RED KITE COMMUNITY HOUSING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2026

REGISTERED WITH THE REGULATOR OF SOCIAL HOUSING No. 4682

REGISTERED WITH THE FINANCIAL CONDUCT AUTHORITY No. 31322R

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Group and Association information

Registered Society registration number	31322R
Regulator of Social Housing registration number	4682
Registered office	Red Kite Community Housing Limited Hampden Court Kingsmead Business Park Frederick Place High Wycombe Buckinghamshire HP11 1JU
Board	Lucy Weston; Chair Anita Khan; Senior Independent Director Simon Archer (Until 10 September 2025) Steve Broadbent (Appointed 10 September 2024 & until 10 September 2025) David Carroll Derek Cash Lesley Clarke (Appointed 10 September 2025) Candida Dutiro (Appointed 10 September 2025) Tracey Faraday-Drake Diana Green Afzal Ismail (Appointed 10 September 2025 until 11 July 2026) Bobby Koshy (Until 10 September 2025) Tim Mulvenna Alistair Newman (Until 18 March 2026)

Group and Association information (continued)

Chief Executive	Trevor Morrow (Until 11 April 2025) Susan Hickey– Interim (Appointed 19 May 2025 and until 17 April 2026) Peter Cogan (Appointed 20 April 2026)
Company Secretary	Sue Fryer
Executive Directors	Alan Keers, Deputy Chief Executive (Until 7 April 2026) Iain Bacon, Chief Finance Officer (Interim) Nicholas Burston, Director of Property & Development (Appointed 24 May 2024 and until 24 August 2025). Darren Mealings –Director of Property & Development (Interim) Appointed 4 August 2025 until 2 June 2026 Darren Mealings- Chief Operating Officer (Appointed 3 June 2026). Sarah North, Director of Customer Services (Until 7 April 2026)
Funders	The Royal Bank of Scotland plc 250 Bishopsgate London EC2M 4AA Pension Insurance Corporation 22 Ropemaker St, London EC2Y 9AR Barclays Bank PLC 1 Churchill Place London E14 5HP
Solicitors	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B3 2ES
External Auditor	Buzzacott Audit LLP 130 Wood Street London EC2V 6DL
Internal Auditor	Menzies LLP 4th Floor 95 Gresham Street City of London EC2 7AB

Chief Executive's Introduction

I am delighted to introduce my first annual report as Group Chief Executive of Red Kite Community Housing, having been appointed in November 2025 and joining the organisation in April 2026.

Since starting, I have been struck by how strongly tenant voices shape decisions across the organisation, and by the commitment shown every day by volunteers and colleagues in delivering good homes and services and continually improving what we do. That shared commitment provides a strong foundation as we enter the next phase of our journey.

This is an important moment for Red Kite. Over the past year, we have taken steps to strengthen how we are organised, introducing a new executive structure designed to support clearer accountability, stronger collaboration and better delivery of our priorities. These changes will help ensure we are well placed to respond to the challenges facing our sector, while continuing to focus on what matters most to our tenants.

Looking ahead, our focus is on building on our strengths while being honest about where we need to improve. We are committed to delivering more consistent services, particularly in areas such as repairs. At the same time, we will continue to invest in our homes, improve energy efficiency, and support tenants with the ongoing cost of living.

We are also investing in our future through initiatives such as Project UNITY, our business transformation programme. This will help us deliver more consistent, reliable services by modernising our systems and improving how we use data to better understand and respond to tenants' needs.

Alongside this, our plans for growth – including new homes, will allow us to support more families while maintaining our strong local focus.

Red Kite is financially resilient with strong financial performance and low levels of borrowing and is well governed while being ambitious for the future. Together, we will continue to build on what is working, face challenges openly, and ensure that our homes remain the foundation for thriving individuals and communities.

As we move forward, my priority is to ensure that Red Kite remains a listening organisation, rooted in our values and shaped by tenant voices. I am confident that by working together, we can continue to improve, innovate and deliver the homes and services our tenants deserve.

Chair's Statement

As Chair of Red Kite Community Housing, I am pleased to introduce our annual report for 2025/26. Over the past year, I have continued to be struck by the strength of our tenant-led culture and by the commitment shown every day by tenants, volunteers and staff. It is this shared commitment - to doing the right thing, to listening, and to continually improving that gives Red Kite its distinctive character and purpose.

With more than 16,000 people living in our homes, nearly 700 tenant, leaseholder and shared owner members, and a dedicated network of volunteers, we remain firmly rooted in our values as a tenant-led, community housing association. Tenant voices continue to shape our work at every level, from scrutiny and service improvement to recruitment and governance. That is something we are proud of.

This year has also been one of important change. These changes help ensure we are well placed to deliver our strategy, drive ongoing improvements in our services and respond to the opportunities and pressures facing the sector.

Our Tenant Satisfaction Measures show a positive picture overall, with service satisfaction at 83.8% - an increase of 8.4% on last year. We've also seen encouraging results in key areas that matter most to tenants, including feeling listened to and safe in their homes. As a charitable organisation, every pound we generate is reinvested into our homes, services and communities, and that sense of purpose continues to shape our decisions.

We know, however, that good performance in some areas does not remove the need for honesty about the areas where we must do better. Repairs remain a key focus, and while satisfaction with repairs has improved to 75.7%, and we completed 22,662 repairs during the year, we know that consistency and customer experience matter just as much as volume. Continued improvement in this area remains a priority, informed by tenant feedback and clear action planning.

We have continued to invest significantly in existing homes while also delivering much-needed new ones. During the year, we invested £5.9 million in improving our homes, supported by around £1.1 million of government funding. This investment is helping to make homes warmer during cold weather, more energy efficient and more affordable to run, supporting tenants with the ongoing cost of living. As a result, 85.8% of our homes are now rated EPC C or above.

During the year, we built 67 new homes and have a further 156 under construction. In April 2025, we also acquired 319 homes from Riverside Housing Group, welcoming new tenants in Windsor and Maidenhead into Red Kite. This was an important step in our growth, supporting our long-term financial sustainability, strengthening our ability to invest in homes and neighbourhoods, and bringing more tenants into the Red Kite community.

Alongside this, we are continuing to invest in our future through business transformation programmes. Approved by the Board in 2024, UNITY is a multi-year programme designed to make it easier for tenants to access services, get the information they need and receive a more consistent experience when they contact us. As we move into delivery, our focus is on improving our systems and data so we can respond more efficiently, make better-informed decisions and provide better services for tenants.

Chair's Statement (continued)

Like other Housing Associations we are operating in a complex and changing environment. Economic uncertainty, legislative change and rising costs continue to affect the sector. Against this backdrop, we remain focused on delivering the high standards of service that tenants rightly expect and on meeting the requirements of the strengthened Consumer Standards framework.

We are also preparing for an upcoming inspection from the Regulator of Social Housing. As our first inspection under the Consumer Standards framework, it provides an important opportunity to receive independent feedback, demonstrate our compliance and identify opportunities to strengthen our services further. We welcome this scrutiny as part of our commitment to continuous improvement and accountability to tenants.

Strategic Report

Principal activities

Red Kite Community Housing is a charitable registered Society that was registered with the Financial Conduct Authority on 26 July 2011 and commenced trading on 13 December 2011 when it purchased the entire housing stock of Wycombe District Council.

Red Kite's primary purposes are:

- the provision of affordable housing to our local community; and
- to realise the potential in our communities.

The Group owns and manages approximately 6,800 properties (including 681 leasehold flats in Berkshire, Buckinghamshire, and South Oxfordshire).

In December 2017, the structure changed from a single entity into a Group one, and this underpins the delivery of the Corporate Strategy.

Business and financial review

The financial statements cover the twelve-month period to the 31 March 2026 and are presented on a full Group basis. The financial performance of the Group continues to be significantly influenced by that of the Parent Red Kite Community Housing Ltd. The Group Board reports an operating surplus for the year (excluding gains on disposal of property) of £11,603,000 (2025: £10,917,000). This £686,000 increase in the operating surplus for the year is the net impact of:

- an increase in rental income due to the combined impact of the purchase of 319 homes from The Riverside Group (7 April 2025), and the annual inflationary increase in weekly charges.
- growth in operating expenditure that was higher than the adjustment in rental income, and this includes an:
    - an increase in the revenue expenditure associated with the routine repairs to our tenant's homes and also catch up works on the homes that were purchased from The Riverside Group.
    - an expected increase in the annual depreciation due to the 319 homes purchased during the year, and the continued capitalised investment in our existing homes which is in addition to the new homes that are being built for the local community.
    - Planned expenditure that is associated with the digital transformation investment, and an increase in the depreciation charge for non-housing capital investment that includes the office.
    - additional one off expenditure associated with changes in the corporate structure that will deliver future savings.

On 7 April 2025 we completed the purchase of 319 social rented homes from The Riverside Group in Windsor and Maidenhead, and during the year 67 new homes were handed over by our development partners with a further 156 in development at 31 March 2026. During the year the Group invested a total of £17,828,000 in new homes.

The level of investment in our existing tenants' homes will fluctuate annually, and the profile of works identified is based upon the Group's Asset Management Strategy. During the year we invested a further £16,478,000 (2025: £17,208,000), and of this £10,597,000 (2025: £10,387,000) was charged to the Statement of Comprehensive Income, with the remaining investment of £5,881,000 (2025: £6,821,000) being added to the value of our homes in the Statement of Financial Position.

Strategic Report (continued)

Business and financial review (continued)

This capitalised investment in our existing homes included £467,000 (2025: £262,000) of improvements funded from the Social Housing Decarbonisation Fund, with a further £610,000 being funded from Warm Homes Social Housing Fund grant funding. In the next two financial years there will be a further £4,436,000 investment in the energy efficiency of the homes of our tenants of which £1,494,000 will be grant funded.

After the landlord of our previous office at Windsor Court commenced the process of ceasing our tenancy to enable them to redevelop the building for homes the Group Board decided in September 2024 to acquire the freehold of another office on the same business park and invest in a permanent office for the Red Kite Group. In September 2025 following the completion of the fit out works the Group relocated to its new office at Hampden Court.

The annual rent increase for April 2025 for the regulated homes in Red Kite at 2.7%, was the maximum permitted under the Rent Standard.

The Group Board when setting the April 2025 rent and service charges levels had to balance the financial requirements of the business and the affordability of the increase to the household budgets of its tenants. As Twenty11 is not regulated by the Regulator of Social Housing its Board has greater rent freedoms, but it agreed to increase the rents of existing tenants by a maximum 2.7% in line with Red Kite (excluding the 7 investment homes).

The overall increase in the Group rental income (including service charges for its homes, but excluding the amortisation of grant) was £4,312,000 (9.5%), and this is achieved by:

Red Kite £3,646,000 (9%)

- 319 homes purchased from The Riverside Group (7 April 2025).
- 67 new homes delivered during the year for the local community, and there was a full 12 months of rent for the 40 new homes delivered in the previous financial year.
- and the annual rent adjustment of 2.7%.
- this was offset by the 49 Twenty11 transfers and 27 homes sold to tenants who exercised their Right to Buy and Right to Acquire.

Twenty11 £666,000 (18%)

- the number of homes in management increased by 49 during the year.
- and the full financial benefit of the 49 homes transferred in the previous year.
- The annual rent adjustment of 2.7%.

The reported level of arrears for the Group is disclosed within note 16 and this increased to £3,293,000. During the year £241,000 of the annual rental income was expensed as a potential bad debt provision.

	Year Ending March 2026	March 2025	March 2024
Level of arrears £	3,293,000	2,897,000	3,231,000
Rental bad debt expense in year £	241,000	194,000	392,000
As a % of rental income %	0.48	0.42	0.94

Strategic Report (continued)

Business and financial review (continued)

The management of reletting homes in the most efficient manner enables the Group to minimise the loss of rent. The performance for the last three years is reported below:

	Year Ending		
	March 2026	March 2025	March 2024
Loss of Rent and service charge £	445,000	391,000	339,000
As a % of rental income %	0.88	0.85	0.81

During the year there were the following sales of our homes

	Year Ending		
	Number	Sale Receipts £'000	Sum retained by the Group £'000
Right to Buy sales	25	5,175	1,440
Right to Acquire sales	2	393	393
Shared Ownership Staircasing- Full	2	371	371
Shared Ownership Staircasing- Partial	3	108	108
Asset Management Sales	1	322	322

Under the terms of the Transfer Agreement with the Local Authority the Group is required to pay the receipts from all Right to Buy sales to them until December 2041 less a sum that reflects the loss of rent for each home. For the year, the Group retained £1,440,000.

The total 25 Right to Buy sales in the year is higher than the preceding twelve months (11), and in the current year we saw the first shared ownership full and partial staircasing's. The increase in the number of Right to Buy sales in the year reflected a significant growth in applications following the Government's announcement to changes in the level of discount and the eligibility criteria from 21 November 2024. It is forecast that future sales will be significantly lower.

The decrease in the surplus on ordinary activities before taxation by £2,882,000 to £8,715,000 is the net of:

- The improvement of £686,000 in the operating surplus that was reported earlier.
- The overall value of the assets classified as investments increasing by £1,632,000 (2025: £3,230,000) inflated the performance reported in the previous year.
- The 53% increase of £2,042,000 to £5,929,000 in the expenditure associated with servicing the debt of the Group with the average debt during the year increasing from £92,500,000 to £139,260,000. This increase in debt was to fund the investment in new homes and the acquisition of the 319 homes purchased from The Riverside Group.

The surplus for the financial year is £8,715,000 (£11,615,000).

During the year the Group refinanced its facilities with the Royal Bank of Scotland, and the existing fixed debt instrument was broken with the new financial instrument being measured annually for its fair value. The hedging instrument is deemed to be efficient, and as such, the value adjustment is reported as other comprehensive income. There is a fair value gain of £1,712,000 at 31 March 2026.

Strategic Report (continued)

Business and financial review (continued)

Red Kite Community Housing (as per note 10) is a member of the Buckinghamshire Local Government Pension Scheme. The scheme has been closed to new members since December 2011. The number of employees at 31 March 2026 accruing future benefits was twelve. The March 2026 actuarial report on the Red Kite's assets and liabilities reported a surplus of £5,303,000 (2025: £4,604,000).

Since March 2023 there has been a potential pension asset, but it has not been recognised due its recoverability not being in the control of the Group. The elimination of the previous deficit reflects the outcome of the March 2025 triennial review that has been updated to reflect the current environment in March 2026.

The Total Comprehensive Income for the year is £10,426,000 (2025: £11,615,000).

The Statement of Financial Position for the Group reflects the total assets less current liabilities of £403,072,000 (2025: £348,739,000) and this translates into net assets of £133,035,000 (£120,609,000) after deducting the long-term creditors and provisions.

The Group Board has a clear vision to deliver much needed additional homes to its local community, and during the year the Group was able to provide 67 (2025: 40) new affordable homes that were either social & affordable rents or shared ownership.

In addition, there are 156 homes currently being built (2025: 113).

To support the investment in new homes the Group received a further £1,678,000 of grant from Homes England during the year, and since April 2023 the total value of such funding is £9,299,000. In addition, as the result of the purchase of the 319 homes from the Riverside Group £11,741,000 of Homes England grant obligation was transferred to the Group. This is recognised as a contingent liability that would be repayable in the instance that the corresponding properties are disposed of and appropriate alternative use cannot be identified.

The Group Board acknowledges the strength of its Statement of Financial Position, its levels of asset security, and its ability to service higher levels of borrowing.

The Group Board will increase further the investment in additional homes, and the updated March 2026 Group's Business Plan is the initial step. This builds on the initial phase of 500 new homes in the 5-year period from April 2025 with a further 500 new homes to be developed from April 2030 to March 2035.

The Development Strategy is underpinned by a mixed portfolio of new social, affordable, and shared ownerships homes for the local community.

The Group Business Plan also incorporated the outcomes of the previous stock condition survey of our tenants' homes, and this has ensured that there is sufficient financial capacity to enable continued investment in our existing homes, including greater energy efficiency and contributing to the wider sustainability agenda. In the next two years the Group will be undertaking a full stock condition of all of its homes. The updated stock condition data will enable the Group Board to make even better informed decisions on its future investment in our current tenant's homes and its wider sustainability approach.

Key for any funder is the Group's financial strength and its performance, both current and future. The updated March 2026 Group Business Plan enables the Group Board to demonstrate the strong financial foundations of the Group that has positioned it to manage the associated risks of its Corporate Strategy and the external environment.

Strategic Report (continued)

Business and financial review (continued)

Red Kite is a tenant-led business. This means that we provide the means for tenants and leaseholders to influence our direction and determine what type of organisation we are. We have 701 tenants and leaseholders as shareholders (2025: 661), with two positions are available for tenants and leaseholders to sit on our Group Board and one position is available to sit on the Twenty11 Board. In addition it is the tenants and leaseholders who make the support with procurement recommendations and monitor the performance of our various repairs and maintenance contractors as well as supporting most recruitment processes.

The Group Board has set a clear vision of how it will realise the potential in our communities, and a fundamental part of this will be delivered by the subsidiaries that were formed when the Board approved its Group Structure in December 2017.

One of these subsidiaries, Twenty11, has been created as an unregulated housing charity. This has allowed homes to be transferred to it from Red Kite that enables Twenty11 to charge rents that are aligned to our tenant's ability to pay and support its tenants to enhance their individual circumstances and assist them to improve their financial well-being. At 31 March 2026 431 (2025: 382) homes had been transferred to Twenty11.

