rate fluctuations on its borrowings is managed by using both fixed and variable rate facilities. Currently all our drawn down borrowings are at fixed rates.

Liquidity risk

Cornerstone manages financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and invest cash assets safely and profitably. At the year end, the Association had £11 million of undrawn loan facilities in addition to drawn borrowings and an undrawn overdraft facility of £50k.

Credit risk

Cornerstone's principal credit risk relates to tenant arrears. This risk is managed by providing support to tenants and by closely monitoring the arrears of self-funding tenants. Welfare reform changes to the benefits system have continued to be identified as a key risk to Cornerstone and the Board continues to monitor the impact of these changes.

National Housing Federation (NHF) Code of Governance

The Board adopted the 2020 NHF Code of Governance with effect from 1 April 2021 and we comply with the principal recommendations of the Code.

As part of this we have adopted a six-year maximum length of service for non-executive board members, except where in the best interests of the organisation and have agreed a transitional period to achieve this while ensuring the transfer of knowledge from our existing non-executives. Currently Stephanie Henshaw is the only member of the Board to have served over 6 years. Cornerstone rules allow for a maximum tenure of 9 years and, for Stephanie this will be September 2026.

Resident Engagement

We actively encourage tenants' involvement in decision-making. A Resident Engagement Panel of tenants scrutinises our activities and service standards and a Cornerstone resident sits on the Board. We regularly share our performance and information on key issues that impact residents with them in a co-designed newsletter.

Board members and executive officers

The Board is responsible for the strategy and policy framework. It delegates the day-to-day management and implementation of that framework to the Chief Executive and Executive Team that comprises the Director of Finance and Resources, Director of Property Services, Director of Development and Director of Housing. The Executive meets weekly and regularly attends Board meetings.

The Board meets formally six times a year for regular business and more frequently if there are specific additional issues to discuss. During 2024/25 the Board has met seven times. There are two committees: Audit & Risk; and Remuneration & Nominations. For time-limited projects the Board appoints members to 'task-and-finish' groups to oversee progress and report back to the Board.

The current board members and the executive officers are set out at the beginning of this report.

The Chief Executive Harriet Bosnell became an Executive board member in April 2024. No executive officers have any interest in Cornerstone's shares. Officers act as executives within the authority delegated by the Board.

Our non-executive board members have been remunerated as set out in note 13.

Our Board is drawn from a wide background with experience in housing both as professionals and as tenants along with people from outside the social housing sector bringing together professional, commercial and local experience. Members of our Board have worked in the NHS, banking, development, coaching and housing. They bring a wide range of skills and experience to our oversight and decision-making. We currently have two vacancies and will be recruiting two new members in 2025. Adam Carrick took over as Chair following the AGM in September 2024.

The gender balance of the Board is 40% male and 60% women (2024: 55%;45%)

Employees

Our strength lies in the quality and commitment of our employees. Our ability to meet our objectives and responsibilities to tenants in an efficient and effective manner depends upon the contribution of employees throughout Cornerstone.

We continue to provide information on our objectives, progress and activities through regular office and departmental meetings, the senior management team and staff. We provide training focused on quality and customer service and regularly seek employees' views on how to improve services and on matters of common concern. We have staff newsletters, briefings and vlogs to improve communication with our teams.

In all areas of our work, we are committed to equality, diversity and inclusion and promote awareness of this commitment.

Our number of days lost to sickness was 11 days per employee (2024: 9 days) and we will look to reduce this by continuing to focus on employee wellbeing and having a range of ongoing activities to promote mental health in the workplace.

Health and safety

The Board prioritises its responsibilities on all matters relating to health and safety. We have detailed health and safety policies and provide staff with training and education on health and safety matters.

We have an ongoing program of on-site inspections using an independent consultancy for support and challenge. In addition, annual audits are conducted at our depot and main office sites. The Health and Safety Committee (a staff group chaired by the Chief Executive) meets monthly to discuss issues and monitor compliance and performance. The minutes from this meeting are included in each set of board papers. The KPIs reported to the Board include health and safety compliance and accident reporting.

Board report

The Board presents its report and the audited financial statements of Cornerstone Housing Ltd for the year ended 31 March 2025.

We are a registered provider and must meet the standards of the Regulator of Social Housing comprising: the governance and financial viability standard; the value for money standard; the rent standard; the tenancy standard; transparency, influence and accountability (including Tenant Satisfaction Measures); consumer standards; and the neighbourhood and community standard.

During 2024/25 we assessed our compliance with all these standards using the Resident Engagement Panel to provide additional scrutiny and assurance on the consumer standards and the Board certifies compliance with the standards.

The annual general meeting was held on 24 September 2025. A resolution to reappoint S&W Audit (a trading name of S&W Partners Audit Limited) formerly CLA Evelyn Partners Limited as auditors was agreed at the annual general meeting.

Approval

The report of the Board was approved by the Board on 24th September 2025 and signed on its behalf by:


N. Hallam (Sep 29, 2025 09:18:20 GMT+1)
Nicola Hallam
Secretary

Statement of Board members' responsibilities

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

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year. Under that law the board has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under the Co-operative and Community Benefit Society legislation the board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Association for that period.

In preparing these financial statements the Board is required to:

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

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

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Harriet Bosnell

Harriet Bosnell (Sep 26, 2025 16:01:52 GMT+1)

Harriet Bosnell

Chief Executive

Statement on internal controls

Purpose

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The risk-based system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by Cornerstone is ongoing and has been in place throughout the year and to date.

Key elements of the control framework include:

Identification and evaluation of key risks

We have a risk management framework for identifying and evaluating risks which are recorded in the risk register. The framework has been subject to detailed review and enhancement and continues to be strengthened on an ongoing basis. The complete risk register is considered annually by the Board together with a review of the risk appetite. The Executive Team reviews the register on an ongoing basis with any changes highlighted at each Board meeting following review by the Audit and Risk Committee. This provides a consistent and continual mechanism for the identification and evaluation of Cornerstone's risks, ensuring that any significant changes affecting key risks are reported to the Board.

Internal control framework

Our ability to identify and manage the organisation's exposure to key risks is fundamental to the effectiveness of the internal control environment. Elements included in Cornerstone's internal control framework are:

- Board approved terms of reference and delegated authorities for the committees
- Delegation schedules setting out the roles and responsibilities for the Chief Executive and Executive Team
- Risk Management Framework with clearly defined responsibility for the identification, evaluation and control of significant risks. Regular review of the Risk Register by the Board
- Internal audit reports provided by an independent firm of auditors;
- Strategic planning and reporting to ensure that the Board and Executive Team are alert to changes in the internal and external environment
- Regular performance monitoring across all areas of the organisation
- Receipt by the Board of a Chief Executive's report at each meeting with updates on performance and information from the wider sector
- Robust business planning process including stress testing
- The recruitment and development of experienced and qualified staff combined with a robust staff appraisal system
- External review of the treasury management strategy
- Asset Management Strategy
- Development strategy
- Regular review and monitoring of liquidity and cash forecasting
- Appraisal and authorisation process for new developments

- Self-assessment against the Governance and Financial Viability Standard, the NHF Code of Governance and the Housing Ombudsman's Complaints Handling Code provided to the Board
- Regular review of policies and procedures and their effectiveness
- An open and effective communication network across the organisation.

Information and reporting systems

Financial reporting procedures include detailed budgets approved by the Board for the year ahead and forecasts for subsequent years, in addition to regular supplementary financial reports including cashflow and treasury monitoring and reporting. Comprehensive management accounts are reviewed quarterly by the Board. Regular reports are scheduled throughout the year to monitor progress and performance across all areas of our activities including comparison of actual performance compared with key performance indicators.

Monitoring

The effectiveness of the system of internal controls is the subject of management reporting and discussion. The Audit and Risk Committee takes an active part in reviewing the adequacy of the internal control systems in place, and ensures corrective action is taken in relation to any significant control issues. This review is supplemented by regular internal audit reports which provide independent assurance to the Board through reports to the Audit and Risk Committee.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORNERSTONE HOUSING LIMITED

Opinion

We have audited the financial statements of Cornerstone Housing Limited (the 'association') for the year ended 31 March 2025 which comprise the Statement of Comprehensive income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows, Reconciliation of Net Debt and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2025 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly 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.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a

material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of Board members' responsibilities set out on page 27, 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 controls 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 intend 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.

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

We obtained a general understanding of the Association's legal and regulatory framework through enquiry of management concerning: their understanding of relevant laws and regulations and the entity's policies and procedures regarding compliance. We also drew on our existing understanding of the association's industry and regulation.

We understand that the association complies with the framework through:

- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change;
- A risk assessment framework and register that includes regular review and scrutiny by the Board and Audit and Risk Committee;
- An annual assessment of compliance with regulatory standards as applied to Registered Providers and enforced by the Regulator of Social Housing; and
- The Board's close oversight through regular board meetings and compliance reporting

In the context of the audit, we considered those laws and regulations: which determine the form and content of the financial statements; which are central to the association's ability to conduct its business; and where failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the association:

- FRS 102, 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, in respect of the preparation and presentation of the financial statements;
- Health and safety regulations; and
- Regulatory standards as applied to Registered Providers and enforced by the Regulator of Social Housing.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Performed a review of Board minutes to identify any indicators of known or suspected non-compliance with significant laws and regulations; and
- Reviewed any correspondence between the Regulator of Social Housing and the Association.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the association's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were with regard to:

- the manipulation of the financial statements through manual journal entries; and
- Provision for obligation in respect of rectification works.

The procedures carried out to gain evidence in the above areas included:

- Testing of a sample of manual journal entries, selected through applying specific risk assessments based on the association's processes and controls surrounding manual journal entries; and
- Reviewing and challenging judgements made by management with regard to provisions for obligation in respect of rectification works.

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

Use of our report

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association 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 for our audit work, for this report, or for the opinions we have formed.

S&W Audit

S&W Audit (Sep 29, 2025 09:38:50 GMT+1)

S&W Audit

Statutory Auditor
Chartered Accountants

Date: 29/09/2025

Cumberland House
15-17 Cumberland Place
Southampton
SO15 2BG

STATEMENT OF COMPREHENSIVE INCOME

	Note	2025 £'000	2024 £'000
Turnover	3	9,160	8,364
Cost of sales	3	(189)	(113)
Operating costs	3	(8,569)	(6,658)
Other operating income	3	1,787	144
Surplus on property sales	7	160	136
Operating surplus	3, 6	<u>2,349</u>	<u>1,873</u>
Interest receivable and other income	8	270	292
Interest payable and similar charges	9	(1,137)	(1,171)
Surplus on ordinary activities for the year		<u>1,482</u>	<u>994</u>
Other comprehensive income			
Actuarial surpluses/(losses) in respect of pension scheme	12	<u>227</u>	<u>(415)</u>
Total comprehensive income for the year		<u>1,709</u>	<u>579</u>