Strategic Report (continued)

Business and financial review (continued)

Summary statements of comprehensive income and financial position are shown below:

For the year ended 31 March	2026	2025	2024	2023	2022
	£'000	£'000	£'000	£'000	£'000
Statement of Comprehensive Income					
Turnover and other income	51,320	47,276	45,514	40,358	37,641
Operating surplus (excluding gains on property disposals)	11,603	10,917	9,570	6,049	8,267
Total comprehensive income for the year	10,426	11,615	9,003	10,355	8,360
Statement of Financial Position					
Negative goodwill	(34,040)	(36,398)	(38,681)	(41,862)	(44,261)
Housing properties, net of depreciation	301,344	246,235	234,597	213,747	200,225
Investment properties	9,820	10,097	7,320	7,406	8,392
Other tangible fixed assets	7,592	4,536	619	309	633
Fixed assets	318,756	224,470	203,855	179,600	164,989
Net current assets	3,183	3,311	4,666	4,146	10,241
Debtors due after one year	115,173	120,958	122,715	126,953	130,576
Total assets less current liabilities	403,072	348,739	331,236	310,699	305,806
Creditors due after more than one year	(154,794)	(105,105)	(97,454)	(81,619)	(79,388)
Net pension asset / (liability)			-	-	(4,114)
Provisions for liabilities	(115,243)	(121,025)	(122,788)	(127,089)	(130,668)
Total net assets	133,035	122,609	110,994	101,991	91,636
Reserves	133,035	122,609	110,994	101,991	91,636

Strategic Report (continued)

Business and financial review (continued)

	2026	2025	2024	2023	2022
Social housing homes owned at the year-end:	5,720	5,412	5,434	5,518	5,582
Non-social housing homes owned at the year end	431	382	333	286	225
Total number of homes owned at the year end	6,151	5,794	5,767	5,804	5,807
Statistics:					
Operating surplus as % of turnover	22.5%	23.0%	21.4%	16.5%	22.2%
EBITDA interest cover (including sales)	250.0%	367.7%	419.9%	344.1%	279.5%
EBITDA MRI interest cover (including sales)	150.8%	192.1%	263.9%	172.6%	160.3%
Gearing (including works in progress)	45.6%	36.8%	34.2%	34.8%	37.1%
Surplus for year as % of income from social housing lettings	19.3%	28.5%	23.5%	17.1%	18.1%
Rent losses *(voids and bad debts as % of rent and service charges receivable)*	1.7%	1.5%	2.6%	1.0%	2.1%
Rent arrears *(gross current tenant arrears as % of operating turnover)*	4.5%	4.4%	6.1%	6.1%	5.9%
Liquidity *(current assets divided by current liabilities)*	114.2%	122.3%	128.0%	129.2%	159.9%

Strategic Report (continued)

Business and financial review (continued)

Complying with our covenants

We monitor all Group debt financial covenants regularly and fully complied with them throughout the year, and as at 31 March 2026. During the year, as the result of the Royal Bank of Scotland refinancing, the EBITDA MRI Interest Cover covenant was replaced by an EBITDA Only Interest Cover covenant which is less restrictive.

In addition to the covenants contained within our loan agreements, the Group has a number of internal measures, including a set of Golden Rules that it monitors and uses to manage the business. This includes an EBITDA MRI Interest Cover Golden Rule of 100%.

The Group also undertakes regular single and multi-variant stress tests of our financial plan and forecasts to ensure that, even in the most unlikely combinations of adverse market conditions or shocks, and factoring in our development plans, the business is not put at risk, and adequate covenant headroom is maintained.

Objectives and strategy

The Red Kite Board is responsible for the long-term strategy and viability of the Group. At the end of the year, the Group Board comprised eleven non-executive directors, including two tenants and two members nominated by the Local Authority.

Our Group Board is responsible for providing leadership for the Group within a framework of prudent and effective controls. It sets out the strategic direction, objectives, values and standards, reviews management performance and ensures that the necessary financial, material, and human resources are in place for the Group to meet its objectives.

The Group Board has reserved the following matters for its consideration in accordance with the provisions of the National Housing Federation Code (2020) (henceforth "the Code"):

- Establish and approve the strategic direction of the Group, including its mission, vision and values, financial Business Plan (Plan) and budgets, Corporate Strategy, and related action plans.
- At least annually, with more frequent reviews depending on the macroeconomic environment, review stress testing, and mitigation planning for the Plans of Red Kite and any operational subsidiary.
- In approving the Group financial Business Plan and budget set the financial business plan and budget of Pennvale, Edenmead and Red Kite Devco, and approve the financial Business Plan and budget of Twenty11.
- Approve the annual Treasury Strategy.
- Ensure that the strategic objectives are delivered.
- Ensure compliance with Red Kite's objects.
- Ensure that non-charitable activities across the Group do not compromise Red Kite or Twenty11's charitable status.
- Manage the risks that face the Group.
- Ensure that appropriate systems of control exist to protect the assets and reputation of the Group.

Strategic Report (continued)

Business and financial review (continued)

Objectives and strategy (continued)

- Review, on a quarterly basis, the management accounts of the Group and of the Red Kite entity.
- Approve amendments to the Governance Regulations.

In January 2021, the Board approved the adoption of the National Housing Federation Code (2020) (henceforth "the Code") from April 2022.

The Group Board has subsequently considered Red Kite's compliance with the Code as at 31 March 2026 and confirms that it is compliant with every provision.

The Group Board confirms that, throughout the year, Red Kite has applied the main principles and complied with the relevant provisions set out in the Code and international best practice in corporate governance, listing.

The year ending 31 March 2026 was the first year of the new Corporate Strategy.

Our Vision for 2025-2030 is
"*Creating homes as foundations, that enable individuals and communities to thrive*"

Our Mission for 2025-2030 is
We will build a strong foundation for tenants and communities centred around safe, warm, and affordable homes. This will be delivered through responsive, transparent, and cost-effective services, influenced and shaped by our diverse tenant voices. We will embrace innovative ways of working, recognising our responsibility to meet our wider challenges and ambitions to create sustainable communities and homes.

The Group Board recognises that it is not only what we do, but how we do it, that is important. The culture that will reflect this is based upon:

Partnership:
We will work with our tenants, volunteers, and other stakeholders to achieve successful outcomes, recognising the value and opportunities enabled by working together.

Respect:
We will hear and value the diverse voices of our tenants and communities and use this to shape and improve our services.

Pride:
We will take pride in all that we do, want everyone to able to be proud of their homes and neighbourhoods.

Strategic Themes
Based upon this research, consultation and consideration of our vision, our strategic themes for the five years of the Corporate Strategy are as follows:

Strategic Report (continued)

Business and financial review (continued)

Objectives and strategy (continued)

- Great core services
  - *Provide excellent services that are seamless and easy to use, shaped by our tenants.*
  - *Help unlock barriers to ensure fairness.*
  - *Be proactive in understanding and supporting the diverse individual needs of all our tenants and leaseholders.*

- Homes and neighbourhoods to be proud of
  - *Provide quality homes that are safe and warm*
  - *Support environments which encourage communities to flourish*

- Homes for the future
  - *Use our resources to develop 500 new homes our communities need in the future*
  - *Develop a strategic framework that allows consideration of future homes*

- Valuing tenant voices
  - *Remain tenant-led, understanding tenants and leaseholders and acting on feedback*
  - *Increase and widen opportunities for tenants to help shape the organisation*
  - *Seek input from the diverse voice of our tenants*

- Strong Foundations
  - *Be a learning organisation, prioritising continuous improvement*
  - *Develop excellent digital services fit for the future, including the potential use of AI*
  - *Be well-governed and well-managed*
  - *Maintain robust financial strength and financial control through responsible borrowing and achieving value for money*

- Staff, skills, and capacity
  - *Recruit, retain and develop high-quality, passionate staff*
  - *Develop an accountable culture in which we live our values, staff thrive, and service delivery is excellent*
  - *Ensure we have the right resources in the right place*

Strategic Report (continued)

Value for Money Report

Red Kite Group takes a strategic approach to achieving and delivering Value for Money (VFM). We developed a new VFM Strategy which was approved by the Group Board in December 2025 which supports our Corporate Strategy which takes us through to 2030.

The VFM Strategy sets out a number of areas where we intend to further improve our VFM and is supported by an action plan which we are currently implementing. The key area where we expect to deliver substantial VFM improvements is on our repairs service and our investment in existing homes, but a number of other areas for improvement have been identified.

The key principles that we are adopting and the strategic outcomes we will deliver are:-

Principles	Strategic Outcomes
Cost per Home: To analyse our current cost per home and to compare performance against our peers	Improved understanding of the drivers behind our cost per home, and to identify the key areas of focus
Property: To implement improvements in Property processes, working with internal and external resources	Improved VFM, improved tenant satisfaction, reduced level of complaints & ombudsman cases and better use of resources
Development: To implement our development strategy	Enhanced geographical focus and delivery of better value for money developments. Delivery of the commitment made to deliver 500 new homes in the Corporate Strategy
Customer Services: To continue to ensure that we deliver the best value customer services to our tenants by continually striving for improvement.	Improved online services for our tenants, more efficient customer contact, and reduced wastage
Procurement: To ensure we deliver best value for goods and services procured	Enhanced support for the organisation to ensure that value for money is maximised through competitive procurement processes and contract management
Corporate Projects: To enhance controls and visibility over corporate projects	Corporate projects delivered on time and within budget, and key outcomes delivered. Key risks and issues to be reported and addressed.
Other Considerations: Deliver key benefits anticipated	Benefits of Digital Strategy and reduced working week are achieved.

Strategic Report (continued)

Value for Money Report (continued)

Tenant & Colleague Engagement: Tenants and Colleagues play a key role in maximising value for money	Regular engagement with tenants to seek their views and ideas, and engagement from all colleagues to promote ideas

This report is prepared in accordance with the Regulator of Social Housing's (RSH) Value for Money (VFM) Standard and reflects our performance for the year ending 31 March 2026. We monitor the seven sector standard metrics required by the RSH along with some additional metrics which are aligned with our Corporate Objectives. The measures cover the performance of Red Kite and its subsidiaries, including Twenty11 Homes Limited.

In this report we consider actual performance for the year, alongside previous years' performance and future forecast performance which is taken from our Business Plan which was approved by the Board in March 2026.

The seven sector standard metrics required by the RSH have been calculated from the audited accounts and have been benchmarked against the RSH's VFM reported metrics for 2025 for comparison purposes.

Forecasts and Benchmarking

We benchmark against the RSH's reported benchmarking results which are based on published accounts from the whole sector for the year ending 31 March 2025. We have also compared our performance against a selected peer group which consists of a small number of housing associations which are comparable in size and operational geography. We note the limitation of this method in that forward looking benchmarks may not be a true comparison as inflation and changes in organisations size or approach can influence future costs.

Targets have been set for the sector standard metrics based on the approved budget, and these are monitored throughout the year. Deviation from expected performance will be monitored and reported, and appropriate mitigations will be implemented and reported to the Board, or it's chosen committee.

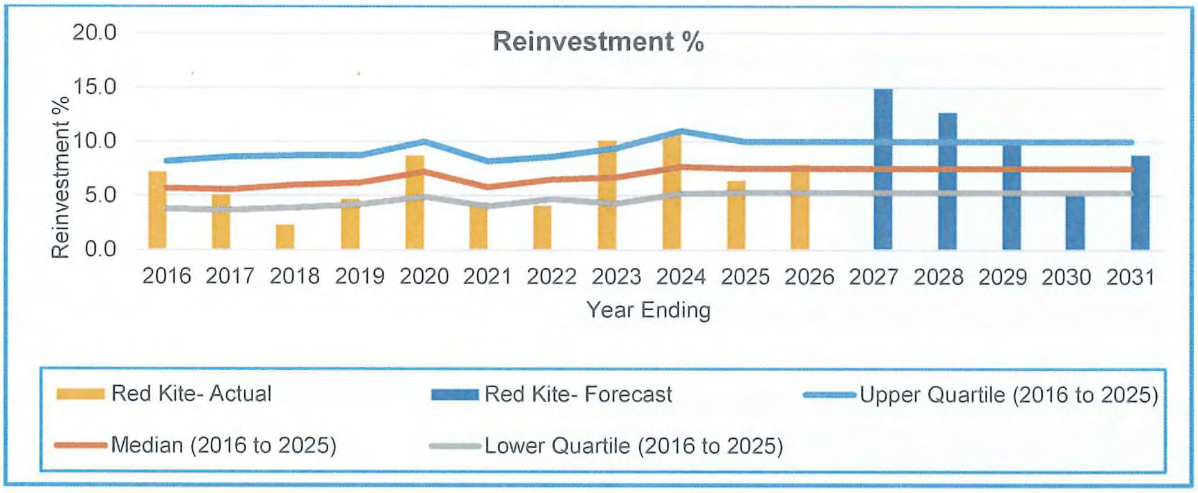
The report sets out the metrics which are set out in the RSH's Value for Money Standard for the current year, and the next five years as per the Business Plan. When compared to the March 2025 quartiles (issued by the Regulator of Social Housing in March 2026) which have been inflated for future years, the Group is in an overall strong position. Performance is good compared with the sector, except for cost per home which is between the median and upper quartile performance.

Strategic Report (continued)

Value for Money Report (continued)

Forecasts and Benchmarking (continued)

Metric 1 : Reinvestment percentage- this reflects the capitalised investment in existing and new homes during the year. It is expressed as a % of the net book value (NBV) of the homes at the end of the year.



For the year ending 31 March 2026, the outturn of 7.9% is an increase from 6.4% from the previous year (that had a lower denominator). The Plan had a forecast of 12%. The difference between the Plan and the outturn for the year is due to the £13M lower investment in new homes due to delays with several start on sites. This deferred investment has been incorporated in the Plan that was approved by the Group Board in March 2026. The number of new homes completed in the year increased from 40 to 67.

Investment in our existing homes has included a number of improvements which will improve the thermal efficiency of our homes, for example new boilers, photovoltaic cells, and new windows. During the year the number of homes in the Group that have a minimum EPC rating of C has increased from 77% to 86%. These improvements are expected to reduce energy consumption for our tenants, helping with affordability.

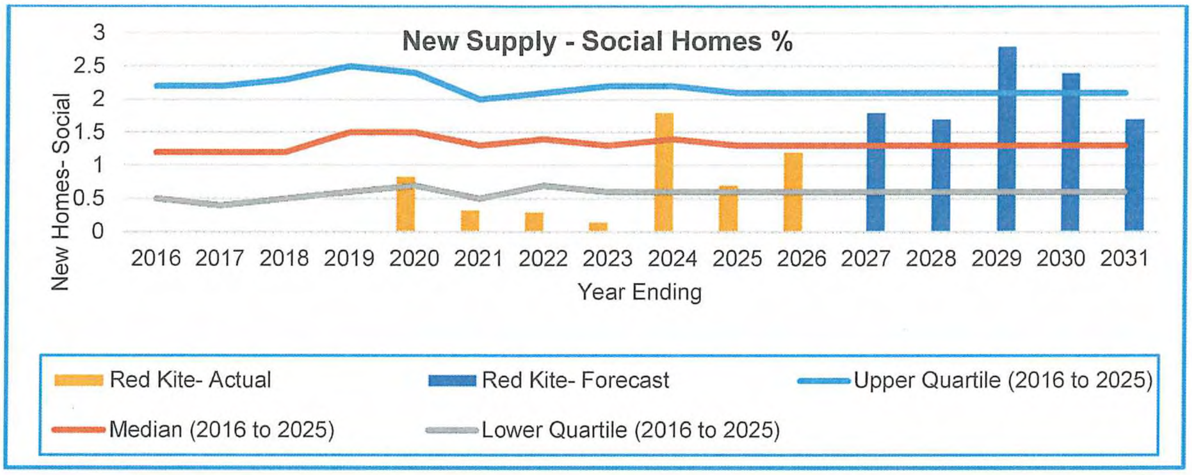
The future expenditure is influenced by the level of planned investment in new homes over the next five years. Post March 2030 it increases compared to a forecast reduction shown in last year's Annual Report & Financial Statements. This reflects further investment in new homes as well as existing homes following a decision taken by the Group Board for development to continue for a further five years to 2035. The comparison to the RSH median and upper quartile performance is positive, demonstrating that Red Kite is making a good level of investment in new and existing homes compared with others in the sector.

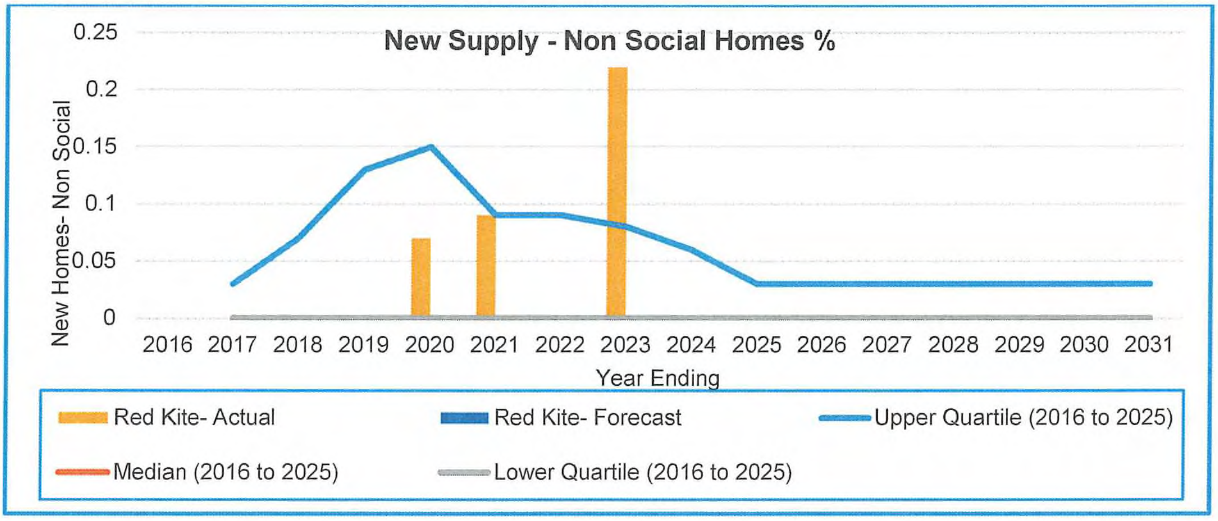
Strategic Report (continued)

Value for Money Report (continued)

Forecasts and Benchmarking (continued)

Metric 2: New supply delivered- this metric expresses the number of new homes as a percentage of the existing homes. Metrics are for Social and Non-Social Homes.





During the year a further 67 new homes were delivered for the local community.

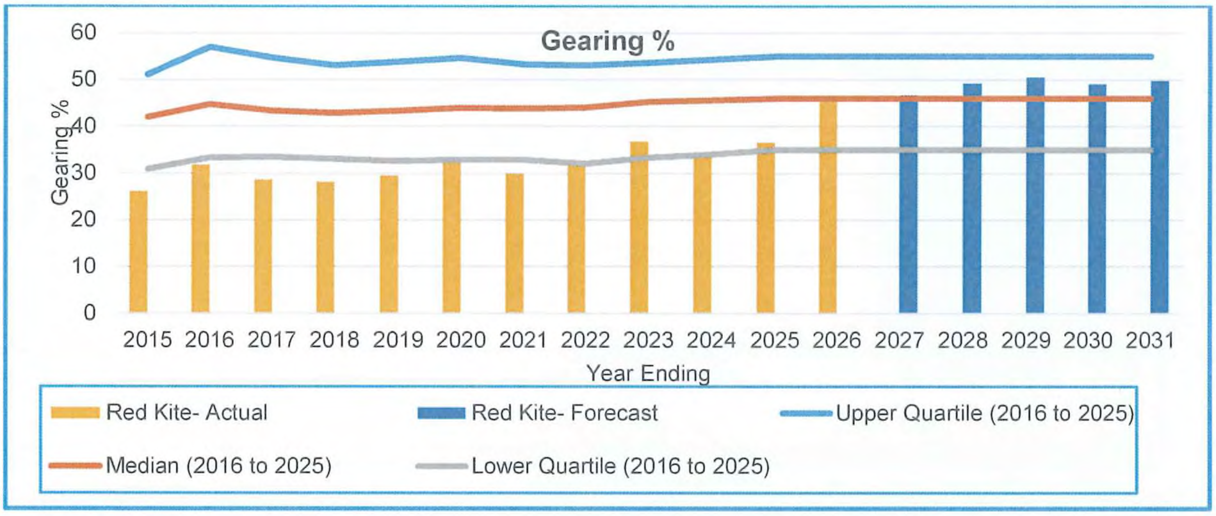
The next five years reflects the Board's aspirations of delivering the remainder of 500 new homes by 2030, and then a further 500 new homes by 2035.

Strategic Report (continued)

Value for Money Report (continued)

Forecasts and Benchmarking (continued)

Metric 3: Gearing- this represents the level of borrowing (net debt) expressed as a percentage of the value (NBV) of our homes.



The level of borrowing at 31 March 2026 was higher than previous years for several reasons, including the purchase and fit out of our new office, the acquisition of 319 homes from The Riverside Group and the continuation of the development programme to build the remainder of the 500 new homes by 2030. This resulted in a higher gearing position at the end of the year of 45.6%, placing Red Kite at the median. Gearing is increased in future years by further investment in the development of new homes over the next five years.

The acquisition of the 319 homes from Riverside has changed how we compare to the wider Sector. We have gone from the lower Quartile, and the forecast peak is now between the median and upper Quartile. It is expected that when we compare the actuals of 2028 and 2029 the wider sector will have higher gearing levels that will reflect the increased forecast investment in existing and new homes in the coming years.

Our projected gearing is well within our Golden Rules, but the increased level of gearing demonstrates that we are starting to utilise our strength that is reported in the Statement of Finance Position to grow the organisation and provide much needed affordable homes.

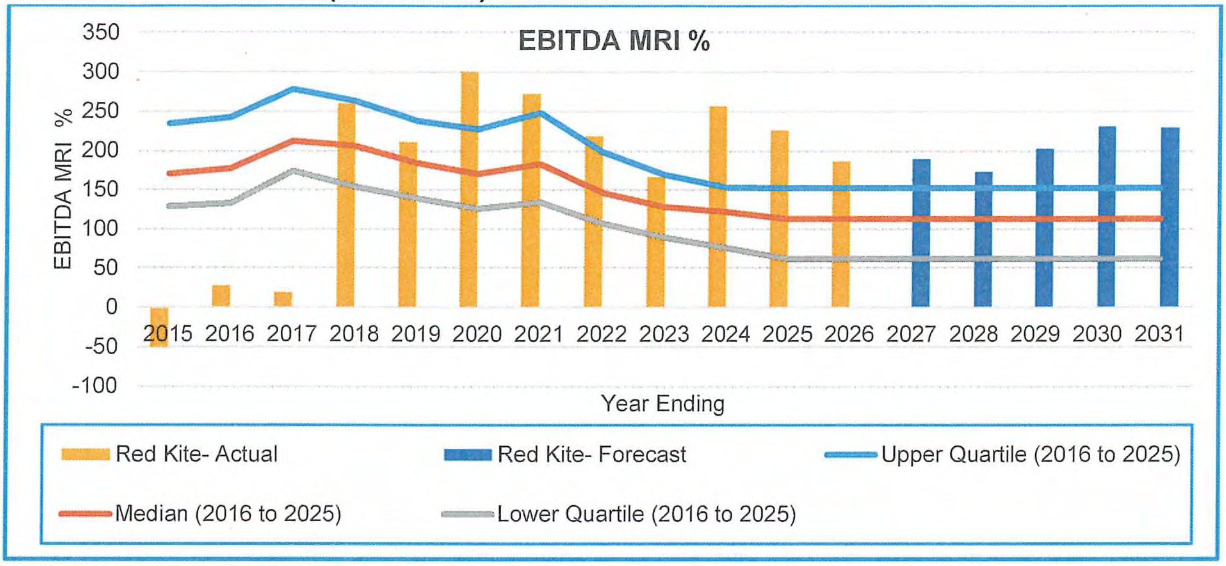
Metric 4: EBITDA MRI - this stands for earnings before interest, taxation, depreciation, and amortisation (Major Repairs Included) and is a measure of the organisation's financial performance, and its ability to manage its debt. It compares the operating surplus (adjusted to reflect the level of capitalised major repairs to our homes) against the interest payments.

Strategic Report (continued)

Value for Money Report (continued)

Forecasts and Benchmarking (continued)

Metric 4: EBITDA MRI (continued)



The outcome for the year is 186%, and this compares to 226% for the previous year. This reflects that the increase in the adjusted surplus by £2.6M to £11.8M is offset by an increase of £2.3M to £6.4M in the denominator (interest costs). The latter includes £0.4M of capitalised interest costs and also reflects the additional borrowing for the continued investment in new homes and 319 homes from the Riverside Group.

Future performance is influenced by a number of different factors that include:

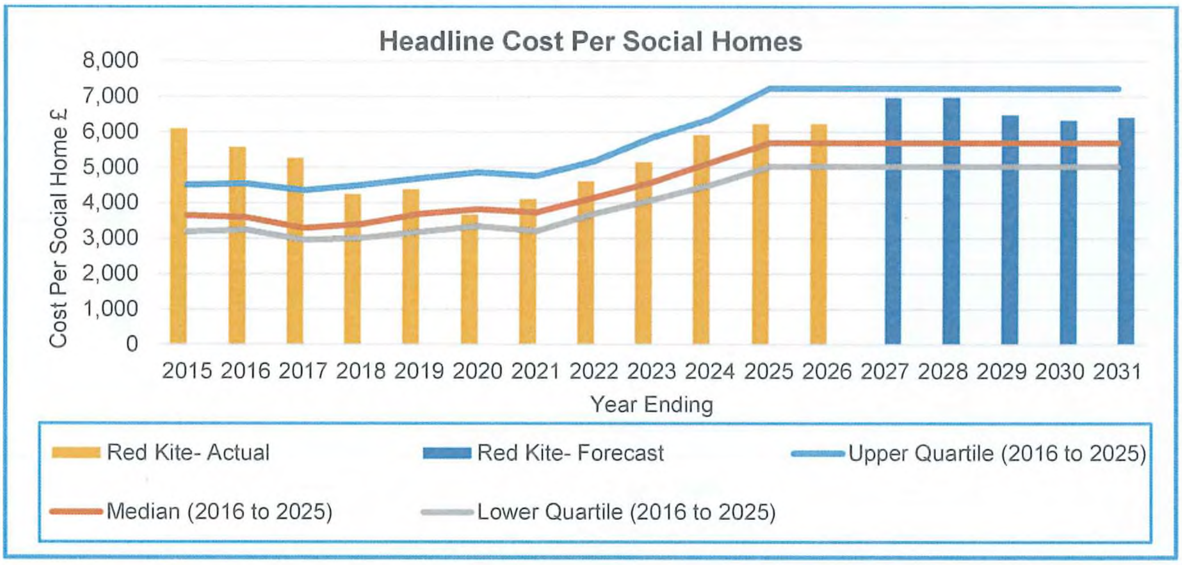
- A positive change in the rent settlement (CPI +1%), and the confirmed rent convergence from April 2027.
- Changes in the investment profile in existing homes including the 319 homes which we acquired from the Riverside Group.
- Additional staff costs, and also increased expenditure associated with the delivery of the Corporate Strategy.
- Increased interest expenditure due to the homes acquired, new homes developed and the purchase of the new office.

Metric 5: Headline social housing cost per home - this metric is calculated by dividing total expenditure in managing and investing in our existing homes by the number of homes.

Strategic Report (continued)

Value for Money Report (continued)

Forecasts and Benchmarking (continued)



The average cost per home in 2026 (year ending 31 March 2026) of £6,241 is slightly above the Median. This compares to £6,228 in the previous year.

The latest cost per home data for the wider sector performance is at March 2025, and the expenditure in the Business Plan is inflated each year.

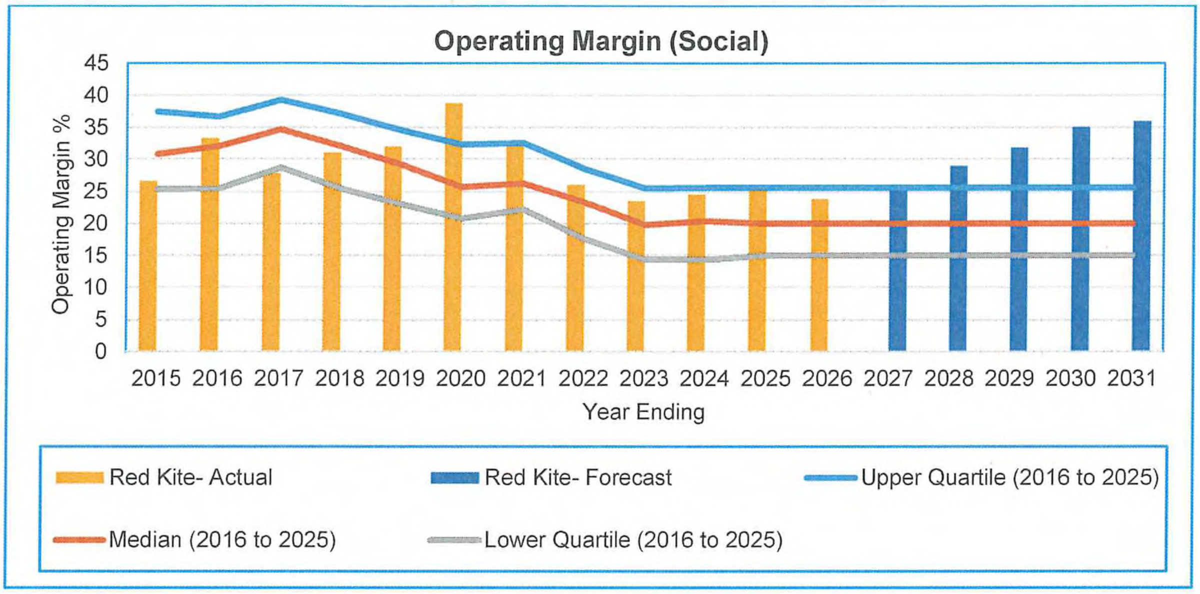
The Group is forecast to be just below the upper quartile cost per home in the forthcoming financial year and in 2007/28. There are some factors which are driving this performance, for example bringing forward decarbonisation spend to increase the share of social homes with an EPC rating of C and prioritising investment in existing homes in the next couple of year. We recognise that the cost per home is higher than we would like, and our approach to reducing this has been outlined in the VFM Strategy.

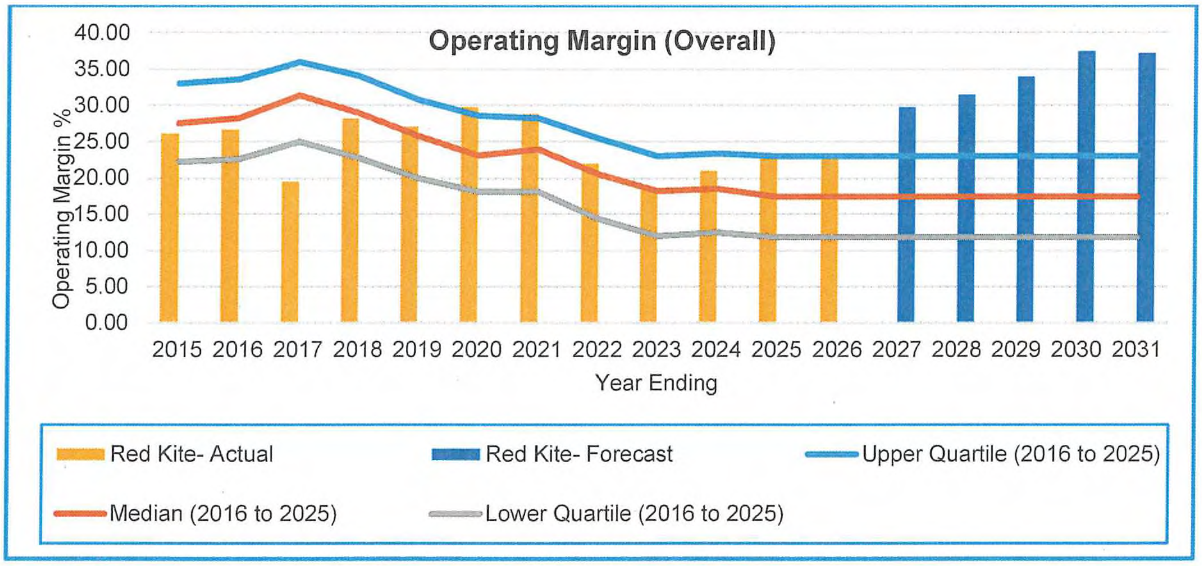
Metric 6: Operating Margin (measured for social housing lettings and overall)- This metric expresses the operating surplus on the core social housing landlord activities of the organisation as a percentage of the turnover (income) from those activities.

Strategic Report (continued)

Value for Money Report (continued)

Forecasts and Benchmarking (continued)





The operating margin for social housing lettings for the year ending 31 March 2026 was 25.7% which is just over the upper quartile. The overall operating margin was 23.1% which is just below the upper quartile. Financial performance continues to be strong which supports the long term financial strength of the group going forward.

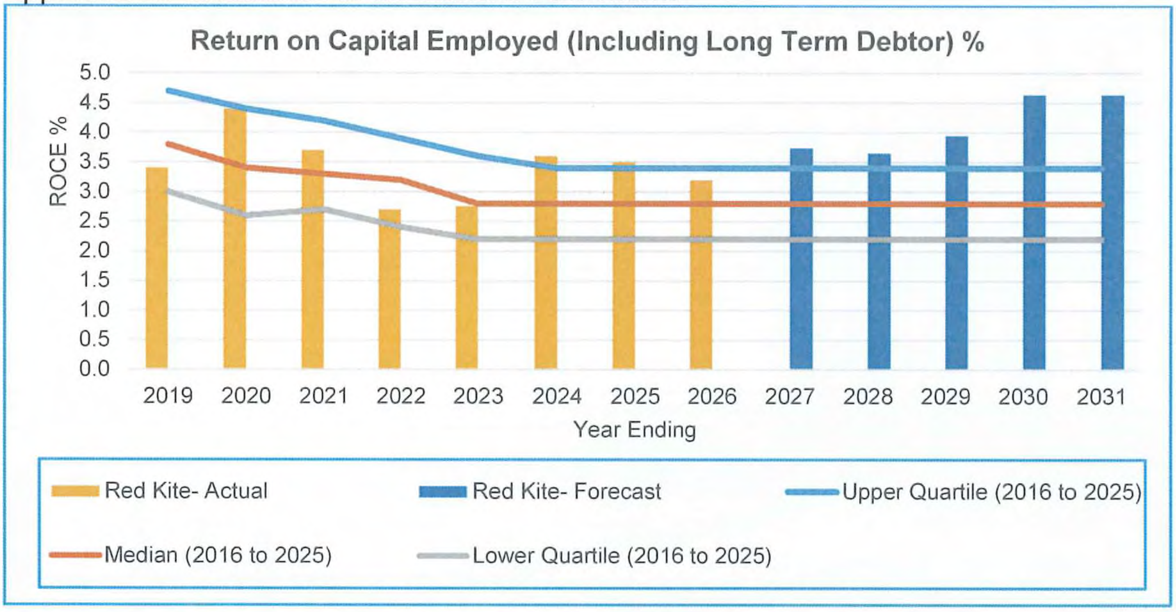
Metric 7: Return on Capital Employed (ROCE) - This metric measures the Group's operating surplus as a percentage of its total assets less current liabilities. The denominator of the operating surplus has increased due to the purchase of 319 homes and continued investment in new homes.

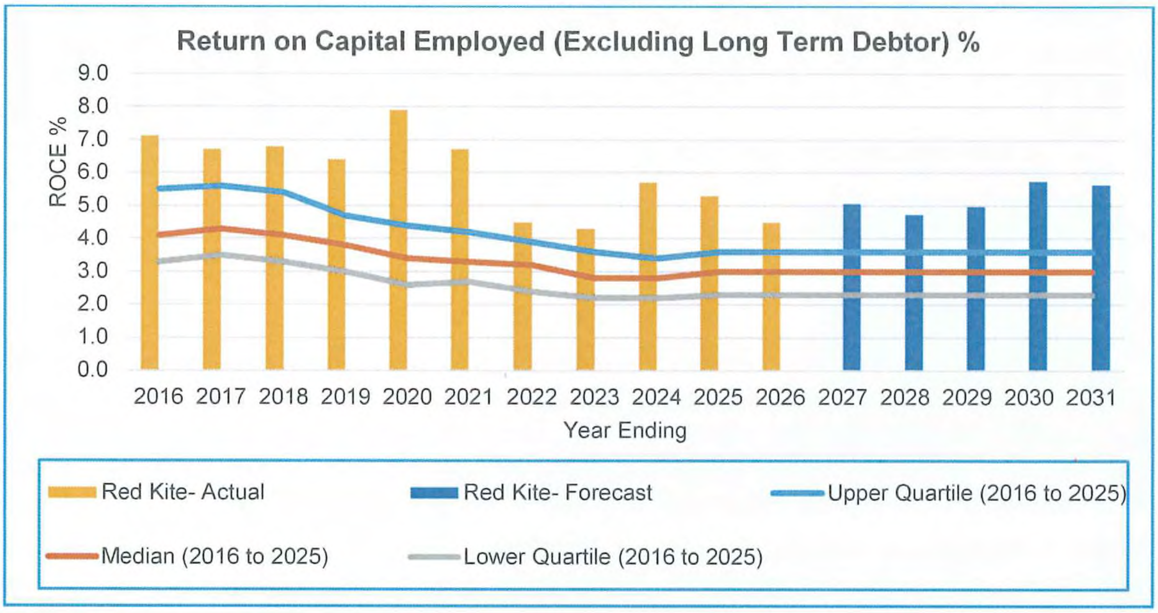
Strategic Report (continued)

Value for Money Report (continued)

Forecasts and Benchmarking (continued)

The definition as per the VFM Standard does not reflect the true position as it includes a long-term debtor that relates to the Development Agreement in the Transfer Agreement. This reduced performance does not enable a true comparison, and to enable one a second graph has been included which excludes the long-term debtor. This mirrors the approach for the March 2025 Financial Statements





The performance when the long-term debtor is excluded demonstrates strong financial performance compared with the sector, with performance consistently above the upper quartile.

Strategic Report (continued)

Value for Money Report (continued)

Comparison of standard metrics to other local Housing Associations

We have also compared our performance against some of our peers which are similar sized organisations operating in similar geography to Red Kite.