Cornerstone Housing Limited**Report and financial statements for the year ended 31 March 2025****STATEMENT OF CHANGES IN EQUITY**

	Called up share capital	Revenue reserve	Total equity
	£'000	£'000	£'000
Balance at 1 April 2023	-	34,169	34,169
Total comprehensive income for the period	-	579	579
Balance at 1 April 2024	-	34,748	34,748
Total comprehensive income for the period	-	1,709	1,709
Balance at 31 March 2025	-	36,457	36,457

Cornerstone Housing Limited
Report and financial statements for the year ended 31 March 2025

STATEMENT OF FINANCIAL POSITION

	Note	2025 £'000	2024 £'000
Tangible assets			
Housing properties (depreciated cost)	15	72,434	69,215
Other tangible fixed assets	16	2,410	2,358
		<u>74,844</u>	<u>71,573</u>
Long term investment	17	744	744
		<u>75,588</u>	<u>72,317</u>
Current assets			
Stock	18	434	15
Debtors	19	464	872
Cash at bank and in hand		4,572	5,842
		<u>5,470</u>	<u>6,729</u>
Creditors: amounts falling due within one year	20	(1,833)	(1,464)
		<u>3,637</u>	<u>5,265</u>
Total assets less current liabilities		79,225	77,582
Creditors: amounts falling due after more than one year	22	(40,435)	(40,766)
Provisions	21	(937)	(19)
Provisions: pension deficit liability	12	(1,396)	(2,049)
Net assets		<u><u>36,457</u></u>	<u><u>34,748</u></u>
Represented by:			
Capital and reserves:			
Non-equity share capital	26	-	-
Revenue reserve		36,457	34,748
		<u><u>36,457</u></u>	<u><u>34,748</u></u>

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board of Directors on 24 September 2025

A. Carrick

[Adam Carrick \(Sep 25, 2025 17:01:27 GMT+1\)](#)

Adam Carrick
Chairman

Harriet Bosnell

[Harriet Bosnell \(Sep 26, 2025 16:01:52 GMT+1\)](#)

Harriet Bosnell
Board Member

N. Hallam

[N. Hallam \(Sep 29, 2025 09:18:20 GMT+1\)](#)

Nicky Hallam
Secretary

STATEMENT OF CASH FLOWS

	Note	2025 £'000	2024 £'000
Net cash inflow from operating activities	27	4,018	3,140
Cash flows from investing activities			
Sale of housing properties		364	257
Purchase and construction of housing properties		(4,316)	(2,714)
Interest received		282	339
Capital improvements to existing housing properties		(920)	(1,520)
Acquisitions of other fixed assets		(83)	(100)
Grants received to support capital expenditure		525	-
Net cash flows from investing activities		<u>(4,148)</u>	<u>(3,738)</u>
Cash flows from financing activities			
Interest paid		(1,127)	(1,037)
Housing loans repaid		<u>(13)</u>	<u>(4)</u>
Net cash flows from financing activities		<u>(1,140)</u>	<u>(1,041)</u>
Net decrease in cash and cash equivalents		(1,270)	(1,639)
Cash and cash equivalents at beginning of year		<u>5,842</u>	<u>7,481</u>
Cash and cash equivalents at 31 March		<u>4,572</u>	<u>5,842</u>

The accompanying notes form part of these financial statements.

Cornerstone Housing Limited
Report and financial statements for the year ended 31 March 2025

RECONCILIATION OF NET DEBT

	At 1 April 2024	Cash flows	Other non cash changes	At 31 March 2025
	£'000	£'000	£'000	£'000
Cash and cash equivalents				
Cash and cash equivalents	5,842	(1,270)	-	4,572
	<hr/> 5,842	<hr/> (1,270)	<hr/> -	<hr/> 4,572
Borrowings				
Debt due within one year	(9)	(13)	12	(10)
Debt due after one year	(29,646)	-	6	(29,640)
	<hr/> (29,655)	<hr/> (13)	<hr/> 18	<hr/> (29,650)
Total	<hr/> (23,813)	<hr/> (1,283)	<hr/> 18	<hr/> (25,078)

1 ACCOUNTING POLICIES

Legal status

Cornerstone Housing Limited is a registered society under the Co-operative and Community Benefit Societies Act 2014 and is a registered provider of social housing with the Regulator of Social Housing. Cornerstone is a public benefit entity as defined by FRS 102 and was incorporated in England. The registered trading address is Cornerstone House, Western Way, Exeter, EX1 1AL.

Accounting policies and basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 (SORP 2018) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

The principal accounting policies of Cornerstone are set out below.

Measurement convention

The financial statements are prepared under the historical cost convention except for listed investments which are stated at fair value.

Going concern

The Financial Statements have been prepared on a going concern basis. The Board assess Cornerstone's ability to continue as a going concern and have concluded that there is reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future being at least 12 months from the date of approval of these accounts.

Turnover and revenue recognition

Turnover represents rental and service charge income receivable (net of void losses), fees receivable, proceeds from first tranche sales of low-cost home ownership, and amortisation of Social Housing Grant (SHG) under the accrual model. Rental income and service charges are recognised in the period to which they relate. Proceeds on sales are recognised on completion. Other income is recognised as receivable on the delivery of services provided.

Revenue grants are credited to the Statement of Comprehensive Income over the period in which the related expenditure is incurred.

Other income

Income from settlements relating to building defects are recognised only when the settlement is finalised, unconditional and material uncertainties regarding collection have been resolved.