	Red Kite Community Housing					Local Peer Group*	
						From	To
	2021/22	2022/23	2023/24	2024/25	2025/26	2024/25	
						From	To
Homes Owned	5,588	5,519	5,434	5,412	5,720		
Reinvestment %	4.2	9.7	10.8	6.4	7.9	2.1	15.1
New supply delivered (social) %	0.29	0.10	1.8	0.7	1.2	0.7	5.2
New supply delivered (no social housing) %	0	0.22	0	0	0	0	0.03
Gearing %	32.1	34.6	33.9	36.6	45.6	46.3	65.6
EBITDA- MRI	218	152	257	226	186	59	153
Headline social housing costs per home £	4,937	5,455	5,917	6,241	6,228	5,052	7,223
Operating margin (social lettings) %	26.0	23.5	24.6	25.7	23.9	14.9	36.5
Operating margin (overall) %	22.0	16.8	21.0	23.1	22.6	17.4	36.6
Return on capital employed	2.7	2.8	3.4	3.5	3.2	2.7	4.5
Return on capital employed (excluding long term debtor)	4.8	4.3	5.7	5.3	4.5	2.7	4.5

**this peer Group consists of SOHA, Housing Solutions, Watford, Fairhive and Thrive*

The benchmarking Table above shows that our performance is in line with the performance of our 'peer group'. The level of new supply delivered is at the lower end of the range, but this is expected to increase in future years as we increase our development programme. Gearing is at the lower end of the range, but this again is expected to increase as we increase our development programme. EBITDA MRI performance remains very strong as does operating margin and return on capital employed. Although the headline social housing costs per home remain high some of our peer results are even higher. We will continue to deliver efficiency savings to reduce this cost.

Our Value for Money reflects another strong and successful year for the Group. We are proud of our successes to date and ambitions for the future and will continue to deliver improved VFM performance for our tenants and communities.

Strategic Report (continued)

Value for Money Report (continued)

Safety, Repairs, Complaints and Tenant Perception

The following table sets out the Tenant Satisfaction Measures (TSMs), comparison with the previous two years, and against sector results for the previous two years.

TSM ref.	**Building safety**	**31/3/26**	**31/3/25**	**31/3/24**	**2023/24 Sector results[1]**	**2024/25 Sector results[1]**
BS01	Gas	99.8	99.9	99.9	99.9	100.0
BS02	Fire risk assessments	100.0	100.0	100.0	100.0	100.0
BS03	Asbestos management	100.0	100.0	100.0	100.0	100.0
BS04	Legionella risk assessments	100.0	100.0	100.0	100.0	100.0
BS05	Communal passenger lift safety	100.0	100.0	100.0	100.0	100.0
Additional*	Electrical	99.9	99.9	99.9		
	Decent homes and repairs					
RP01	Not meeting Decent Homes Standard	0.4	0.0	0.0	0.5	0.5
RP02 (1)	Non-emergency responsive repairs completed within target	77.2	81.2	77.6	81.3	82.5
RP02 (2)	Emergency responsive repairs completed within target.	92.4	89.0	88.4	95.3	89.0
	Complaints					
CH01 (1)	Stage one complaints per 1,000 homes	95.4	49.0	63.2	42.5	53.5
CH01 (2)	Stage two complaints per 1,000 homes	22.5	9.0	2.8	5.7	8.3
CH02 (1)	% Stage one within the HO Complaint Handling timescales	88.3	95.8	93.2	82.3	89.8
CH02 (2)	% Stage two within the HO Complaint Handling timescales	81.9	91.7	86.7	83.6	88.9
	ASB					
NM01 (1)	ASB cases per 1,000 homes	46.3	68.3	45.0	35.5	36.0
NM01 (2)	ASB cases with hate crime element per 1,000 homes	1.2	0.9	1.3	0.6	0.7
	Tenant perception					
TP01	% satisfied with the overall service	83.8	75.4	78.6	71.3	71.8
TP02	% satisfied with the overall repairs service	75.7	70.0	72.8	72.3	73.6
TP03	% satisfied with time taken to complete most recent repair	74.9	68.3	70.5	67.4	69.5

Strategic Report (continued)

Value for Money Report (continued)

Safety, Repairs, Complaints and Tenant Perception (continued)

The following table sets out the TSMs, comparison with the prior year, and peers.
[1] median

TSM ref.	Tenant perception	31/3/26	31/3/25	31/3/24	2023/24 Sector results[1]	2024/25 Sector results
TP04	% satisfied that home is well maintained	81.8	73.2	83.2	70.8	71.9
TP05	% satisfied that home is safe	86.8	83.7	86.7	76.7	77.6
TP06	% satisfied landlord listens to tenant views and acts on them	72.1	57.9	68.1	60.4	61.6
TP07	% satisfied that landlord keeps them informed	75.2	67.0	80.3	70.3	72.0
TP08	% Agree landlord treats them fairly and with respect	89.4	77.6	85.8	76.8	77.9
TP09	% satisfied with landlord's approach to complaints handling	38.3	31.6	36.6	34.5	35.5
TP10	% satisfied landlord keeps communal areas clean and well maintained	78.3	73.4	72.1	65.1	66.7
TP11	% satisfied that landlord makes a positive contribution to neighbourhood	84.1	70.9	74.4	63.1	64.6
TP12	% satisfied with landlord's approach to handling anti-social behaviour	62.1	58.0	76.3	57.8	59.5

**Please note that the Regulator has now added BS06 Electrical safety checks as a mandatory measure to be reported from 2026/27.*

The building safety TSMs demonstrate very high levels of compliance, with a very small number of homes with no-access preventing us from achieving 100% compliance. We address this issue through the appropriate court procedures.

The decent homes and repairs TSMs demonstrate that for a small number of homes (20) they didn't meet the decent homes standard at 31 March 2026. We are prioritising the completion of the necessary works to achieve the standard.

The investment we have made over the latter half of the financial year to improve services to tenants, in particular our repairs service has seen an improvement in our emergency responsive repairs service, which should in the longer term ultimately lead to a reduced number of complaints and fewer referrals to the Housing Ombudsman Service. Our non-emergency responsive repairs service has shown a very slight drop in performance compared to last year, but we expect this to recover with further improvements we are making.

Strategic Report (continued)

Value for Money Report (continued)

Safety, Repairs, Complaints and Tenant Perception (continued)

Complaint volumes increased and compliments decreased during Q4 2025/26, highlighting areas where further improvement and operational focus are required. Feedback from tenants indicates increasing pressure across some core service areas, reinforcing the importance of the making improvements to the service we deliver to tenants.

Every complaint we receive is reviewed by the Improvement Team to identify learning and implement associated improvements. Learnings are prioritised based on both internal and external prevalence, and use of an Effort Impact Matrix.

A more proactive and tenant-focused approach is being embedded across the complaints process. Feedback Specialists are increasing direct engagement with tenants to ensure concerns are listened to, supported and resolved at pace, with the aim of rebuilding trust and preventing escalation. High-risk cases are receiving enhanced oversight from the responsible case owner, including face-to-face tenant engagement to agree clear actions and resolution plans collaboratively. These measures are being reinforced through weekly senior management complaints updates to strengthen leadership oversight, ownership, and accountability for addressing the underlying service issues driving complaints.

In addition, the “Healthy Homes and Service Recovery” plan is now fully mobilised to bring together the operational delivery and performance oversight of Awaab’s Law, disrepair cases, and complex complaint resolution into a single end-to-end service model. The programme is strengthening accountability, improving coordination across services, and delivering a more proactive, tenant-centred approach to managing high-risk and high-impact cases.

The Feedback Team will continue to monitor complaint performance, Housing Ombudsman Service outcomes and recurring service failure themes through regular operational and management oversight arrangements. Progress against the agreed improvement actions will also continue to be monitored through Senior Leadership Team and ELT reporting to ensure improvements are embedded and sustained across service areas.

A repairs improvement project is underway to deliver a number of improvements to the repairs service, and we are also applying learning from complaints to ensure that we fix any underlying issues to reduce the level of complaints in the future.

In terms of ASB TSMs we have seen some reduction in the level of ASB cases compared with last year, but there is a concerning increase in the number of cases reported as hate crime which we are addressing.

Strategic Report (continued)

Value for Money Report (continued)

Safety, Repairs, Complaints and Tenant Perception (continued)

We are very pleased that the tenant perception measures have shown real improvement on previous years. The percentage of tenants who are satisfied with the overall service they have received from Red Kite has improved dramatically, and the percentage who are satisfied with the overall repairs service has also improved, reflecting the investment we have been making in improving this service. Metrics for the percentage satisfied with the time taken to complete the most recent repair and the percentage satisfied that their home is well maintained have also improved, providing further evidence that the changes we are making are delivering benefits to our tenants.

A key area where we need to improve further is with regards to the percentage of repair jobs being completed in target. We are addressing this as part of the repairs improvement plan and expect real improvement next year, driving decreases in complaints rates and further increases in overall and repairs satisfaction.

Risk Management

The Group Board has approved a robust strategic approach to risk management and a comprehensive risk matrix. The changing nature of risks is monitored regularly throughout the year by the Audit & Risk Committee, a sub-committee of the Group Board. This is underpinned by the annual review of the Three-Year Internal Audit Strategy to ensure that it remains aligned to the changing external environment and Group structure. This will ensure that it can provide the appropriate assurance to the Board.

Key risks facing the Group include:

- The Group does not operate in isolation of the economic and political environments. The influences of the national economy are global as recently demonstrated by the events in the Middle East. There are a range of risks associated with the economy and if they materialise the negative impacts could lead to an extended period of higher cost & salary inflation, and other implications. These will impact the lives of our tenants, the wider community, and the Group. We have carried out stress testing of our business plan and have mitigations which we would implement if there was a prolonged impact on the economy and the Group.
- During the financial year ending 31 March 2027 the Regulator of Social Housing will carry out an inspection to appraise how Red Kite complies with the Regulatory Standards. This will be their first assessment of how Red Kite complies with the requirements of the Consumer Standards. Twenty11 has adopted the Consumer Standards despite it not being a regulated entity. During the next twelve months the Competence & Conduct Standard and the Social Tenant Access to Information Requests Standard (STAIRS) will also take effect. We are preparing for Regulatory inspection and the introduction of these new standards.

Strategic Report (continued)

Risk Management (continued)

- The cost of debt has a material impact on the ability of the Group to invest in new homes, and compliance with its loan covenants. The Treasury Policy requires at least 60% of debt to be fixed for a period of at least five years. At 31 March 2026 the level of fixed debt was 82%, and this level will reduce during the year as the Group funds its continued investment in new homes by utilising the Revolving Credit Facility. The events in the Middle East have enhanced the risk of an increase in inflation and there is an expectation that interest rates will be elevated to manage inflation. The Group was planning to fix the rate of interest on a final amount of £20 million to be drawn down from the Royal Bank of Scotland for up to eleven years by October 2026, but the cost of this debt is dependent on a range of economic and political factors between now and then. A decision will be taken on whether to fix the debt, depending on market conditions.
- The increased focus on damp, mould, and condensation since late 2022 has resulted in additional resource requirements to manage and resolve these historical issues. The impact has been compounded by an increase in disrepair claims that are being supported by solicitors. This has also led to an increase in referrals by tenants to the Housing Ombudsmen Service. For the Year Ending 31 March 2026 our maladministration rate was 86%. We are working hard to improve services, to learn from complaints and referrals to the Housing Ombudsman Service, and to reduce the number of complaints going forwards.
- Differential inflation (where the real inflation of the expenditure of the Group increases at a higher level than of its rental income from its homes) reduces the financial capacity of the Group unless mitigation actions are undertaken. Reduced financial capacity could have an impact on the number of new homes that could be delivered. Stress testing has been carried out, and mitigations would be implemented if this scenario materialised and was likely to have a long term impact.
- The Local Housing Allowance (LHA) increased from April 2024 the first increase in four years, but it was frozen again in April 2026. The LHA has a significant impact for a large number of our tenants, and the previous increase did enhance the affordability of our rents. However, there is risk that the current freeze will continue past 31 March 2027 which will impact the rental income stream of the Group. We will continue to monitor the position and will look for efficiency savings wherever possible.
- The investment in new homes remains a core aim of the Group Board while we ensure the associated risks (see below) are managed appropriately.
    - Achieving timely and appropriate planning application determinations for development. We are engaging at a strategic level to seek to minimise planning delays.
    - Cost of development on our land is prohibitive without grant from Homes England. The June 2025 Spending Review included £39 billion of grant for the Affordable Homes Programme over a ten year period. However, there is the risk of a change in Government within that period. We will seek to maximise grant opportunities, including through strategic engagement with the local authorities in the areas that we operate within.

Strategic Report (continued)

Risk Management (continued)

    - The wider economic uncertainty relating to potential increases in inflation and interest may result in developers reprofiling their planned delivery of new homes. This could reduce the number of Section 106 opportunities in the short term. We will continue to monitor market conditions and will develop strategic relationships with development partners.
- During the year the Government confirmed that the enhanced Decent Homes Standard will be effective from 2035, and that this included the private rented sector for the first time. Annually the Group Business Plan has incorporated the investment requirements for Twenty11 to meet the existing Regulatory Standard obligations of its Parents. The Minimum Energy Efficiency Standard will be effective from 1 October 2030. The Group is undertaking a 100% stock condition survey of all its homes over a two year period from 1 April 2026 to better inform the future investment requirements.
- The Government has continued to provide funding to support the improved energy efficiency of homes, but Twenty11 has not benefited from any source to date. The UK was the first major economy to make the net zero by 2050 target legally binding but there has been a historical lack of clarity of how this will be achieved from previous and current Governments. The Business Plan of the Group includes the estimated funding to support the investment needed in each home, but there are wider infrastructure investment requirements from the Government.
- The Group is investing significant sums in its transformation journey, and there are a wider range of known risks associated with it. From April 2026 the Group commences the exciting journey to replace the current housing & asset management systems with solutions that will improve the experience of our tenants, leaseholders, and staff whilst driving efficiencies.

In addition to the above external risks the Group Board has identified the following significant internal ones:-

- Quality and condition of our homes– Inability to maintain and improve the quality and condition of our homes in a way that delivers value for money and supports long-term sustainability and compliance with the Decent Homes Standard.
- Development – Inability to consistently deliver the new homes programme due to weak internal governance, market shifts, third party counter risks including insolvency and / or poor performance.
- Financial Viability (including funding) - Insufficient understanding, application lack of mitigation measures to anticipate and address factors that could affect the financial viability of the business, the ability to provide VFM, a breach of our loan covenants, and the RSH Financial Viability Standard.
- People and Culture Strategy - Inability to implement and embed a robust people and culture strategy that seeks to attract, recruit, retrain and develop a skilled and enthusiastic workforce which provides for organisational capacity and accountability to enable the execution of the Corporate Strategy.
- Data Quality - Inadequacy of our data quality framework, compromises the accuracy, completeness, consistency, timeliness, validity, integrity, and uniqueness of corporate data, thereby undermining informed decision-making and restricting the organisation's ability to leverage artificial intelligence.

Strategic Report (continued)

Risk Management (continued)

- Governance and Regulation – Inability to ensure that Red Kite remains compliant with the RSH Governance Standard with a G1 rating, complies with government legislation and our Group Governance Regulations.
- Business Transformation – Inability to effectively deliver our business transformation programme and maintain BAU.
- Cyber Security - Insufficiently robust arrangements in place for ensuring cyber security from internal and external attack.
- Counter Fraud - Inability to detect and prevent fraud (including tenancy fraud).
- Customer & Corporate Health and Safety - Failure of the business to understand, embed, comply with, and monitor its statutory health and safety obligations under the Health and Safety at Work Act 1974, other associated legislation / regulations and related housing legislation as a landlord.
- Safeguarding - Inability to meet and comply with our statutory and regulatory duties to safeguard vulnerable children and adults.
- Consumer Standards - Inability to meet and comply with the Regulator of Social Housing Consumer Standards (Safety and Quality Standard, Transparency, Influence and Accountability Standard, Neighbourhood & Community Standard and Tenancy Standard).

Capital structure and Treasury Policy

During the last financial year the Group Board has increased its total debt facilities from £200 million to £220 million as it sought to position the Group's treasury capacity to support the continued investment in additional homes. This increase in the facility was the outcome of the refinancing with the Royal of Scotland, and by 31 March 2026 the debt drawn with this counterparty had increased from £37.5 million to £60 million.

The updated Business Plan that was approved by the Group Board in March 2026 is underpinned by a continued investment in both existing and new homes. In addition, it demonstrates our resilience to the risks that are associated with our planned investment in new homes and the environment that we operate in. This risk management is underpinned by our annual review of our Treasury Strategy and Treasury Policy, with the latter embedding the concept of Golden Rules.

The total drawn debt at March 2026 was £147 million.

	Fixed Debt Facility £'m	Fixed Debt Drawn £'m	Revolving Credit Facility £'m	Revolving Credit Drawn £'m
Pension Insurance Corporation	60	60	-	
Royal Bank of Scotland	80	60	-	
Barclays	-	-	80	27
Total	140	120	80	27

Strategic Report (continued)

Capital structure and Treasury Policy (continued)

The fixed £60 million debt funding with The Pension Insurance Corporation has repayment dates ranging from 2030 to 2040.

The level of fixed bank debt has increased from £20 million to £60 million following the refinancing exercise with The Royal Bank of Scotland that completed in October 2025. The Group Treasury Policy states that at least 60% of drawn debt must be fixed, it is currently 82%, but this will reduce as we start to utilise our revolving credit facility as further investment in new homes is delivered.

The £80 million revolving credit facility with Barclays had an initial term of three and five years at 31 March 2026, but on 2 April 2026 these were both extended by one year.

As 31 March 2026, there are undrawn revolving credit facilities of £73 million, and as such, the Group has sufficient agreed facilities in place to enable its committed investments, legal, and regulatory obligations to be met.

The interest rate strategy will continue to balance interest risk exposure and interest costs. The borrowings have incurred interest rates, including margins, of a weighted average cost of 4.35% (2025: 4.11%)

The Group's funding agreements require compliance with a number of financial and non-financial covenants. Compliance is monitored on an on-going basis and reported to the Audit and Risk Committee and Board each quarter. The Group has complied with its loan covenants at the Statement of Financial Position date and throughout the year and the Board expects to remain compliant in the foreseeable future.

The Group Board

During the year, our Group Board continued to focus on providing effective leadership and oversight of our strategic objectives.

Following its adoption of the Code, Red Kite amended its Rules and Governance Regulations to adopt the principle of limiting terms of office for Group Board members to six years, except in exceptional circumstances. There are currently no members exceeding the six year threshold.

There are currently two Group Board member vacancies with another member retiring at the September 2026 Annual General Meeting. The recruitment process is currently underway.

The Group Board has reviewed its Committee membership to ensure that its members continue to be placed in Committees that best suit their skills and experience. In addition to an annual Board skills analysis, every Group Board member undergoes an annual appraisal which supports their personal development.

Strategic Report (continued)

The Board (continued)

During this financial period, the Group conducted its triennial governance review (*Board Effectiveness Review*). This independent third-party assurance review was conducted by Altair. Altair issued a survey and based on their review findings (which included observation of Board and Committee meetings), provided recommendations that were consolidated into a formal action plan. This final report and action plan was provided to Board on 18 March 2026. There were several recommendations relating to the following:

- Governance structure
- Board strategic oversight.
- Board composition, leadership, culture.
- Governance and performance Reporting
- Risk and Assurance

Diversity and Inclusion

Group Board members are appointed according to their skills and attributes and to ensure that the Group Board is able to collectively understand and clearly consider the impact of its strategic decisions. This is also achieved through the appointment of two tenants on the Board.

Group Board member biographies detailing skills and experience are available on the Red Kite website.

Attendance at Board and Strategy meetings

During the year, the Board held eight formal meetings, and two Away Days. Group Board member attendance is shown below.

	Attendance	%
Lucy Weston - Chair	13 out of 13	100
Anita Khan - Senior Independent Director	12 out of 13	92
Simon Archer (Until September 2025)	4 out of 5	80
Steven Broadbent (Until September 2025)	3 out of 5	60
David Carroll	12 out of 13	92
Derek Cash	11 out of 13	85
Lesley Clarke (Appointed September 2025)	3 out of 8	38
Candida Dutiro (Appointed September 2025)	6 out of 8	75
Tracey Faraday-Drake	11 out of 13	85
Diana Green	9 out of 13	69
Afzal Ismail (Appointed September 2025 until 10 July 2026)	6 out of 8	75
Bobby Koshy (Until September 2025)	4 out of 5	80
Tim Mulvenna	10 out of 13	77
Alistair Newman (Until 18 March 2026)	7 out of 9	78

Strategic Report (continued)

Board Remuneration

Following a consultation process with Red Kite members and with Buckinghamshire Council the Group commenced remunerating its Board members from 1 April 2024.

		£
Lucy Weston	Chair	14,000
Anita Khan	Senior Independent Director	9,500
Simon Archer	Board Member (Until September 2025)	2,685
Steven Broadbent	Board Member (Until September 2025)	2,685
David Carroll	Board Member	6,000
Derek Cash	Board Member	7,960
Lesley Clarke	Board Member (Appointed September 2025)	3,346
Candida Dutiro	Board Member (Appointed September 2025)	3,346
Tracey Faraday-Drake	Committee Chair	9,500
Diana Green	Board Member	8,715
Afzal Ismail	Committee Chair (Appointed September 2025 until 11 July 2026)	5,298
Bobby Koshy	Committee Chair (Until September 2025)	4,251
Tim Mulvenna	Committee Chair	9,500
Alistair Newman	Board Member (Until 18 March 2026)	6,000

The total Group Board member expenses for the year were £179 (2025: £85)

Board Committees

We have four Group Board Committees which oversee our Group operations as delegated to them by the Group Board in their specific Terms of Reference. The performance of our Group operations is further delegated to the Executive Leadership Team and Senior Managers, as appropriate.

The Committees also oversee some of the activities of our Group subsidiaries as delegated to them by the Board. Minutes of the meeting of the Committees are made available to all the members of the Group Board for their information, and updates from all Committee chairs are presented at each Board meeting.

The four Committees are:

- Audit and Risk Committee
- Development Committee
- People, Remuneration, and Nominations Committee
- Operational Performance and Tenant Services Committee

The Group's governance structures comply with best standards and practices in corporate governance, and this year are predicated on compliance with the Code, the Group's Rules, and Corporate Governance best practice.

Strategic Report (continued)

Future Developments

The Group Board's aspiration to invest in new homes for its local community continues with sixty seven new homes delivered during the year with a number of development schemes on site. The Corporate Strategy contains an aspiration to deliver 500 new homes by 31 March 2030, and efforts will continue to enable more homes to start on site. The Group Business Plan that was approved in March 2026 contains an additional 500 new homes in the five year period from April 2030.

Development on our own land is dependent on grant from Homes England and applications from the top up funding announced by the Government are being progressed. The June 2025 Spending Review included £39 billion of grant for the Affordable Homes Programme over a ten year period.

The purchase of the 319 existing homes in the Maidenhead and Windsor area of Berkshire from the Riverside Group in April 2025 has enabled the Group to gain valuable experience and insight should further similar opportunities be presented for consideration.

The Group Board has agreed significant investment in a business transformation programme, Unity to enable the Group to deliver the services to tenants and leaseholders in a manner that supports good data governance and improved customer service. A significant element of this investment is to replace the existing housing and asset management systems. This will be underpinned with solid data following the sizeable financial investment in data governance.

The regulatory environment has continued to evolve with the implementation in the next twelve months of the:

- Competence and Conduct Standard
- Social Tenant Access to Information Requests Standard (STAIRS).

Red Kite will be inspected by Regulator of Social Housing within the next twelve months, and the business is focusing on ensuring that it has the key narrative and evidence to deliver a successful outcome.

To enable the Group Board to make informed investment decisions on its tenant's homes a 100% stock condition survey will be phased over the next two financial years. The information will be used to deliver an investment programme that will enable the Board to continue to provide quality homes whilst forming and delivering an approach that will improve energy efficiency, reduce damp, and mould cases.

This information will support key decisions in relation to our ongoing asset management that will enable the Group to understand the impact of new Decent Homes Standard.

The Group is in a strong financial position to continue to provide quality homes to its tenants that are safe and that will enable its tenants to be proud of them and of the community that they live in.

Strategic Report (continued)

Statement of compliance

In preparing this Strategic Report and Report of the Board, the Group Board has followed the principles set out in the Statement of Recommended Practice (SORP): Accounting by Registered Social Housing Providers 2018, and the Accounting Direction 2022.

The Group Board confirmed that it has complied with the Regulator of Social Housing's Governance and Financial Viability Standard throughout the year.

The basis of this statement is the annual self-assessment against the regulatory standards, and this is underpinned by independent reviews conducted by the internal auditors (Menzies LLP) during the year. This review also included assurance that we complied with all relevant laws.

The Regulator of Social Housing following its annual stability check confirmed on 12 November 2025 that its regulatory rating of Red Kite remains at G1 & V1. The G1 rating indicates that the Red Kite meets the Regulator's governance requirements. The V1 rating is a compliant rating and indicates that the Regulator considers that the Group meets their viability requirements and has the financial capacity to deal with a wide range of adverse scenarios.

The Group Board recognises the impact that any legislative or regulatory breaches can have on Red Kite and its tenants, and so we monitor and co-ordinate compliance activities through our risk and assurance activities and each year assess ourselves against the Regulator of Social Housing's Regulatory Standards.

The Regulatory Standards comprise the Economic Standards (namely the Governance and Financial Viability, Value for Money, and Rent Standards) and the Consumer Standards. We have undertaken an annual review of compliance and this was presented to the Group Board along with this Annual Report and Financial Statements.

The Group Board is assured that Red Kite is compliant with the regulatory framework (including the governance and financial viability standard and its accompanying code of practice).

Report of the Group Board

The Group Board of Red Kite Community Housing Limited is pleased to present its report together with the audited financial statements of the Group for the year ended 31 March 2026.

Principal activities, business review and future developments

Details of the Group's principal activities, its performance during the year and factors likely to affect its future development are contained within the Strategic Report, which precedes this report.

Group Board members and executive directors

The Board members and executive directors of the Group in the year are set out on pages 2 & 3.

The executive directors are the Chief Executive and other members of the Group's Executive Leadership Team. They act as executives within the authority delegated by the Group Board. The executive directors are employed on the same terms as other staff, and to protect the Group the permanent executive appointments have notice periods of six months. The executive directors are eligible for membership of the Red Kite defined contribution scheme. They participate in the scheme on the same terms as all other eligible staff. The executive directors are entitled to other benefits including health care insurance. Full details of their individual remuneration packages are included in note 11 to the audited financial statements.

Employees and involved tenants and leaseholders

Red Kite is a successful tenant-led business and is committed to remaining true to these values. Its aspirations are underpinned by it being a community focused housing provider dependent upon the effective partnership working between employees and the large number of involved tenants and leaseholders who volunteer their time to the business. During the year we have worked closely with our involved tenants and wider membership to shape the future direction of the business.

We are committed to providing effective training and development to all our employees and to our involved customers. The Group Board is aware of its responsibilities on all matters relating to health and safety and has adequate health and safety policies and procedures in place.

Donations

The Group made no external charitable or political donations during the year.

Financial risk management objectives and policies

The Group relies upon the availability of affordable funding facilities and strong rental income streams to fund the delivery of its Business Plan.

The Group manages exposure to interest rate fluctuations on its borrowings through the use of fixed and variable rate facilities.

The Group sourced additional new facilities during the year to provide sufficient liquidity flexibility to deliver the Business Plan.

Report of the Board (continued)

Financial risk management objectives and policies (continued)

Additional short-term liquidity is provided by an overdraft facility of £500,000 with NatWest. During the year the Group as part of the refinancing exercise with the Royal Bank of Scotland reduced the number of homes allocated to secure the facility by switching from the existing EUV SH (Existing Use Value Social Housing) valuation to a MVT (Markey Value subject to Tenancies) one. We have more than adequate security to cover our current funding and also future additional facilities required to deliver the Business Plan.

The principal long-term income risks relate to changes in the rent formula stipulated by Government to set rents, increases in arrears, differential between income and expenditure inflation. The March 2026 Business Plan is underpinned by the 10 year rent settlement of CPI +1% from April 2026 and rent convergence from April 2027. The stress testing of the March Business 2026 Plan appraised the potential financial impact should these agreements be amended. One area of cost inflation is associated with the required investment works in our existing tenant's homes with the March 2026 Business Plan incorporating an above inflation adjustment to reflect the current market for such works.

Our Treasury Policy seeks to manage the impact of the risk of any Government action that could potentially decrease the security value of our homes as the result of either reduced income or additional investment, or both.

As the Group continues the provision of new homes to its local communities, some will be for home ownership (shared ownership), and a reduction or delay in receiving such income may have an adverse impact on the cash flows of the Group. There are a number of drivers that create this risk and each one has varying time lags before they impact the Group's cashflows. To mitigate the impact of these risks the Treasury Policy limits our exposure to the value of the homes that are in development or are awaiting sale at any one time. In addition to this the Treasury Policy requires us to maintain our long-term liquidity (18 months) without assuming the sales receipts generated from shared ownership sales. Our cash flow loan covenants are not exposed to any sales receipts risk; as such income is excluded from them.

Going concern

The Group's business activities, its current financial position, and factors likely to affect its future development are set out within the Strategic Report. The Group has in place long-term funding facilities (including £73 million of undrawn facilities at 31 March 2026) and cash balances of £9.5 million, which provide adequate resources to finance committed major improvement programmes, and the proposed development of new homes, along with the Group's day to day operations. The Group also has a 30-year Business Plan which shows that it is able to service these debt facilities whilst continuing to comply with funder covenants. In reaching this conclusion the Group Board appraised its risks and undertook both single and multi-variant scenario stress testing to assess the financial impact if these were to materialise. This demonstrated that the Group has the financial capacity to deal with a range of adverse economic scenarios. The Group Board also consider its potential mitigation actions available to it.

Report of the Board (continued)

Going concern (continued)

On this basis, the Group Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being at least a period of twelve months after the date on which the report and financial statements are signed.

Internal controls assurance

The Group Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage and reduce, 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 the Group is a continual process and has been in place throughout the period commencing 1 April 2025 up to the date of approval of the report and financial statements.

Key elements of the control framework include:

- Governance Regulations were revised by the Group Board during the year to reflect the operational changes of the Group;
- Group Board approved terms of reference and delegated authorities for Audit & Risk, Development, Remuneration and Nomination, and Operational Performance and Tenant Services Committees;
- An overlapping Group Board Policy to cover potential conflicts of interests arising from Group Board members sitting on different Group company Boards;
- Clearly defined management responsibilities for the identification, evaluation, and control of significant risks;
- Robust strategic and business planning processes, with detailed financial budgets and forecasts;
- Clear delegated authority limits for the executive team, employees, and involved tenants and leaseholders;
- A sophisticated approach to treasury management which is subject to external review each year;
- Regular reporting to the Group Board and / or appropriate Committee on key business objectives, targets, and outcomes;
- Regular reporting of loan covenants and loan facilities;
- Group Board approval of an Anti-Fraud Policy and Committee approval of a Whistle-Blowing Policy. A fraud register is maintained and is reviewed by the Audit & Risk Committee when a fraud update is presented; and
- A comprehensive programme of internal audit reviews, conducted by an independent audit firm, with all review findings reported to the Audit & Risk Committee and implementation of recommendations monitored. No major weaknesses were reported during the year.

The Group Board cannot delegate ultimate responsibility for the system of internal control but has delegated authority to the Audit & Risk Committee to review the effectiveness of the system of internal control.

Report of the Group Board (continued)

Internal controls assurance (continued)

The Group Board receives Audit & Risk Committee reports and meeting minutes. The Audit & Risk Committee has received the Chief Executive's annual review of the effectiveness of the system of internal control for the Group and the annual report of the internal auditor and has reported its findings to the Board.

Code of Governance

The Group adopted the revised Code of Governance 2020 from April 2022. The Code states (paragraph 3.11) that the Rules of the Group take precedent over the Code where there is a conflict between the two. There were no areas where the Rules took precedence over the Code at 31 March 2026.

The Board has prepared a comprehensive skills matrix for Board Members and monitors this to ensure that the Board collectively has the skills needed for effective governance of the business.

The Group Board has adopted a clear Code of Conduct that governs its behaviour and probity.

Compliance with the governance and financial viability standard

We have complied fully with requirements of the regulatory standards for the full reporting period and to the date of signing these financial statements.

Statement of the responsibilities of the Board for the report and financial statements

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

Co-operative and Community Benefit Society legislation requires the Group Board to prepare financial statements for each financial year. Under that law the Group Board have elected to prepare the financial statements in accordance with Financial Reporting Standard 102.

Under the Co-operative and Community Benefit Society legislation the Group 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 Group for that period. In preparing these financial statements, the Board are required to:

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

Report of the Group Board (continued)

Statement of the responsibilities of the Board for the report and financial statements (continued)

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

Insofar as each of the Board members is aware:

- there is no relevant audit information of which the Group's auditors are unaware; and
- the Group Board have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Group Board are responsible for the maintenance and integrity of the corporate and financial information included on the websites of the Group.

Annual general meeting

The annual general meeting will be held on 15 September 2026 at Hampden Court, Frederick Place, High Wycombe, HP11 1JU.

External auditor

A resolution to reappoint Buzzacott Audit LLP will be proposed at the forthcoming annual general meeting.

The report of the Group Board was approved by the Board on 23 July 2026 and signed on its behalf by:

Lucy Weston
Chair

Independent Auditor's Report to the Members of Red Kite Community Housing Limited

We have audited the financial statements of Red Kite Community Housing Limited (the 'Association') and its subsidiaries (together the 'Group') for the year ended 31 March 2026 which comprise the Consolidated and Association Statement of Comprehensive Income, the Consolidated and Association Statement of Financial Position, the Consolidated and Association Statement of Changes in Reserves, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2026, and of the income and expenditure of the Group and Association for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing in England 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 Group's and 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 members with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the Members of Red Kite Community Housing Limited (continued)

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 members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on Which We are Required to Report by Exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent Association's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the statement of Board's responsibilities set out on pages 43 and 44, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board is responsible for assessing the Group's and 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 Group or the Association or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Red Kite Community Housing Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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. Based on our understanding of the association and its industry and in identifying and addressing the risks of material misstatements in respect of irregularities, including fraud, our procedures included the following:

We obtained an understanding of the legal and regulatory frameworks within which the Association operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Co-operative and Community Benefit Societies Act 2014 (and related directions and regulations), the Housing and Regeneration Act 2008 and other laws and regulations applicable to a registered social housing provider in England together with the Housing SORP. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates

The audit procedures to address the risks identified included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions made by management in their significant accounting estimates;
- Identifying and testing journal entries

Independent Auditor's Report to the Members of Red Kite Community Housing Limited (continued)

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

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

Buzzacott Audit LLP

Buzzacott Audit LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

06 August 2026

Consolidated Statement of Comprehensive Income

	Note	2026	2025
		£'000	£'000
Turnover	3	51,320	47,276
Cost of sales	3	-	(414)
Operating costs	3	(39,717)	(35,945)
Gain on disposal of property	4	1,312	1,210
Operating surplus	3	12,915	12,127
Interest receivable and other income	7	97	149
Interest payable and similar charges	8	(5,929)	(3,887)
Movement in fair value of investment properties	13	1,632	3,230
Surplus on ordinary activities before taxation		8,715	11,619
Tax on surplus on ordinary activities	28	(1)	(4)
Surplus for the financial year		8,714	11,615
Actuarial gain on defined benefit pension scheme	10	-	-
Change in fair value of hedged financial instrument		1,712	-
Total comprehensive income for the year		10,426	11,615

The consolidated results relate wholly to continuing activities. The notes on pages 54 to 88 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 23 July 2026.

Lucy Weston	**Anita Khan**	**Sue Fryer**
L Weston		
Chair	**Senior Independent Director**	**Company Secretary**

Association Statement of Comprehensive Income

	Note	2026	2025
		£'000	£'000
Turnover	3	46,197	43,542
Cost of sales	3	-	(414)
Operating costs	3	(36,698)	(33,248)
Gain on disposal of property	4	1,312	1,210
Other Income	33	2,509	245
Operating surplus	3	14,040	11,335
Interest receivable and other income	7	97	119
Interest payable and similar charges	8	(5,929)	(3,887)
Other finance costs		-	-
Movement in fair value of investment properties	13	1,674	3,178
Surplus on ordinary activities before taxation		9,882	10,745
Tax on surplus on ordinary activities	28	-	-
Surplus for the financial year		9,882	10,745
Actuarial gain on defined benefit pension scheme	10	-	-
Change in fair value of hedged financial instrument		1,712	-
Total comprehensive income for the year		11,594	10,745

The association's results relate wholly to continuing activities. The notes on pages 54 to 88 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 23 July 2026.

Lucy Weston	Anita Khan	Sue Fryer
LJWeston		
Chair	Senior Independent Director	Company Secretary

Consolidated Statement of Changes in Reserves

	Income & Expenditure Reserve £'000	Restricted Reserve £'000	Cashflow Hedge Reserve £'000	Total £'000
Balance at 31 March 2024	110,678	316	-	110,994
Financial Surplus for the year	11,615	-	-	11,615
Transfer from restricted reserve	56	(56)	-	-
Changes in fair value of hedged financial instruments	-	-	-	-
Total comprehensive income for the year	11,671	(56)	-	11,615
Balance at 31 March 2025	122,349	260	-	122,609

	Income & Expenditure Reserve £'000	Restricted Reserve £'000	Cashflow Hedge Reserve £'000	Total £'000
Balance at 31 March 2025	122,349	260	-	122,609
Financial Surplus for the year	8,714	-	-	8,714
Transfer to restricted reserve	(22)	22	-	-
Changes in fair value of hedged financial instruments	-	-	1,712	1,712
Total comprehensive income for the year	8,692	22	1,712	10,426
Balance at 31 March 2026	131,041	282	1,712	133,035

The accompanying notes on pages 54 to 88 form part of these financial statements.