Interest payable

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

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

Other interest payable is expensed as incurred.

Pensions

The cost of providing retirement pensions and related benefits is accounted for in accordance with Section 28 of FRS 102 'Employee Benefits'.

Cornerstone has two pension schemes operating; defined benefit and defined contribution, both of which are with the Social Housing Pension Scheme (SHPS).

The defined benefit scheme is closed to new members and is a final salary pension scheme for some of its employees and is a multi-employer defined benefit scheme.

The assets of the schemes are held and managed separately from those of the Association. The pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability.

The pension scheme surpluses (to the extent that they are recoverable) or deficits are recognised in full. The movement in the scheme surpluses/deficits is split between operating charges, finance items and actuarial gains and losses.

Where a scheme is in deficit the Association recognises its liability for this obligation.

New employees are auto enrolled into the defined contribution pension scheme, and employer contributions are charged to the Statement of Comprehensive Income in the month they become payable.

Taxation

Cornerstone is an exempt charity and is therefore not subject to corporation tax on its charitable activities.

Value Added Tax

The Association is not registered for VAT and the financial statements include VAT that is not recoverable.

Housing properties

Housing properties include properties available for rent and retained interests in properties sold under shared ownership leases and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and directly attributable development administration costs.

Enhancement expenditure consists of works to existing properties which result in an increase in the net rental stream and is capitalised only to the extent that the total costs, including enhancements, do not exceed the greater of net realisable value and value in use.

Interest on net borrowings, to the extent that it is financing developments, is capitalised up to the date of practical completion of the scheme. Interest capitalised is net of interest receivable on SHG received in advance of practical completion.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Social Housing Grant and other capital grants

Social Housing Grant (SHG) and other capital grants receivable, including donated land, in respect of the capital cost of housing properties, are initially recognised at book value as a long term liability, specifically as deferred grant income and released through the statement of comprehensive income as turnover over the life of the structure of housing properties in accordance with the accrual method applicable to social landlords accounting for housing properties at cost in line with SORP 2018.

SHG due from Homes England is included as a current asset and SHG received in advance is included as a current liability.

On disposal of properties, all associated SHG is transferred to either the Recycled Capital Grant Fund (RCGF) until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

All SHG remains repayable unless abated or waived by Homes England but, with the Agency's agreement, is subordinated to other loans.

Cornerstone Housing Limited

Report and financial statements for the year ended 31 March 2025

Depreciation and impairment of housing properties

Housing properties are split between land, structure costs and, where the Association has a maintenance liability, major components that require periodic replacement.

No depreciation is provided on freehold land. Structure costs are depreciated by equal annual instalments over the estimated useful economic life from the date of acquisition. Where the Association has a maintenance liability for components these costs are depreciated separately over their estimated useful lives.

Rented properties:

Structure – new build	-	Not exceeding 100 years
Structure – other	-	Not exceeding 100 years
Roofs	-	50 years
Kitchens	-	20 years
Bathrooms	-	30 years
Windows and doors	-	30 years
Mechanical systems for heating, ventilation and plumbing	-	40 years
Heating - gas boiler	-	15 years
Heating – electric	-	20 years
Heating – air source heat pump	-	20 years
Electrics	-	40 years
Lifts	-	20 years
Shared ownership properties	-	Not exceeding 100 years

Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Housing properties are reviewed annually for evidence of impairment. Where there is evidence of impairment properties are written down to their recoverable amount.

Components earmarked for removal, during periods of major improvement works to existing properties, are considered an indicator of impairment and are written down to nil net book value.

Components replaced as part of an individual component replacement programme are written-off on completion of the replacement.

Cornerstone Housing Limited

Report and financial statements for the year ended 31 March 2025

Other tangible fixed assets

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

Depreciation is provided on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Freehold buildings	-	At 2% straight line
Motor vehicles	-	At 25% reducing balance
Loose tools and equipment	-	At 20% straight line
Office furniture, fittings and equipment	-	At 25% straight line
Service assets	-	At 5% straight line
Computer equipment	-	At 25% straight line
Computer software	-	Between 10% and 25% straight line
Cycle scheme	-	Hire Agreements between Cornerstone and employee repaid over 12 months

Bad and doubtful debts

Provision is made against rent arrears of current and former tenants as well as miscellaneous debts to the extent that they are considered irrecoverable. All former tenant arrears are fully provided for in the year that they occur.

Stocks

Stocks are of building materials and are stated at the lower of cost and net realisable value.

Properties held for sale and work in progress

Shared ownership first tranche sales and properties under construction are recognised at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Interest incurred is also capitalised during the course of obtaining planning and throughout the work in progress up to the point of practical completion of the development scheme. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Provisions

A provision is recognised in the statement of financial position when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Cyclical repairs and maintenance

The Association has established a regular programme of cyclical repair and maintenance. The actual costs are charged to the statement of comprehensive income as incurred.

Financial instruments

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

The Association holds a listed investment and loan note, these are shown as long-term investments. Listed shares are held at fair value and the loan note is held at amortised cost using the effective Interest rate method. Listed investments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment.