Association Statement of Changes in Reserves

	Income & Expenditure Reserve £'000	Restricted Reserve £'000	Cashflow Hedge Reserve £'000	Total £'000
Balance at 31 March 2024	109,499	316	-	109,815
Financial Surplus for the year	10,745	-	-	10,745
Transfer from restricted reserve	56	(56)	-	-
Changes in fair value of hedged financial instruments	-	-	-	-
Total comprehensive income for the year	10,801	(56)	-	10,745
Balance at 31 March 2025	120,300	260	-	120,560

	Income & Expenditure Reserve £'000	Restricted Reserve £'000	Cashflow Hedge Reserve £'000	Total £'000
Balance at 31 March 2025	120,300	260	-	120,560
Financial Surplus for the year	9,882			9,882
Transfer to the restricted reserve	(22)	22	-	-
Changes in fair value of hedged financial instruments	-	-	1,712	1,712
Total comprehensive income for the year	9,860	22	1,712	11,594
Balance at 31 March 2026	130,160	282	1,712	132,154

The accompanying notes on pages 54 to 88 form part of these financial statements.

Group and Association Statement of Financial Position

	Note	Group 2026 £'000	Group 2025 £'000	Association 2026 £'000	Association 2025 £'000
Fixed Assets					
Intangible assets					
Negative Goodwill	9	(34,040)	(36,398)	(31,502)	(34,006)
Tangible assets					
Housing properties	12	301,344	246,235	287,200	233,517
Investment properties	13	9,820	10,097	7,367	7,602
Investment in subsidiaries	14	-	-	14,095	12,854
Other tangible fixed assets	15	7,592	4,536	7,559	4,492
		318,756	260,868	316,221	258,465
Current assets					
Debtors due after one year	16	115,173	120,958	115,173	120,958
Debtors due within one year	16	12,473	10,412	13,078	11,035
Properties held for sale	17	3,613	832	3,613	832
Investments - shares	18	30	30	30	30
Cash and cash equivalents	22	9,470	6,884	7,548	4,230
		25,586	18,158	24,269	16,127
Creditors: amounts falling due within one year	19	(22,403)	(14,847)	(21,970)	(14,854)
Net current assets		3,183	3,311	2,299	1,273
Total assets less current liabilities		403,072	348,739	402,191	346,690
Creditors: amounts falling due after more than one year	20	(154,794)	(105,105)	(154,794)	(105,105)
Net pension asset / (liability)	10	-	-	-	-
Provisions for liabilities	21	(115,243)	(121,025)	(115,243)	(121,025)
Total net assets		**133,035**	**122,609**	**132,154**	**120,560**
Reserves					
Restricted reserves		282	260	282	260
Cashflow Hedge Reserve		1,712	-	1,712	-
Income & expenditure reserve		131,041	122,349	130,160	120,300
Total reserves		**133,035**	**122,609**	**132,154**	**120,560**

The accompanying notes on pages 54 to 88 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 23 July 2026.

Lucy Weston	**Anita Khan**	**Sue Fryer**
Chair	**Senior Independent Director**	**Company Secretary**

Consolidated Statement of Cash flows

	Note	2026	2025
		£'000	£'000
Net cash generated from operating activities	26	17,671	11,433
Cash flow from investing activities			
Purchase of and improvements to housing properties	12	(5,881)	(6,821)
Development and purchase of homes for management		(51,604)	(8,859)
Purchase of other fixed assets	15	(3,617)	(4,179)
Receipt of Grant	24	2,287	1,446
Interest received		97	149
		(58,718)	(18,264)
Cash flow from financing activities			
Interest paid		(5,867)	(3,820)
Loan draw down (Revolving Credit Facility)		9,500	6,500
Loan draw down (Term Debt)		40,000	-
		43,633	2,680
Net change in cash and cash equivalents		2,586	(4,151)
Cash and cash equivalents at beginning of the year		6,884	11,035
Cash and cash equivalents at the end of the year		9,470	6,884

The accompanying notes on pages 54 to 88 form part of these financial statements.

Notes to the financial statements

The accompanying notes form part of these financial statements.

1. Legal status

Red Kite Community Housing Ltd is registered in England and Wales under the Co-operative and Community Benefit Societies Act 2014 as a public benefit entity and is a registered housing provider.

Red Kite Community Housing Ltd has four subsidiaries. Twenty11 (Homes) Ltd, is registered under the Co-operative and Community Benefit Societies Act 2014. Edenmead Ltd is registered under the Companies Act and develops new housing for sale to the Group (dormant from 31 March 2026). Pennvale (Holdings) Ltd (currently dormant), is registered under the Companies Act to provide commercial activities to the Group and the external market. Red Kite Devco is registered under the Companies Act to provide design and build services to the Group.

2. Accounting policies

Basis of Accounting

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

The financial statements are presented in Sterling (£), and for presentation in £'000.

Basis of Consolidation

The Group financial statements consolidate those of Red Kite Community Housing and its subsidiary undertakings drawn up to 31 March 2026.

In preparing the financial statements, the Association has taken advantage of the following disclosure exemptions available in FRS102:

- Exemption from making disclosures in relation to financial instruments in accordance with FRS102.1.12 (C) as the Association is a qualifying entity and the Parent Red Kite Community Housing Limited produces a consolidated statement.
- The Group discloses transactions with related parties which are not wholly owned within the same Group. The Group does not disclose transactions with members of the same Group that are wholly owned as allowed by FRS102 paragraph 33.1A. Intra Group transactions required to be disclosed by The Accounting Direction 2022 are provided for in note 31.

Subsidiaries are fully consolidated from the date on which control was transferred to the Group.

Investment in Subsidiaries

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

Accounting policies (continued)

Going Concern

The Group's business activities, its current financial position, and factors likely to affect its future development are set out within the Report to the Board. The Group has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lender's covenants.

Given the strength of the Statement of Financial Position and the availability of liquidity of undrawn loan facilities, totalling £73 million the Group Board believe that, while uncertainty exists around inflation and interest rates, this does not pose a material uncertainty that would cast doubt on the Groups ability to continue as a going concern. This assessment is underpinned by a range of financial modelling that has been presented to the Group Board. These include both single and multi-variant scenario stress testing, and the outcome confirmed that the greatest risks were linked to an environment where income growth was not aligned to cost inflation. The Group Board also approved a revised Mitigation Strategy that identified a range of potential actions to comply with the Treasury Golden Rules whilst identifying the impact to various stakeholders.

The Groups treasury framework will ensure a strong cash position is maintained, and effective financial management enabling ongoing compliance with the loan covenants.
The Group Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

Turnover

Turnover comprises rental income and service charges receivable in the year, other services included at the invoiced value (excluding VAT) of goods and services supplied in the year and revenue grants receivable in the year.

Rent and service charges (if appropriate) on new homes is recognised from when they are ready to be let, and those transferred from the Parent to Twenty11 when the legal transfer is completed.

First tranche sale receipts relate to the initial equity stake purchased by a Shared Owner Leaseholder and is recognised at the date of legal completion.

Turnover from the shops and from leaseholders is recognised in line with the terms of the individual agreements with each one.

Restricted Reserves

The Group manages leasehold schemes where, under the terms of the lease, a proportion of proceeds from any sales of the properties must be retained and used to fund future major repair costs that may arise. These contributions are allocated directly to the restricted reserves; their use being limited to expenditure set out in the relevant lease contracts. Relevant expenditure is accounted for in accordance with the accounting policy for expenditure incurred on housing properties and an equivalent sum released from restricted reserves.

Fixed Assets and Depreciation

Fixed assets, excluding housing properties, are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected remaining economic useful lives of the assets as follows:

Accounting policies (continued)

Fixed Assets and Depreciation (continued)

Category	**Years**
Office Structure	50
Office fit out (Non IT)	25
Office fit out (IT related)	10
Motor Vehicles	5
Office and estate equipment and furniture	5
ICT infrastructure, hardware, and software	5-10
Mobile ICT	3

Other than mobile ICT costing more than £500 only items with a cost in excess of £5,000 are capitalised. The useful economic lives of all tangible fixed assets are reviewed annually. A full year depreciation is charged in the year of acquisition and none in the year of disposal.

Housing Properties

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

For the properties purchased from the local authority in December 2011:

- Those classified as general needs housing have a historical cost equal to their fair value at transfer and are stated at cost less accumulated depreciation.
- The properties classified as sheltered and housing for older people have a deemed cost based on a valuation as at 1 April 2014 less accumulated depreciation.

The properties that are owned by Twenty11 (Homes) have been transferred from its parent to provide social benefit and have a historical cost equal to their value at transfer and are stated at that value less accumulated depreciation.

Additions to the housing properties are stated at cost. This includes the cost of acquiring land and buildings, development costs and expenditure incurred in respect of improvements. Homes purchased from another Registered Provider are recognised initially at the cost to Red Kite. The Group has adopted component accounting.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements. Other expenditure incurred on major repairs, cyclical, or void day to day repairs to housing properties is charged to the Statement of Comprehensive Income in the period in which it is incurred.

The Group depreciates the major components of its housing properties at the following annual rates on a straight-line basis:

Category	Years
Structure of Building- news homes acquired / developed	100
Structure of Building - housing transferred in December 2011	50
Structure of Building - existing homes purchased from another Registered Provider	50
Roofs	50
Bathrooms	30

Accounting policies (continued)

Housing Properties (continued)

Category	Years
Lifts	30
Windows	30
Kitchens	25
Fire Doors	20
Solar Panels	25
Damp & Mould Monitors	10
Guttering & Fascia	20
Heating Systems	12-15
Emergency Lighting- communal areas	10

Property depreciation for social housing and for homes providing social benefit is charged on the cost, including the cost of components, excluding freehold land, which is not depreciated.

Housing properties, including those with individual components, are subject to impairment reviews annually. Where there is evidence of impairment, housing properties are written down to their recoverable amount, being the higher of the net realisable value or the value in use.

Donated land is included in cost at its valuation on donation, with the donation treated as a capital grant. Land that has a change of use will be revalued and recognised as a fixed asset for homes being retained for management, or as a current asset if it is related to outright sale.

Housing properties in the course of construction are stated at cost and are not depreciated. Housing properties are transferred to completed properties on practical completion. The cost of replacing properties which have been demolished is capitalised in full where there is no indication of impairment.

Investment properties

The Group's investment properties consist of commercial properties and other properties not held for the social benefit or for use in the business.

For commercial properties, due to the relatively small value of these properties within the statement of financial position and due to the stability of the rents charged for these properties, a review of the existing valuation will be made annually by a member of the Executive Leadership Team. Only if there is a material change of circumstance will a separate independent valuation be sought.

For properties not held for the social benefit (homes for market rent) or for use in the business (garages), these are reviewed annually with any changes in fair value recognised in the statement of comprehensive income.

Shared ownership properties and staircasing

Under low cost home ownership arrangements, the Group disposes of a long lease on a low-cost home ownership home for a share ranging between 25% and 75% value. The Buyer has the right to purchase further equity up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Accounting policies (continued)

Shared ownership properties and staircasing (continued)

Low cost home ownership properties are split proportionately 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 the related sales proceeds included in turnover. The remaining equity available for future sale "staircasing" is classed as a property and is recognised at cost less any provision for impairment. Sales of subsequent tranches are treated as a part disposal of a property. Such staircasing may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

For shared ownership accommodation that the Group has maintenance responsibilities for, it is the Group's policy to maintain them in a continuous state of sound repair. Maintenance of other shared ownership properties is the responsibility of the shared owner. Any impairment in the value of such properties is charged to the Statement of Comprehensive Income.

Allocation of costs for mixed tenure and shared ownership developments

Costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to specific tenure costs are allocated on a floor area or unit basis depending on the appropriateness for each scheme.

Social Housing Grant (SHG)

Social Housing Grant (SHG) is receivable from Homes England (HE) and is used to reduce the capital costs of housing properties, including land costs.

When Social Housing Grant balances are transferred to the Group as part of the transfer of homes from another social housing provider, the value of the grant is reflected within the cost of these homes.

As part of such transfers, the Group reflects the obligation to repay or recycle the value of the grant should the homes be disposed as a creditor.

SHG received for the Group's homes is recognised in income over the useful life of the structure of the property that it relates to and, where applicable, its individual components (excluding land) under the accruals model. SHG due from HE or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates once reasonable assurance has been gained the entity will comply with the conditions.

SHG is subordinated to the repayment of loans by the agreement with HE. SHG released by the sale of property may be repayable but is normally available to be recycled and is credited to the recycled capital grant fund and included in the statement of financial position in creditors.
If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income in the year of disposal.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to the Statement of Comprehensive Income. Where components are disposed of as part of the Group home the grant is recycled.

Accounting policies (continued)

Other Grants

Other grants are receivable from local authorities and other organisations. Capital grants are used to reduce the capital costs of housing properties, including land costs. Such grants are recorded as a liability and released over the life of the related assets. Grants in respect of revenue expenditure are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate.

Operating leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Housing Properties Held for Resale

Where a decision has been taken to dispose of housing properties, these are held on the statement of financial position under fixed assets. These properties are held at the lower of historical cost less depreciation, or net realisable value after allowing for further costs of completion and disposal.

Stock

Stock represents works in progress and completed properties developed for outright sale or shared ownership. For shared ownership properties the value held as stock is the estimated cost to be sold as a first tranche.

Stock is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour, professional fees, and direct development overheads. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

An assessment of whether there is any impairment is made at each reporting date. Where an impairment loss is identified, it is immediately recognised in the statement of comprehensive income.

On disposal, sales proceeds are included in turnover and the costs of sales, include the costs incurred in the development of the properties, marketing, and other incidental costs.

Financial Instruments and Loan Issue Costs

Issue costs are amortised over the length of the loan facility as this is materially the same as amortising the net proceeds.

The Group uses financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in surplus or deficit immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in surplus or deficit depends on the nature of the hedge relationship.

Right to Buy

Proceeds from the sale of dwellings under Right to Buy are received by the Group in the first instance. For sales since December 2013 until December 2041, a sum that is equal to the net present value of income foregone is retained by the Group with the balance payable to Buckinghamshire Council.

Accounting policies (continued)

Bad and Doubtful Debts

Provision is made against rent arrears of current and former tenants and miscellaneous debtors. This is based on an estimate of the amount of the debt likely to be recovered.

Pension Costs

The Group participates in one defined benefit scheme and one defined contribution scheme. The cost of providing retirement pensions and related benefits is accounted for in accordance with FRS 102.

The Local Government Pension Scheme which is administered by Buckinghamshire Council is closed for new entrants and is independent of the Group's finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuary to enable the scheme to meet the benefits accruing in respect of current and future service. Pension scheme assets are measured using fair value.

Pension scheme liabilities are measured on an actuarial basis using the projected unit credit method and discounted at the appropriate high-quality corporate bond rates of equivalent term and currency to the liability. The net surplus or deficit is presented separately from other net assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the Group through reduced contributions or through refunds from the plan.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. A defined benefit pension charge is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

The employer contributions for both schemes are recognised in the accounting periods in which the benefits are earned.

There is no liability for the Group for the defined contributions scheme other than the employer contributions due.

Value Added Tax ('VAT')

The Group is registered for VAT but a large proportion of its income, including its rents, is exempt for VAT purposes.

The qualifying expenditure under the VAT Shelter is shown net of the recoverable VAT, whilst the majority of other expenditure is subject to VAT that cannot be reclaimed and is shown inclusive of the irrecoverable VAT.

Taxation

Red Kite Community Housing and Twenty11 are recognised by HM Revenue and Customs (HMRC) as charitable Registered Societies and consequently have no liability to Corporation Tax in the period.

HMRC has recognised the Intra Group Lending Agreement as an exempt activity and for Red Kite Community Housing there was no Corporation Tax liability in relation to any such lending. The other subsidiaries will be liable for Corporation Tax.

Every year before 31 March each subsidiary Board will make a decision on whether or not a gift aid donation will be made to the parent.

Accounting policies (continued)

Development Agreement

The Group entered into a Development Agreement with Buckinghamshire Council to undertake a complete cycle of refurbishment works to the housing stock that was transferred.

Under FRS 102 the obligations of Buckinghamshire Council and the Group under the Development Agreement should be disclosed in the statement of financial position. The liability is extinguished as the repair costs are incurred.

With the approval of HM Revenue and Customs the VAT incurred on the qualifying expenditure can be recovered under a VAT Shelter agreement.

Under the Transfer Agreement the first tranche of VAT savings is retained by the Group. Savings in excess of this are shared equally between the Group and Buckinghamshire Council.

Profits on the disposal of our homes and other assets

Under the transfer agreement the profits on disposals for development, as defined within the agreement, are to be shared with Buckinghamshire Council when the consideration received exceeds £3,000. This profit share is for the period of thirty years from the date of transfer until December 2041. The profit is shared 50:50 with the Buckinghamshire Council element being retained by the Group to invest in activities as defined in the agreement. Any balance of this retained profit not invested under the terms of the agreement by the tenth anniversary of the disposal will be paid to Buckinghamshire Council. The retained profit relating to Buckinghamshire Councils share is recognised as a creditor and the Group's element is released through the Statement of Comprehensive Income in the year of disposal.

This also relates to disposal of homes (that were included in the Transfer Agreement) in Twenty11 that been transferred from Red Kite.

Capitalisation of Administration Costs

Administration costs relating to development activities are capitalised to the extent that they are part of the development process and directly attributable to bringing the properties into their intended use.

Capitalisation of Interest Costs

Interest costs relating to the construction and acquisition of fixed assets are capitalised to the extent that they are incremental to the process and directly attributable to bringing the assets into their intended use. Other interest payable is charged to Statement of Comprehensive Income in the period in which the liability is incurred.

Negative Goodwill

Negative goodwill arises when the fair value of acquired assets exceeds the consideration given. Negative goodwill arising from the acquisition of land is released to the Statement of Comprehensive Income over the period of the business plan that is thirty years. Debtors acquired are included at an estimate of their provisional fair value.

Accounting policies (continued)

Impairment

Annually housing properties are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the Group, its recoverable amount is it fair value less costs to sell.

When considering the estimate of the recoverable amount of its homes the Group will:

(a) Determine the level at which the recoverable amount will be assessed. This could be the asset level or cash generating unit level (CGU level). The CGU level was determined to be on an individual scheme basis;
(b) Estimate the recoverable amount of each scheme;
(c) Calculate the carrying amount of each scheme; and
(d) Compare the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

Based on this assessment, the Group calculates the Depreciated Replacement Cost of each home, using appropriate construction costs and land prices.

Investments

An investment in another entity's equity is measured at fair value, unless it is an unlisted investment whose fair value cannot be reliably measured, in which case it is measured at cost less impairment.