Tenant arrears, trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Association's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Estimation uncertainty

a) Estimated useful lives of housing properties and other tangible assets

At the date of capitalising tangible fixed assets, Cornerstone estimates the useful life of the asset based upon management's judgement and experience. Due to the significance of capital investment to Cornerstone, variances between actual and estimated economic lives could affect Cornerstone's result positively or negatively.

b) Impairment of trade and other account receivables

Cornerstone estimates the recoverable value of trade and other account receivables. When assessing the impairment, management consider factors including the current credit rating of the account, the ageing profile and historical experience. As at 31 March 2025 rent and service charges receivable, net of provision for bad and doubtful debts, is set out in note 19.

c) Pensions

Cornerstone has obligations to pay pension benefits to certain employees. The cost of the benefits and the present value of the obligation depends on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends.

d) Provision for Building Defects

Cornerstone has recognised a provision for expected future costs based on works completed during the year ended 31 March 2025. Given the significance of this provision, it may materially impact the Financial Statements for the year ending 31 March 2026, either positively or negatively, depending on the actual costs incurred.

3. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Note	2025					
		Turnover £'000	Other operating income £'000	Cost of sales £'000	Operating costs £'000	Surplus on property sales £'000	Operating surplus £'000
Social housing lettings	4	8,906	1,650	-	(8,329)	-	2,227
Other social housing activities							
Development costs not capitalised		-	-	-	(240)	-	(240)
Shared ownership first tranche sales		254	-	(189)	-	-	65
Other income	10	-	137	-	-	-	137
Surplus on property sales	7	-	-	-	-	160	160
		<u>9,160</u>	<u>1,787</u>	<u>(189)</u>	<u>(8,569)</u>	<u>160</u>	<u>2,349</u>
		2024					
		Turnover £'000	Other operating income £'000	Cost of sales £'000	Operating costs £'000	Surplus on property sales £'000	Operating surplus £'000
Social housing lettings (note 4)		8,224	-	-	(6,406)	-	1,818
Other social housing activities							
Development costs not capitalised		-	-	-	(252)	-	(252)
Shared ownership first tranche sales		140	-	(113)	-	-	27
Other income	10	-	144	-	-	-	144
Surplus on property sales	7	-	-	-	-	136	136
		<u>8,364</u>	<u>144</u>	<u>(113)</u>	<u>(6,658)</u>	<u>136</u>	<u>1,873</u>

There were no non-social housing activities in the year.

4. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	General needs housing £'000	Shared ownership £'000	2025 £'000	2024 £'000
Income from social housing lettings				
Rent receivable net of identifiable service charges	8,106	185	8,291	7,632
Service charges receivable	261	21	282	264
Amortised government grant	332	1	333	328
Turnover from social housing lettings	8,699	207	8,906	8,224
Other Income from other social housing lettings				
Building Defects Settlement	990	660	1,650	-
Expenditure				
Management	(1,517)	(66)	(1,583)	(1,617)
Services	(625)	(21)	(646)	(621)
Routine maintenance	(1,300)	-	(1,300)	(1,192)
Planned maintenance	(551)	-	(551)	(522)
Major repairs expenditure	(2,171)	(536)	(2,707)	(933)
Bad debts	(44)	-	(44)	(49)
Depreciation of housing properties	(1,796)	(33)	(1,829)	(1,775)
Other costs - SHPS other pension adjustments (see note 12)	514	-	514	488
Other costs - gardening, aids and adaptations, and operating leases	(183)	-	(183)	(185)
Operating costs on social housing lettings	(7,673)	(656)	(8,329)	(6,406)
Operating surplus on lettings	2,016	211	2,227	1,818
Income foregone as a result of voids	76	-	76	57

5. ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT

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

	2025 units	2024 units
Social housing		
Owned and managed:		
Rented	1,351	1,333
Shared ownership	60	55
Managed by others:	9	10
Managed:		
Rented	22	23
Total owned and/or managed	1,442	1,421
Accommodation in development at 31 March	69	9

Cornerstone Housing Limited
Report and financial statements for the year ended 31 March 2025

6. OPERATING SURPLUS

	2025	2024
	£'000	£'000
The operating surplus is arrived at after charging/(crediting):		
Depreciation of housing properties	1,829	1,775
Depreciation of other tangible fixed assets	31	114
Auditors' remuneration (excluding VAT) :		
- Fees payable to the Association's auditors for the audit of the financial statements	34	33
- Other audit services	1	1
Operating lease rentals - land and buildings	146	145
Exceptional income from building defects settlement	(1,650)	-
Less: Building defects costs incurred	426	-
Less: Building defects provision	914	-
	<u>914</u>	<u>-</u>

7. SURPLUS ON PROPERTY SALES

	2025	2024
	£'000	£'000
Disposal proceeds	367	257
Less: cost of sales	(207)	(121)
	<u>160</u>	<u>136</u>

8. INTEREST RECEIVABLE AND OTHER INCOME

	2025	2024
	£'000	£'000
Bank and deposits	270	292
	<u>270</u>	<u>292</u>

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2025	2024
	£'000	£'000
Loans and bank overdrafts	1,103	1,105
Interest payable capitalised on developments under construction	(54)	(22)
Net interest expense in respect of defined benefit pension provision (note 12)	88	88
	<u>1,137</u>	<u>1,171</u>
Capitalisation rate used to determine the finance costs capitalised during the year	<u>2.81%</u>	<u>2.81%</u>

10. OTHER INCOME

Other income generated includes commercial rental (75k) tenant recharges for repairs to housing stock (53k)

	2025	2024
	£'000	£'000
Other income	137	144
Building Defects Settlement	1,650	-
	<u>1,787</u>	<u>144</u>

Cornerstone Housing Limited
Report and financial statements for the year ended 31 March 2025

11. EMPLOYEES

The average monthly number of employees expressed as full time equivalents:

	2025	2024
	No.	No.
Housing & administration	32	30
Direct labour force	27	26
	<u>59</u>	<u>56</u>

	2025	2024
	£'000	£'000
Employee costs:		
Wages and salaries	2,340	2,086
Social security costs	241	205
Other pension costs	179	167
	<u>2,760</u>	<u>2,458</u>

The Association's employees are members of the Social Housing Pension Scheme (SHPS).

12. PENSIONS

Cornerstone participates in the Social Housing Pension Scheme (SHPS) with the selected benefit structure of a defined contribution scheme for entrants since 1 October 2010. Employees who participated in the pension scheme prior to 1 October 2010 have a benefit structure of a defined benefit scheme.

Social Housing Pension Scheme (SHPS): Defined Benefit Pension Scheme

Cornerstone participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. The scheme is subject to the funding legislation outlined in the Pension Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2023. This valuation revealed a deficit of £693m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028. The next valuation will be as at 30 September 2026 with results expected in the Autumn 2027.

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

During the year Cornerstone contributed 10.27% of pensionable salary for defined benefit members of the SHPS defined benefit pension scheme.

As reported in prior years, the Association has been notified by the Trustee of the Scheme that it had performed a review of the changes made to the Scheme's benefits over the years and the result was that there was uncertainty surrounding some of these changes. The Trustee was advised to seek clarification from the Court on these items so that it has the certainty it needs to properly administer the Scheme. The Court case is still ongoing and the outcome is not expected until later in 2025 at the earliest. It is recognised that this could potentially impact the value of the scheme liabilities, and the current best estimate of this impact to the Association is currently estimated at £443k, though until the Court directions are received, this amount cannot be confirmed. No adjustment has been made in these financial statements in respect of this potential issue.

As part of preparing for the Court case, the Trustees have also been considering the outcome of the Court of Appeal judgment in Virgin Media vs NTL Pension Trustees II Limited and have added some questions to the Court documents to gain clarity on the points arising. This process is also on-going, and the matter is unlikely to be resolved for a number of months. It is recognised that this could also potentially impact the value of the Schemes liabilities, but until the clarification has been provided, it is not possible to calculate the impact of this issues, particularly on an individual employer basis with any accuracy at this time. Furthermore, the Government has indicated that retrospective legislation may be introduced to remove the potential for the above further liability to arise. No adjustment has been made in these financial statements in respect of this potential issue.

12. PENSIONS (continued)

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	2025	2024
	£'000	£'000
Fair value of plan assets	8,541	8,748
Present value of defined benefit obligation	(9,937)	(10,797)
Deficit in plan	<u>(1,396)</u>	<u>(2,049)</u>
Defined benefit liability to be recognised	<u>(1,396)</u>	<u>(2,049)</u>

Reconciliation of opening and closing balances of the defined benefit liability

	2025	2024
	£'000	£'000
Opening defined benefit liability	(2,049)	(2,034)
Service costs	2	1
Contributions	521	495
Interest expense	(88)	(88)
Actuarial movements	929	312
Return of assets	(702)	(727)
Other expenses	(9)	(8)
Defined benefit obligation at end of year	<u>(1,396)</u>	<u>(2,049)</u>

Reconciliation of opening and closing balances of the defined benefit obligation

	2025	2024
	£'000	£'000
Opening defined benefit obligation	10,797	10,961
Current service cost	(2)	(1)
Expenses	9	8
Interest expense	519	525
Contributions by plan participants	15	17
Actuarial gains / (losses) due to scheme experience	382	(116)
Actuarial losses due to changes in demographic assumptions	-	(118)
Actuarial losses due to changes in financial assumptions	(1,311)	(78)
Benefits paid and expenses	(472)	(401)
Defined benefit obligation at end of year	<u>9,937</u>	<u>10,797</u>

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

	2025	2024
	£'000	£'000
Fair value of plan assets at start of period	8,748	8,927
Interest income	431	437
Experience on plan assets (excluding amounts included in interest income) - loss	(702)	(727)
Contributions by the employer	521	495
Contributions by plan participants	15	17
Benefits paid and expenses	(472)	(401)
Fair value of plan assets at end of year	<u>8,541</u>	<u>8,748</u>

Cornerstone Housing Limited

Report and financial statements for the year ended 31 March 2025

Defined benefit costs recognised in Statement of Comprehensive Income (SOCl)

	2025	2024
	£'000	£'000
Current service cost	(2)	(1)
Expenses	9	8
Net interest expense	88	88
Defined benefit costs recognised in SOCl	<u>95</u>	<u>95</u>

Defined benefit costs recognised in other comprehensive income

	2025	2024
	£'000	£'000
Experience on plan assets (excluding amounts included in interest income) - loss	(702)	(727)
Experience (losses) and gains arising on the plan liabilities	(382)	116
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	1,311	118
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	-	78
Total amount recognised in other comprehensive income - gain / (loss)	<u>227</u>	<u>(415)</u>

Key Assumptions

	2025	2024
	% per annum	% per annum
Discount Rate	5.85%	4.91%
Inflation (RPI)	3.09%	3.14%
Inflation (CPI)	2.79%	2.78%
Salary Growth	3.79%	3.78%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies;

	Life expectancy at age 65 (Years)	Life expectancy at age 65 (Years)
Male retiring in 2024	20.5	20.5
Female retiring in 2024	23.0	23.0
Male retiring in 2044	21.7	21.8
Female retiring in 2044	24.5	24.4

Social Housing Pension Scheme (SHPS): Defined Contribution Pension Scheme

Entrants to the pension scheme since 1 October 2010 participate in the SHPS defined contribution scheme.