Judgements and Estimates

Preparation of financial statements requires management to make significant judgements and estimates. The items in the financial statements where there have been judgements and estimates made include determining the level of depreciation, housing properties valuation, pension liability, Development Agreement, and the bad debt provision.

For the pension liability and investment properties valuations relevant professional advisors have been engaged.

The sensitivity analysis in note 10 illustrates the change to the pension liability if the key assumptions were revised.

The valuation of the garages is underpinned by a discount factor and a:

- 1% increase in the assumed rate will result in a 9.2% reduction in value of £410,000; and
- 1% decrease in the assumed rate will result in a 11.2% increase in value of £500,000.

Annually a management assessment is undertaken to review the values applied to the remaining commercial properties that include shops and market rented homes, and this considers if updated professional valuations are required. This also applies to the completed shared ownership homes that are in the progress of be sold.

Accounting policies (continued)

Judgements and estimates (continued)

The Development Agreement that relates to the homes transferred in December 2011 creates an asset and liability to the Group that nets off, but the amounts are individually disclosed. This underpins the HMRC approved VAT Shelter Agreement, and annually the Business Plan is updated to reflect the forecast investment works. The Development Agreement disclosures are updated annually to reflect the completed works in the last 12 months and the forecasted works in the next financial year.

The Group's core aims include providing quality homes to its current and future tenants, and this is achieved by continued investment in them. The disclosures that relate to the financial values of these homes are underpinned by the useful expected life of the components, and the ones applied are consistent with the Asset Management Strategy of the Group. Experience has proven that these are appropriate.

The carrying value of the homes in Twenty11 underpin the investment of its Parent, and as such the disclosed values of it in the financial statements of Red Kite Community Housing.

At 31 March 2026, the Group is amortising as disclosed in Note 9 a negative goodwill cost of £65.4m over a period of thirty years from December 2011. This sum and period are still deemed as appropriate. Any reduction in it would increase the annual charge, and any extension of the period decreasing it.

3. Analysis of income and expenditure

Particulars of turnover, cost of sales, operating costs, and operating surplus

Group	2026 Turnover	2026 Operating Costs	2026 Operating Surplus / (Deficit)
	£'000	£'000	£'000
Social housing lettings	45,167	(34,368)	10,799
Other social housing activities			
First tranche shared ownership sales	-	-	-
Discounted rents (Twenty 11)	4,321	(2,922)	1,399
Leaseholder	560	(919)	(359)
	50,048	(38,209)	11,839
Non-social housing activities			
Lettings from investment properties	972	(259)	713
Non-capitalised development	-	(461)	(461)
Other	300	(730)	(430)
Other Group activity	-	(58)	(58)
	1,272	(1,508)	(236)
Gains on property sales	-	-	1,312
Total activities	51,320	(39,717)	12,915

	2025 Turnover	2025 Operating Costs	2025 Operating Surplus / (Deficit)
	£'000	£'000	£'000
Social housing lettings	41,466	(30,796)	10,670
Other social housing activities			
First tranche shared ownership sales	571	(414)	157
Discounted rents (Twenty 11)	3,660	(2,592)	1,068
Leaseholder	419	(754)	(335)
	46,116	(34,556)	11,560
Non-social housing activities			
Lettings from investment properties	960	(512)	448
Non-capitalised development	-	(464)	(464)
Other	200	(759)	(559)
Other Group activity	-	(68)	(68)
	1,160	(1,803)	(643)
Gains on property sales	-	-	1,210
Total activities	47,276	(36,359)	12,127

3 Analysis of income and expenditure (continued)

Particulars of turnover, cost of sales, operating costs, and operating surplus (continued)

Association	Turnover	2026 Operating Costs	Operating Surplus / (Deficit)
	£'000	£'000	£'000
Social housing lettings	45,167	(34,368)	10,799
Other social housing activities			
First tranche low cost home ownership sales	-	-	-
Leaseholder	560	(919)	(359)
	45,727	(35,287)	10,440
Non-social housing activities			
Lettings from garages and shops	864	(220)	644
Non-capitalised development	-	(461)	(461)
Other	326	(730)	(404)
	1,190	(1,411)	(221)
Gain on property sales	-	-	1,312
Other income	2,509	-	2,509
Total activities	49,426	(36,698)	14,040

Association	Turnover	2025 Operating Costs	Operating Surplus / (Deficit)
	£'000	£'000	£'000
Social housing lettings	41,466	(30,796)	10,670
Other social housing activities			
First tranche low cost home ownership sales	571	(414)	157
Leaseholder	419	(754)	(335)
	42,456	(31,964)	10,492
Non-social housing activities			
Lettings from garages and shops	857	(475)	382
Non-capitalised development	-	(464)	(464)
Other	229	(759)	(530)
	1,086	(1,698)	(612)
Gain on property sales	-	-	1,210
Other income	245	-	245
Total activities	43,787	(33,662)	11,335

3. Analysis of income and expenditure (continued)

Particulars of income and expenditure from social housing lettings - Group & Association

	General needs	Sheltered	Shared Ownership	2026 Total	2025 Total
INCOME	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	29,315	11,497	404	41,216	37,727
Service charges	879	2,908	49	3,836	3,679
Amortised Government Grant	115	-	-	115	60
Turnover from social housing lettings	30,309	14,405	453	45,167	41,466
EXPENDITURE					
Management costs	(7,190)	(3,146)	(105)	(10,441)	(9,059)
Service charge costs	(1,538)	(985)	(46)	(2,569)	(2,441)
Routine maintenance	(3,648)	(1,807)	-	(5,455)	(4,713)
Planned maintenance	(1,945)	(821)	-	(2,766)	(2,588)
Major repairs & improvements	(7,952)	(2,347)	-	(10,299)	(10,089)
Bad debts	(73)	(148)	-	(221)	(187)
Depreciation of housing properties	(3,522)	(1,022)	(93)	(4,637)	(3,769)
Amortisation of negative goodwill	1,345	675	-	2,020	2,050
Operating costs on social housing lettings	(24,523)	(9,601)	(244)	(34,368)	(30,796)
Operating surplus on social housing lettings	5,786	4,804	209	10,799	10,670
Void losses	211	131	-	342	304

4. Surplus on the sale of housing properties

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Sale proceeds	6,369	3,849	6,369	3,849
Cost of disposals	(1,494)	(988)	(1,494)	(988)
Payment to Buckinghamshire Council	(3,735)	(1,739)	(3,735)	(1,739)
Negative goodwill released on disposal	172	88	172	88
	1,312	**1,210**	**1,312**	**1,210**

5. Accommodation in management

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

Group

	2025	Additions	Disposals	Demolitions	Tenure Changes	2026
General needs housing						
- social	3,538	322	(21)	-	(55)	3,784
- affordable	121	49	-	-	-	170
Low cost home ownership	60	15	(2)	-	-	73
Sheltered housing and housing for older people	1,693	-	-	-	-	1,693
Total social housing owned and managed	5,412	386	(23)	-	(55)	5,720
Leasehold properties	669	6	-	-	6	681
Discounted Rents -	375	-	-	-	49	424
Market rent	7	-	-	-	-	7
Commercial properties	11	-	-	-	-	11
Shared equity properties	5	-	-	-	-	5
Total social housing owned and managed	6,479	392	(23)	-	-	6,848

There were 156 properties in development at the year-end (2025: 113).

Accommodation in management (continued)

Association

	2025	Additions	Disposals / Demolitions	Tenure Changes	Intra Group Disposal	2026
General needs housing						
- social	3,538	322	(21)	(6)	(49)	3,784
- affordable	121	49	-	-	-	170
Low cost home ownership	60	15	(2)	-	-	73
Sheltered housing and housing for older people	1,693	-	-	-	-	1,693
Total social housing owned and managed	5,412	386	(23)	(6)	(49)	5,720
Leasehold properties	669	6	-	6	-	681
Commercial properties	11	-	-	-	-	11
Shared equity properties	5	-	-	-	-	5
Total social housing owned and managed	6,097	392	(23)	-	(49)	6,417

There were 156 properties in development at the year-end (2025: 113).

6. Operating surplus

The operating surplus is arrived at after charging:

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Depreciation – housing properties	4,930	4,052	4,637	3,769
Depreciation – other tangible fixed assets	561	262	548	238
Amortisation of negative goodwill	2,186	2,195	2,020	2,050
Operating lease rentals				
Building	-	-	-	-
Equipment	10	10	10	10
Auditor's remuneration (excluding VAT)				
Fees payable by the Association for the audit of the financial statements	51	46	51	46
Fees payable for other services:				
Audit of the subsidiaries' accounts	18	21	-	-
Total audit services	**69**	**67**	**51**	**46**
Non-Audit Services	5	4	5	4

7. Interest receivable and other income

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Interest receivable and similar income	97	149	97	119
	97	**149**	**97**	**119**

8. Interest payable and similar charges

	Group		Association	
	2026	2025	2065	2025
	£'000	£'000	£'000	£'000
Loans and bank overdrafts	6,363	4,082	6,363	4,082
Capitalised Interest	(431)	(192)	(431)	(192)
Defined benefit pension charge	(3)	(3)	(3)	(3)
	5,929	**3,887**	**5,929**	**3,887**

9. Negative goodwill

The stock transfer in December 2011 has been treated as an acquisition of an equity business in accordance with SORP 2018 and FRS 102. All assets and liabilities were stated at their fair value on acquisition which resulted in a material level of negative goodwill. This is to be amortised over a period of thirty years, in line with the Business Plan.

	Group	Association
Costs	£'000	£'000
At 1 April 2025	(65,724)	(61,370)
Released on disposal	322	322
Released on intra Group disposals	-	585
At 31 March 2026	(65,402)	(60,463)
Amortisation		
At 1 April 2025	29,326	27,364
Released on disposal	(150)	(150)
Released on intra Group disposals	-	(273)
Annual charge	2,186	2,020
At 31 March 2026	31,362	28,961
Net book value after amortisation		
At 31 March 2026	(34,040)	(31,502)
At 31 March 2025	(36,398)	(34,006)

10. Employees

Average monthly number of employees (expressed as full-time equivalents calculated based on a standard working week of 35 hours):

	Group and Association	
	2026	2025
	No.	No.
Housing management	84	82
Property management	27	23
Central administration	64	61
	175	166

Employees (continued)

Employee costs:

	Group		Association	
	2026	2025	2026	2025*
	£'000	£'000	£'000	£'000
Wages and salaries	9,078	8,698	8,711	8,313
Loss of Office	439	-	422	-
Social security costs	1,174	915	1,127	875
Other pension costs	860	829	824	794
	11,551	**10,442**	**11,084**	**9,982**

*restated to reflect that £460,000 of expenditure were related to Twenty11 Homes.

Employees with remuneration in excess of £60,000 during the year.

	Group and Association	
	2026	2025
	No.	No.
£60,000 to £69,999	11	9
£70,000 to £79,999	8	7
£80,000 to £89,999	7	7
£90,000 to £99,999	3	3
£100,000 to £109,999	-	-
£110,000 to £119,999	1	1
£120,000 to £129,999	-	1
£130,000 to £139,999	-	1
£140,000 to £149,999	1	-
£150,000 to £159,999	-	1
£160,000 to £169,999	-	1
£170,000 to £179,999	1	1
£200,000 to £209,999	1	-
£230,000 to £240,000	1	-
£310,000 to £320,000	1	-
	35	32

The increase in the remuneration in excess of £179,999 reflects the exit costs associated with the restructuring of the Executive Leadership Team. Additional information is in note 11.

The Group's employees are entitled to membership of either the Buckinghamshire Pension Fund (BPF) or the Red Kite Defined Contribution Scheme.

Red Kite Defined Contribution Pension

The Group operates a defined contribution scheme that is administrated by Aegon UK. For the whole financial year employees can choose their level of contribution as follows:

	Employee Contribution	Employer Contribution
Auto-enrolment	3%	8%
Lower threshold	3%	8%
Higher threshold	4%	10%

Total employer contributions for the defined contribution schemes for period ended 31 March 2026 were £753,000 (2025: £637,000)

Employees (continued)

Buckinghamshire Pension Fund (BPF)

The BPF is a multi-employer scheme, administered by Buckinghamshire Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2025 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2026 by a qualified independent actuary.

The employer's contributions to the BPF by the Group for the period ended 31 March 2026 were £106,000 (2025: £139,000) at a contribution rate of 21.9% of pensionable salaries. The employer's contribution rate for the year ending 31 March 2026 has been set at 21.1% for the current service cost and no deficit payment.

Estimated employers' contributions to the BPF during the accounting period commencing 1 April 2026 are £99,000: The scheme has 12 active members and is closed to new members.

Financial assumptions:

	As at 31 March 2026 %	As at 31 March 2025 %
Discount rate	6.00	5.75
Future salary increases	3.85	3.90
Future pension increases	2.85	2.90
Inflation assumption (CPI)	2.85	2.90
Inflation assumption (RPI)	3.30	3.25

Mortality assumptions:

The post-retirement mortality assumptions adopted to value the benefit obligation at March 2026 are based on the S4PA tables with a multiplier of 100% for males and 95% for females. These base tables are then projected using the CMI 2025 Model, allowing for a long-term rate of improvement of 1.50% p.a., smoothing parameter of 7.0 and no initial addition to improvements p.a., and half-life parameter of 1.0. The assumed life expectations on retirement at age 65 are:

	2026 No. of years	2025 No. of years
Retiring today:		
Males	22.0	20.7
Females	24.6	24.4
Retiring in 20 years:		
Males	23.5	22.0
Female	26.3	25.8

Expected return on assets

For accounting years beginning on or after 1 January 2015, the expected rate of return and the interest cost has been replaced by a single net interest cost, which effectively sets the expected return equal to the discount rate.

Employees (continued)

Analysis of the amount charged to Statement of Comprehensive Income:

	2026 £'000	2025 £'000
Current service costs	95	126
Administration expenses	19	18
Amount charged to operating costs	114	144
Net Interest (income) cost	(3)	(3)
Amount charged to other finance costs	(3)	(3)

The losses on curtailments and settlements in 2026 were: Nil (2025: Nil)

	2026 £'000	2025 £'000
Re-measurement of net asset	5,303	4,604

Amounts recognised in the Statement of Financial Position:

	As at 31 March 2026 £'000	As at 31 March 2025 £'000
Present value of funded obligations	(14,790)	(14,525)
Fair value of scheme assets (bid value)	20,093	19,129
Net surplus	5,303	4,604
Net surplus / (liability) recognised in the statement of financial position	-	-

The reported surplus has not been recognised in line with the accounting policy due to the uncertainty of its recoverability.

Reconciliation of opening and closing balances of the present value of scheme liabilities:

	2026 £'000	2025 £'000
Opening defined benefits obligations	(14,525)	(16,045)
Current service cost	(95)	(126)
Interest cost	(813)	(775)
Change in financial assumptions	518	1,880
Change in demographic assumptions	(305)	35
Experience gain on defined benefit obligation	(338)	42
Estimated benefits paid in net of transfers in	805	517
Past service cost, including curtailments	-	-
Contributions by scheme participants	(37)	(53)
Unfunded pension payments	-	-
Closing defined benefit obligation	(14,790)	(14,525)

Employees (continued)

Reconciliation of opening and closing balances of the present value of scheme assets:

	2026	2025
	£'000	£'000
Opening fair value of scheme assets	19,129	18,813
Interest on assets	1,081	914
Return on assets less interest	670	(255)
Other actuarial gains	(106)	-
Administration expenses	(19)	(18)
Contributions by employer	106	139
Contributions by scheme participants	37	53
Estimated benefits paid net of transfers in and including unfunded	(805)	(517)
Settlement prices received	-	-
Closing fair value of scheme assets	20,093	19,129

Actual return on scheme assets

2026	2025
£'000	£'000
1,751	659

Major categories of plan assets as a percentage of total plan assets:

	2026	2025
	%	%
Equities	52	50
Gilts	11	8
Other bonds	11	12
Multi Assets	6	10
Properties	5	6
Cash	1	1
Infrastructure	9	9
Private debt	4	4

During to rounding's 2026 total 99%

Sensitivity analysis:

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	14,622	14,790	14,961
Projected service cost	85	86	88
Adjustment to life expectancy assumption	+1 year	None	-1 year
Present value of total obligation	15,247	14,790	14,348
Projected service cost	89	86	84
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	14,797	14,790	14,783
Projected service cost	86	86	86
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	14,965	14,790	14,651
Projected service cost	88	86	85

11. Executive directors

Group and Association

Executive directors:

	£ Basic salary	£ Loss of office	£ Social security	£ Other benefits	£ Pension costs	2026 £ Total	2025 £ Total
Total EMT	775,175	422,394	96,841	7,381	59,117	1,360,908	1,012,520

The emoluments of the highest paid director during the year excluding pension contributions and other costs were £345,229 (2025: £180,485).

All Executive Directors can be ordinary members of the Red Kite Defined Contribution Pension Scheme. There are no enhanced or special terms applied, and the Group does not make any further contribution to an individual pension arrangement.