The pension cost charge representing contributions payable by Cornerstone to the scheme for the year amounted to £173,036 (2024: £139,737)

13. KEY MANAGEMENT PERSONNEL

Key management personnel are the Executive Team and the Board. They are detailed in the Legal and Administrative details section of these accounts.

At 31 March 2025, the Chief Executive is a member of the Board.

The remuneration paid to key management personnel during the period was as follows:

Key management personnel (including executive directors)

	Basic salary £'000	Benefits in kind £'000	Pension contributions £'000	2025 Total £'000	2024 Total £'000
Aggregate emoluments of non-executive board members	28	-	-	28	23
Aggregate emoluments of key management personnel	397	-	37	434	423
Total	<u>425</u>	<u>-</u>	<u>37</u>	<u>462</u>	<u>446</u>

In addition social security costs were incurred for key management personnel of £51,135 (2024: £46,805).

	2025 £'000	2024 £'000
The emoluments payable to the highest paid executive in the period, excluding pension contributions	<u>106</u>	<u>108</u>

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

Employee by banding

	2025 Number	2024 Number
£100,001 to £110,000	1	1
£90,001 to £100,000	-	-
£80,001 to £90,000	2	-
£70,001 to £80,000	1	2
£60,001 to £70,000	<u>1</u>	<u>2</u>

14. TAXATION

The Association has charitable status and its activities during the year did not give rise to a corporation tax liability

15. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

	Social housing properties held for letting	Social housing properties under construction	Completed shared ownership housing properties	Shared ownership housing properties under construction	Total housing properties
Cost	£'000	£'000	£'000	£'000	£'000
At 1 April 2024	91,755	973	3,420	246	96,394
Additions	-	3,352	-	980	4,332
Works to existing properties	920	-	-	-	920
Interest capitalised	-	42	-	12	54
Schemes completed	3,191	(3,191)	867	(867)	-
Component disposals	(185)	-	-	-	(185)
Abortive Costs	-	(1)	-	-	(1)
Property disposals	-	-	(213)	-	(213)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2025	95,681	1,175	4,074	371	101,301
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment					
At 1 April 2024	26,841	-	338	-	27,179
Depreciation charge	1,796	-	33	-	1,829
Released on replacement of components	(132)	-	-	-	(132)
Released on disposal	-	-	(9)	-	(9)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2025	28,505	-	362	-	28,867
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 March 2025	67,176	1,175	3,712	371	72,434
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 2024	64,914	973	3,082	246	69,215
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

15. TANGIBLE FIXED ASSETS - PROPERTIES (continued)

Expenditure on works to existing properties

	2025	2024
	£'000	£'000
Components capitalised - Other schemes	920	1,520
	<u>920</u>	<u>1,520</u>
Amounts charged to the income and expenditure account	2,707	933
	<u>3,627</u>	<u>2,453</u>

Finance costs

	2025	2024
	£'000	£'000
Aggregate amount of finance costs included in the cost of housing properties	1,002	948
	<u>1,002</u>	<u>948</u>

Housing properties book value net of depreciation

	2025	2024
	£'000	£'000
Freehold land and building	66,382	63,028
Long leasehold land and buildings	6,052	6,187
	<u>72,434</u>	<u>69,215</u>

Additions to completed housing properties in the year

	Social housing properties	Shared ownership properties	2025 Total
	£'000	£'000	£'000
Additions comprise:			
Schemes completed	3,191	867	4,058
Components capitalised on existing properties	920	-	920
	<u>4,111</u>	<u>867</u>	<u>4,978</u>

16. FIXED ASSETS - OTHER

	Freehold buildings £'000	Motor Vehicles £'000	Computer Equipment £'000	Fixtures Fittings & Equipment £'000	Cycle Scheme £'000	Total £'000
Cost						
At 1 April 2024	2,844	185	376	201	9	3,615
Additions	23	-	57	3	-	83
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2025	2,867	185	433	204	9	3,698
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation						
At 1 April 2024	660	159	255	175	8	1,257
Charge for the year	(21)	6	40	5	1	31
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2025	639	165	295	180	9	1,288
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value						
At 31 March 2025	2,228	20	138	24	-	2,410
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 2024	2,184	26	121	26	1	2,358
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Cornerstone Housing Limited
Report and financial statements for the year ended 31 March 2025

17. INVESTMENTS

	2025	2024
	£'000	£'000
Listed investments	117	117
Money market deposits	405	405
Loan note	222	222
	<u>744</u>	<u>744</u>

Under the terms of our loan agreements with The Housing Finance Corporation Limited and Affordable Housing Finance plc, we are required to maintain investment balances equal to one year's interest on the loans.