12. **Tangible fixed assets –** Housing properties (provide social benefits) held for letting

Group

	General needs completed £'000	**General needs under construction £'000**	**Sheltered completed £'000**	**Twenty11 homes £'000**	**Shared ownership Completed £'000**	**Shared ownership under construction £'000**	**Total £'000**
Cost							
At 1 April 2025	178,925	15,383	54,184	15,868	9,592	136	274,088
Additions							
- stock purchase	39,489	-	-	-	-	-	39,489
- construction costs	-	14,533	-	-	-	3,295	17,828
- replaced components	5,353	(2,132)	2,433	227	-	-	5,881
- moved from current assets	-	1,919	-	-	-	-	1,919
- movement on completion	(173)	-	-	-	95	-	(78)
Revaluation	-	-	-	-	-	(5)	(5)
Reclassification of properties	(1,761)	-	-	1,761	-	-	-
Completed schemes	16,368	(16,368)	-	-	2,058	(2,058)	-
Disposals							
- replaced components / sales	(1,507)	(24)	(363)	(57)	(305)	-	(2,256)
At 31 March 2026	**236,694**	**13,311**	**56,254**	**17,799**	**11,440**	**1,368**	**336,866**
Depreciation							
At 1 April 2025	18,560	-	7,197	1,799	297	-	27,853
Stock purchase b'fwd	3,794	-	-	-	-	-	3,794
Depreciation charge	3,522	-	1,022	293	93	-	4,930
Reclassification of properties	(209)	-	-	209	-	-	-
Eliminated on disposals							
- replaced components / sales	(668)	-	(317)	(57)	(13)	-	(1,055)
At 31 March 2026	**24,999**	**-**	**7,902**	**2,244**	**377**	**-**	**35,522**
Net book value at 31 March 2026	**211,695**	**13,311**	**48,352**	**15,555**	**11,063**	**1,368**	**301,344**
Net book value at 31 March 2025	**160,365**	**15,383**	**46,987**	**14,069**	**9,295**	**136**	**246,235**

Association

	General needs completed £'000	**General needs under construction £'000**	**Sheltered completed £'000**	**Shared ownership Completed £'000**	**Shared ownership under construction £'000**	**Total £'000**
Cost						
At 1 April 2025	179,584	15,959	54,184	9,634	210	259,571
Additions						
- stock purchase	39,489	-	-	-	-	39,489
- construction costs	-	14,593	-	-	3,295	17,888
- replaced components	5,353	(2,132)	2,433	-	-	5,654
- moved from current assets	-	1,919	-	-	-	1,919
- movement on completion	(173)			95		(78)
Revaluation					(5)	(5)
Completed schemes	16,428	(16,428)	-	2,058	(2,058)	-
Disposals						
- intra Group disposals	(1,761)	-	-	-	-	(1,761)
- replaced components / sales	(1,507)	(24)	(363)	(305)	-	(2,199)
At 31 March 2026	**237,413**	**13,887**	**56,254**	**11,482**	**1,442**	**320,478**
Depreciation and impairment						
At 1 April 2025	18,560	-	7,197	297	-	26,054
Stock purchase b'fwd	3,794	-	-	-	-	3,794
Depreciation charge	3,522	-	1,022	93	-	4,637
Eliminated on disposals						
- intra Group disposals	(209)	-	-	-	-	(209)
- replaced components / sales	(668)	-	(317)	(13)	-	(998)
At 31 March 2026	**24,999**	**-**	**7,902**	**377**	**-**	**33,278**
Net book value at 31 March 2026	**212,414**	**13,887**	**48,352**	**11,105**	**1,442**	**287,200**
Net book value at 31 March 2025	**161,024**	**15,959**	**46,987**	**9,337**	**210**	**233,517**

Tangible fixed assets – housing (continued)

Expenditure on works to existing properties:

Group

	2026	2025
	£'000	£'000
Components capitalised	5,881	6,821
Amounts charged to Statement of Comprehensive Income	10,597	10,387
	16,478	17,208

Association

	2026	2025
	£'000	£'000
Components capitalised	5,654	6,506
Amounts charged to Statement of Comprehensive Income	10,299	10,089
	15,953	16,595

All properties are held freehold.

Interest Capitalised

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Interest Capitalised	431	192	431	192
Cumulative interest capitalised	1,866	1,435	1,866	1,435
Rate used for capitalisation	4.35%	4.11%	4.35%	4.11%

13. Investment properties

Non-social housing properties held for letting

Group	**Completed**	**Under Construction**	**Total**
	£'000	£'000	£'000
At 1 April 2025	9,805	292	10,097
Increase in value of the garages & homes-recurring use	1,527	-	1,527
Increase in value of land	290	-	290
Reduction in the value of shops	(176)		(176)
Annual increase in fair value	1,641	-	1,641
Reclassification to fixed asset land (garages)	(1,160)	-	(1,160)
Reclassification to fixed asset land	(290)	-	(290)
Reclassification to fixed asset land (shop)	(264)	-	(264)
Transfer to fixed assets	-	(204)	(204)
Annual movement on the fair value	(73)	(204)	(277)
At 31 March 2026	**9,732**	**88**	**9,820**

Investment properties (continued)

Association	**Completed**	**Under Construction**	**Total**
	£'000	£'000	£'000
At 1 April 2025	7,310	292	7,602
Increase in value of the garages-recurring use	1,569	-	1,569
Increase in value of land	290		290
Decrease in the value of the shops	(176)	-	(176)
Annual increase in fair value	1,683	-	1,683
Reclassification to fixed asset land (garages)	(1,160)	-	(1,160)
Reclassification to fixed asset land	(290)	-	(290)
Reclassification to fixed asset land (shop)	(264)	-	(264)
Transfer to fixed assets	-	(204)	(204)
Annual movement in the fair value	(31)	(204)	(235)
At 31 March 2026	**7,279**	**88**	**7,367**

Investment properties relate to shops and garages that are not let as part of a residency tenancy agreement, and to homes being let at market rent.

The garages were valued as at 31 March 2026 by Jones Lang LaSalle Limited. These valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors as follows. In valuing investment properties, a discounted cash flow methodology was adopted with key assumptions:

	Garages
Discount	10%
Annual inflation rate	CPI
Level of long-term annual rent increase	CPI

Market rent homes are valued at open market sales value, updated for house price inflation.

14. Investment in subsidiaries

As required by statute, the financial statements consolidate the results of Red Kite Devco Ltd, Edenmead Ltd, Pennvale (Holdings) Ltd, and Twenty 11 (Homes) Ltd, which were wholly owned subsidiaries at the end of the year.

Red Kite Community Housing has the right to appoint members to the Boards of the four subsidiaries and therefore exercises control over them. Twenty 11 (Homes) is regulated by The Financial Conduct Authority with the other three subsidiaries not being regulated.

The registered office is the same for all the Group entities.

Investment in subsidiaries (continued)

Red Kite Community Housing Limited is the ultimate parent undertaking.

Association	£'000
At 1 April 2025	12,854
Additions (as detailed below)	1,241
At 31 March 2026	14,095

Additions	£'000
Homes transferred to Twenty 11	1,241
Total	1,241

During the year Red Kite Community Housing recharged the following amounts to the unregistered subsidiaries.

	Devco £'000	Twenty11 £'000	2026 Total £'000	2025 Total £'000	Allocation basis (Note1)
HR,IT, Finance & Office	225	473	698	589	FTE
Executive Leadership Team	93	56	149	141	TA
Community Pod	-	79	79	72	TA
Relationship Pod	-	77	77	67	TA
Property Pod	-	95	95	76	TA
Commercial Pod	-	-	-	-	TA
Communication & Branding	-	15	15	15	TA
Development activities	207	-	207	260	PC
Insight	-	57	57	44	
	525	852	1,377	1,264	

Note 1: FTE - Full time equivalent: TA - Time allocation: PC - Professional costs incurred.

15. Tangible fixed assets- other

Group	IT & Infra-structure £'000	Furniture £'000	Hampden Court Office (Note 1) £'000	Windsor Court Office (Note 2) £'000	Total £'000
Cost					
At 1 April 2025	2,753	307	3,435	660	7,155
Additions	661	-	2,956	-	3,617
Disposals	(207)	-	-	(660)	(867)
At 31 March 2026	3,207	307	6,391	-	9,905
Depreciation					
At 1 April 2025	1,655	304	-	660	2,619
Charged in year	365	2	194	-	561
Released on disposal	(207)	-	-	(660)	(867)
At 31 March 2026	1,813	306	194	-	2,313
31 March 2026	1,394	1	6,197	-	7,592
31 March 2025	1,098	3	3,435	-	4,536

None of the above are under finance leases (2025: Nil)

Association	IT & Infra-structure £'000	Furniture £'000	Hampden Court Office (Note 1) £'000	Windsor Court Office (Note 2) £'000	Total £'000
Cost					
At 1 April 2025	2,577	307	3,435	660	6,979
Additions	659	-	2,956	-	3,615
Disposals	(207)	-	-	(660)	(867)
At 31 March 2026	3,029	307	6,391	-	9,727
Depreciation					
At 1 April 2025	1,523	304	-	660	2,487
Charged in year	352	2	194	-	548
Released on disposal	(207)	-	-	(660)	(867)
At 31 March 2026	1,668	306	194	-	2,168
31 March 2026	1,361	1	6,197	-	7,559
31 March 2025	1,054	3	3,435	-	4,492

None of the above are under finance leases (2025: Nil)

Note 1: these costs relate to the purchase of the new office (March 2025) and its fit out (March 2026). The premises were not in use at 31 March 2025, and as such its first depreciation charge is in 2026.

Note 2: these costs reflect the leaseholder improvements of Windsor Court. The lease ended in the year ending 31 March 2026.

16. Debtors
Debtors due within one year

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Rent and service charges receivable	3,293	2,897	3,111	2,748
Less: Provision for bad and doubtful debts	(1,799)	(1,464)	(1,668)	(1,349)
	1,494	1,433	1,443	1,399
VAT recoverable	487	433	458	412
Amounts owed by Group undertaking	-	-	693	742
Development Agreement	7,245	4,173	7,245	4,173
Prepayments and accrued income	2,270	1,582	2,262	1,520
Stock Purchase debtor	-	1,924	-	1,924
Other debtors	977	867	977	865
	12,473	**10,412**	**13,078**	**11,035**

Debtors due within one year

The Development Agreement debtor due within 12 months is the forecasted expenditure within this period that will be recovered under the terms of it. It has a matching liability with the creditors due within the same period.

Debtors due after one year

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Development Agreement	115,173	120,958	115,173	120,958
	115,173	**120,958**	**115,173**	**120,958**

The Development Agreement debtor due after 12 months is the forecasted expenditure from 1 April 2026 that will be recovered under the terms of it. It has a matching provision in note 21.

17. Properties held for sale

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Shared Ownership - 1st tranche	1,685	-	1,685	-
Works in Progress	1,928	832	1,928	832
Total	**3,613**	**832**	**3,613**	**832**

18. Investments in shares

Group and Association

	2026	2025
	£'000	£'000
At 1 April	30	30
Additions	-	-
At 31 March	**30**	**30**

19. Creditors: amounts falling due within one year

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Trade creditors	4,779	3,741	4,279	3,534
Rent and service charges received in advance	1,565	1,155	1,496	1,121
Amounts owed to Group undertaking	-	-	255	345
Payments due under the transfer agreement	3,735	1,739	3,735	1,739
Development Agreement	7,245	4,173	7,245	4,173
Grant to be amortised	124	89	124	86
Accruals and deferred income	3,933	3,039	3,816	2,951
Other taxation and social security	270	253	268	247
Other creditors	752	658	752	658
	22,403	**14,847**	**21,970**	**14,854**

Payments due under the transfer agreement between the Group and Buckinghamshire Council relate to monies due in relation to the sharing of Right to Buy sales receipts.

Development Agreement - This represents the expected expenditure in the next twelve months under the agreement. There is a corresponding asset.

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

Group and Association

	2026	2025
	£'000	£'000
Debt (note 22)	143,974	96,888
Deferred Capital Grant (Note 24)	10,820	8,217
	154,794	**105,105**

Payments due under the transfer agreement between the Group and Buckinghamshire Council relate to monies due in relation to the VAT Shelter agreement and the profit share agreement on disposals.

21. Provisions

Group and Association

	2026	2025
	£'000	£'000
Development Agreement	115,173	120,958
Leave pay	70	67
	115,243	**121,025**

Provisions (Continued)

The Development Agreement provision represents the financial obligations under it. This obligation is matched by a debtor in note 16. Note 29 provides additional information in relation to the term of the provision.

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which the employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence that will be taken in the next twelve months.

22. Debt analysis

Group and Association

	2026 £'000	2025 £'000
Bank loans	147,000	97,500
Less Loan issue cost	(1,314)	(612)
Cashflow hedge reserve	(1,712)	-
	143,974	**96,888**

Net Debt

Group	At 31 March 2025 £'000	Cash flows £'000	Other Changes £'000	At 31 March 2026 £'000
Cash at bank and in hand	6,884	2,586	-	9,470
Debt due within one year	-	-	-	-
Debt due after more than one year	(97,500)	(49,500)	-	(147,000)
Current asset investments	-	-	-	-
	(90,616)	(46,914)	-	(137,530)

Association	At 31 March 2025 £'000	Cash flows £'000	Other Changes £'000	At 31 March 2026 £'000
Cash at bank and in hand	4,230	3,318	-	7,548
Debt due within one year	-	-	-	-
Debt due after more than one year	(97,500)	(49,500)	-	(147,000)
Current asset investments	-	-	-	-
	(93,270)	(46,182)	-	(139,452)

23. Terms of repayment and interest rates

The funding is repayable in accordance with the individual agreements with Royal Bank of Scotland (RBS), Barclays, and the Pension Insurance Corporation (PIC).

Group and Association	2026	2025
	£'000	£'000
Within one year or on demand	-	-
One year or more but less than two years	-	-
Two years or more but less than five years	47,000	37,500
Five years or more	100,000	60,000
	147,000	**97,500**

The repayments as detailed below range from December 2027 to July 2040.

		Facility	Drawn	
		£'000	£'000	Repayment Dates
RBS	Fixed	80,000	60,000	October 2035 to October 2037
PIC	Fixed	60,000	60,000	July 2030 to July 2040
		140,000	120,000	
Revolving Credit Facility				
Barclays	Variable	80,000	27,000	December 2027 to December 2029
		80,000	27,000	

The termination dates of the revolving facilities with Barclays were extended by 12 months on 3 April 2026, and as such the repayment range would commence from December 2028.

At 31 March 2026, the Group had undrawn committed loan facilities of £73 million (2025: £102.5 million). The facilities are secured by a fixed charge over 2,606 of the Group's properties. Interest rate exposure on borrowings is managed using a mix of fixed and floating rate arrangements available within the loan facilities as follows:

	2026	2025
	£'000	£'000
Fixed rate	120,000	80,000
Variable rate	27,000	17,500
	147,000	**97,500**

The Group has not entered into any derivatives or financial instruments outside of the committed loan facilities. The fixed rate financial liabilities have a weighted average interest rate of 3.90% (2025: 3.49%) and the weighted average period for which they are fixed is 7 years (2025: 8 years). During the year Red Kite utilised its revolving credit facilities with RBS and Barclays. The average floating debt for the year was £38.8 million (2025: £12.5 million).

24. Deferred Capital Grant

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
At 1 April	8,217	6,834	8,217	6,834
Grants received during the year	2,755	1,466	2,755	1,466
Grant transferred to current creditor	(152)	(83)	(152)	(83)
At 31 March	**10,820**	**8,217**	**10,820**	**8,217**

25. Share Capital

Membership comprises tenants and resident leaseholders plus Buckinghamshire Council. Each member holds one share with a value of £1. The shares provide members with the right to vote at general meetings, but do not provide any right to dividends or distribution on the winding up of Red Kite Community Housing.

	2026	2025
	No.	No.
Members at beginning of period	661	668
Annual movement in the number of members	40	(7)
Number of members at end of period	**701**	**661**

26. Cash flow from operating activities

	2026	2025
	£'000	£'000
Surplus on ordinary activities	8,715	11,615
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	5,491	4,359
Amortisation of negative goodwill	(2,186)	(2,195)
Defined benefit pension costs	110	141
Amortisation of grant income	(115)	(60)
(Increase) in debtors	(913)	(1,954)
Increase / (decrease) in creditors	5,089	(1,343)
Development of homes for sale	(2,781)	(102)
Carrying amounts of tangible fixed asset disposals	1,019	516
Carrying amounts of current asset disposals	-	414
Increase in provision	3	(6)
Fair value adjustments	(1,632)	(3,230)
	12,800	8,155
Adjustments for investing or financial activities		
Interest payable	5,929	3,887
Other finance costs	(961)	(460)
Interest receivable	(97)	(149)
Net cash inflow from operating activities	**17,671**	**11,433**

27 Capital commitments

	2026 £'000	2025 £'000
Expenditure contracted but not provided for in the accounts	12,621	39,583
Expenditure authorised by the Board but not contracted	38,171	36,864
	50,792	**76,447**

The above commitments will be financed through utilising the committed loan facilities, which are available for draw-down under existing loan arrangements.

28. Tax on surplus on ordinary activities

The ultimate parent company Red Kite Community Housing and its subsidiary Twenty11 (Homes) Ltd have charitable status with HMRC and are not liable for Corporation Tax on their ordinary activities. No taxable activities have occurred during the period.

The subsidiary Edenmead Ltd for the year ended 31 March 2026 has, as detailed in its Financial Statements a corporation tax liability of £1,000.

29. Development Agreement

The Group entered into a Development Agreement with Buckinghamshire Council on 13 December 2011 under which the Group is committed to carry out improvements to the properties acquired from the Council over the following 30 years. The total value of the commitment over the 30 years is £227,336,000. An invoice for the same sum was issued by the Group to Buckinghamshire Council. The debtor and the provision are shown as separate items in the accounts.

As at 31 March 2026, improvements to a value of £105 million (2025: £103 million) had been completed under the Development Agreement. The remaining liability at 31 March 2026 is £122 million (2025: £124 million).

30. Contingent assets / liabilities

The £11,741,000 Homes England grant that is associated with the 319 homes purchased from The Riverside Group on 7 April 2025 is a contingent liability. There are no contingent assets to disclose.

	2026 £'000
Balance b/f	-
Balance inherited on transfer	11,741
Reduction in year	(235)
Balance carried forward	**11,506**

31. Leasing commitments

The future minimum lease payments are set out as below.

	2026 Office equipment and computers £'000	2025 Office equipment and computers £'000
Cost		
In one year or less	4	10
Between one and five years	-	4
In five years or more	-	-
	4	**14**

32. Related parties

During the year there were three tenants who were members of the Group Board; Simon Archer, Alistair Newman, and Candida Dutiro. Their tenancies were on normal commercial terms, and they were not able to use the position to their advantage. The total value of related party transactions during the year was £13,863 (2025: £13,386).

Three members of the Group Board during the period, Steven Broadbent, Dave Carroll, and Lesley Clarke represented Buckinghamshire Council through their positions as Councillors. All transactions with the Council are on normal commercial terms and the Board members nominated by the Council are not able to use their position to their advantage.

As detailed in note 14 Red Kite Community Housing has provided £1,377,000 (2025: £1,264,000) of services that have been recharged to its non-regulated subsidiaries. During the year, the intra Group lending arrangements was not utilised, and as such no interest was charged (2025: £8,000) to the subsidiaries during the period.

During the year Red Kite transferred 49 (2025: 49) homes with a carrying value of £1,241,000 (2025: £1,250,000) to Twenty11. These homes will be let at rents that are based on the household income.

During the year Twenty11 donated £2,250,000 to its Parent, and Red Kite Devco made a gift aid payment of £245,000 in relation to the year ended March 2025 to its Parent. For the ending 31 March 2026 Red Kite Devco has elected to make a gift aid payment of £259,000, and this payment will be made by 31 December 2026.

Note 16 details for the Association the amounts owed by Group undertakings. Note 19 details for the Association the amounts owed to Group undertaking. Both of these amounts are to non-Registered Providers, and the following provides additional detail:

	Red Kite Creditor **£'000**	**Red Kite Debtor** **£'000**
Edenmead	-	10
Pennvale	-	1
Red Kite Devco	653	321
Twenty11 Homes	-	377
Total	653	709

Red Kite Devco during the year provided to its parent design and build services in relation to its investment in new homes.

33. Other Income

In the year the Association received Gift Aid income from Red Kite Devco Ltd of £259,000 (2025: 245,00), and a donation of £2,250,000 from Twenty11 (2025: Nil)

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Donation	-	-	2,250	-
Gift Aid	-	-	259	245
	-	**-**	**2,509**	**245**