18. STOCK

	2025	2024
	£'000	£'000
Shared ownership first tranches - Held for Sale	414	0
Other stock - building materials	20	15
	<u>434</u>	<u>15</u>

19. DEBTORS

	2025	2024
	£'000	£'000
Due within one year		
Rent and service charges receivable	41	34
Recharges receivable	41	53
Less: provision for bad and doubtful debts	(55)	(59)
	<u>27</u>	<u>28</u>
Grants Receivable	0	525
Other debtors	21	17
Prepayments and accrued income	416	302
	<u>464</u>	<u>872</u>

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2025	2024
	£'000	£'000
Housing loans (note 24)	10	9
Recycled capital grant fund (note 25)	10	10
Trade creditors	573	325
Rent and service charges received in advance	396	375
Other creditors	158	154
Accruals and deferred income	353	258
Deferred capital grant (note 23)	333	333
	<u>1,833</u>	<u>1,464</u>

21. PROVISIONS

Building Defects	914	0
Dilapidations	23	19
	<u>937</u>	<u>19</u>

Cornerstone Housing Limited**Report and financial statements for the year ended 31 March 2025****22. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2025	2024
	£'000	£'000
Housing loans (note 24)	29,640	29,646
Arrangement fees capitalised	<u>(103)</u>	<u>(110)</u>
	29,537	29,536
Deferred capital grant (note 23)	10,886	11,219
Other long term creditors	<u>12</u>	<u>11</u>
	<u><u>40,435</u></u>	<u><u>40,766</u></u>

The premium and discount arising on loan issues are amortised over the term of the loan to which it relates as part of the effective interest rate charge.

23. DEFERRED CAPITAL GRANT

	2025	2024
	£'000	£'000
At beginning of year	11,552	11,355
Grant received	0	525
Released to income	<u>(333)</u>	<u>(328)</u>
At end of year	<u><u>11,219</u></u>	<u><u>11,552</u></u>
Amounts to be released within one year	333	333
Amounts to be released in more than one year	<u>10,886</u>	<u>11,219</u>
	<u><u>11,219</u></u>	<u><u>11,552</u></u>

The balance on Deferred Capital Grant shown above is net of amortised grant already released to the Statement of Consolidated Income and Reserves.

The gross Capital Grant received is £17.6m (2024 £17.6m) with a cumulative total of £6.3m (2024 £6.0m) amortised to reserves.

Cornerstone Housing Limited**Report and financial statements for the year ended 31 March 2025****24. HOUSING LOANS**

	2025	2024
	£'000	£'000
Debt is repayable as follows:		
Due within one year		
Other loans	10	9
	<u>10</u>	<u>9</u>
Due after one year		
Other loans	29,640	29,646
	<u>29,640</u>	<u>29,646</u>
Total loans	<u>29,650</u>	<u>29,655</u>

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	2025	2024
	£'000	£'000
The housing loans are repayable as follows:		
Within one year or on demand	10	9
One year or more but less than two years	11	9
Two years or more but less than five years	43	38
Five years or more	29,586	29,599
	<u>29,650</u>	<u>29,655</u>

Borrowing facilities

Cornerstone has undrawn facilities available at 31 March as follows:

	2025	2024
	£'000	£'000
Expiring between two and five years	<u>11,000</u>	<u>11,000</u>

Financial liabilities

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

	2025	2024
	£'000	£'000
Fixed rate	<u>29,650</u>	<u>29,655</u>
Total borrowings	<u>29,650</u>	<u>29,655</u>

The fixed loans are for terms maturing between 18 and 26 years at interest rates ranging from 2.81% to 12.61% including margins. The weighted average interest rate of these loans is 3.42% (2024:3.42%). The weighted average period is 23 years (2024:24 years)

Cornerstone Housing Limited**Report and financial statements for the year ended 31 March 2025****25. RECYCLED CAPITAL GRANT FUND**

	2025	2024
	£'000	£'000
At beginning of year	10	10
At end of year	10	10
Recycled capital grant		
Amounts due within one year	10	10
	10	10

26. NON-EQUITY SHARE CAPITAL AND RESERVES

	2025	2024
	£	£
Issued and fully paid		
At beginning of year	12	10
Shares issued during the year at £1 par	2	2
Shares cancelled during the period at £1 par	(2)	
At end of year	12	12

All shares have equal voting rights at the Annual General Meeting of the Association. The shares do not have rights to any dividends, nor to a distribution in winding-up, and they are not redeemable.

The revenue reserve is the accumulated reserves for the business.

27. NET CASH INFLOW FROM OPERATING ACTIVITIES

	2025	2024
	£'000	£'000
Operating surplus	2,349	1,873
Adjustments for non-cash items:		
Grant receivable	0	525
Surplus on property sales	(160)	(136)
Grant amortisation	(332)	(328)
Depreciation, impairment and amortisation of housing properties	1,882	1,882
Depreciation, impairment and amortisation of other tangible fixed assets	31	114
Pension costs	(514)	(488)
(Increase) / Decrease in stock	(419)	110
(Increase) in debtors	(128)	(542)
Increase in creditors	1,309	130
Net cash inflow from operating activities	4,018	3,140

28. FINANCIAL COMMITMENTS

	2025	2024
	£'000	£'000
Capital commitments for which no provision has been made		
Expenditure contracted for but not provided in the accounts	9,971	9,192
Expenditure authorised by the board, but not contracted	5,545	1,495
Total	<u>15,516</u>	<u>10,687</u>

Capital commitments of £15.5m will be financed through existing and new borrowing which was secured in June 2025.

Operating lease commitments

The future minimum lease payments under non-cancellable leases are as follows:

	2025	2024
Due:	£'000	£'000
Within one year	138	138
Within one to two years	133	130
Within two to five years	285	314
After five years	522	573
	<u>1,078</u>	<u>1,155</u>

29. RELATED PARTIES

Key management personnel

Key management personnel received remuneration as reported in note 13.

A member of the Board has a close relative employed by the Association and is also a current tenant of the Association paying monthly rent. Rent and service charges payable during the year were £5,935 (2024: £5,511) . There are rent arrears at year end (£405.15), in which a payment plan has been agreed with both parties.

30. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.