



**Flagship Housing Limited
(formally Flagship Housing Group Limited)**
Consolidated Financial Statements
for the Year Ended 31 March 2025

Flagship Housing Limited

Registered No. 31211R

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General Information

Board Members as at 31 March 2025

The board members who served from 1 April 2024 and up to the date of approval of these financial statements were as follows:

Name	Position	Meetings attended FY25
Peter Hawes	Chair	8 / 8
Rob Bennett (resigned 27 February 2025)	Non-executive Director	6 / 6
Stephen Cook (resigned 27 February 2025)	Non-executive Director	5 / 6
Matthew Peak (resigned 27 February 2025)	Non-executive Director	6 / 6
Emma Barton	Non-executive Director	8 / 8
Cecilia Tredget	Non-executive Director	8 / 8
David Lee	Non-executive Director	8 / 8
Steven Barford	Non-executive Director	8 / 8
Richard Bird (appointed 28 February 2025)	Non-executive Director	2 / 2
Dame Sandra Horley (appointed 28 February 2025)	Non-executive Director	2 / 2
Charles Hutton-Potts (appointed 28 February 2025)	Non-executive Director	2 / 2
Neil Rimmer (appointed 28 February 2025)	Senior Independent Director	2 / 2
Jerry Toher (appointed 28 February 2025)	Non-executive Director	1 / 2
David McQuade (resigned 27 February 2025)	Chief Executive Officer	6 / 6
Helen Walsham (resigned 27 February 2025)	Deputy Chief Executive Officer	6 / 6
Robert Nettleton (appointed 28 February 2025)	Chief Executive Officer	2 / 2
David Armstrong	Chief Operating Officer	8 / 8
Paul Walsh (appointed 28 February 2025)	Chief Finance Officer	2 / 2
Jonathan McManus (resigned 27 February 2025)	Chief Financial Officer	5 / 6

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

Company Secretary
Ed Marcus (resigned 27 February 2025)
Sarah Beal (appointed 28 February 2025)

Registered Office: 31 King Street, Norwich, Norfolk, NR1 1PD

Internal Auditors: RSM UK Risk Assurance Services LLP, 6th Floor, 25 Farringdon Street, London, EC4A 4AB

External Auditor: PKF Littlejohn LLP, 15 Westferry Circus, London E14 4HD

Bankers: National Westminster Bank, 21 Gentleman's Walk, Norwich, Norfolk. NR2 1NA

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Strategic Report for the year ended 31 March 2025

The Board of Management (the 'Board') presents its Strategic Report, including its assessment of Value For Money, for Flagship Housing Limited (the 'company' or 'Flagship') and its subsidiaries (together the 'Flagship sub-group' or 'sub-group') for the year ended 31 March 2025.

On 28 February 2025 the Flagship Housing group merged with the Bromford Housing group ('Bromford') to create the Bromford Flagship group (the 'BF group'). This resulted in Bromford Housing Group Limited being renamed to Bromford Flagship Limited ('Bromford Flagship') and Flagship Housing Limited (formally Flagship Housing Group Limited) becoming a subsidiary entity of Bromford Flagship.

The successful merger is a major milestone for Flagship and has created one of the largest housing association groups in the UK owning and managing over 80,000 homes. The merger unlocks additional capacity of c.£1.9bn in the BF group to deliver more affordable homes (up to 2,000 new homes per year for the next 15 years) as well as increased investment in existing homes and regeneration. Our ambition is for 50% of those new homes to be for social rent – making the BF group the largest builder of new social rented homes in the sector. The creation of a Place Standard which will focus on transforming streets into thriving communities and places where people want to live will form a central part of our new Bromford Flagship strategy which we will launch in 2026. We further intend to develop a Learning Academy to offer training opportunities for both colleagues and customers alike, as well as a dedicated research and development team focused on customer priorities and continuous service improvement.

The structure of the Flagship sub-group has not changed during the year ended 31 March 2025.

Our Purpose

Prior to 28 February 2025 Flagship's purpose was to provide homes for people in need and create sustainable communities that our tenants can thrive in. This purpose envisioned a world where everyone had a safe, affordable, and sustainable home. It drove us toward continuously improving the efficiency and quality of our homes, fostering community cohesion,

supporting marginalised groups, and building more homes.

Following the merger Bromford Flagship has defined its purpose as enabling people to thrive. Our vision is that everyone has a safe affordable home.

Enabling people to thrive is more than just providing a house. Our strategy is underpinned by a focus on community and developing new homes at scale whilst investing in growth and development of both colleagues and customers. We want to reimagine our social housing model by utilising research, development and innovative thinking to explore proactive solutions within our place based strategic approach with a central focus on customer service delivery and customer voice.

Both Bromford and Flagship had very similar visions before the merger. Both recognised that enabling customers to thrive requires more than simply understanding a housing asset, but instead a wider appreciation of the whole community. Our culture, values and DNA as organisations reflected this vision. We are now bringing this together as Bromford Flagship.

Post merger our strategic focus remains through the following five strategic pillars which are the foundation of the decisions we make every day and the impact we aim to have for generations to come.

- To put customers at the centre of everything we do.
- To take pride in place.
- To harness scale to unlock opportunity.
- To invest in our people.
- Use our voice to influence the future of housing.

Our principal activities

As a Registered Provider of social housing our core business is our social housing activities. We deliver our social housing rented properties through our Newtide Homes, Victory Homes and Samphire Homes brands and we deliver our shared ownership homes through our Flagship Homes brand. Flagship housing brands are geographically spread across the East of England enabling us to focus on the needs of all our tenants to deliver a truly local service.

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Strategic Report for the year ended 31 March 2025 (continued)

Our principal activities (continued)

The majority of our housing stock is two and three-bedroom accommodation. Alongside our more traditional social housing product, we also provide a range of supported housing accommodation products, shared ownership homes, a small number of market rented homes and some student accommodation rooms.

At 31 March 2025 the sub-group owned 32,371 social housing properties (2024: 32,045) which over 76,000 people call home, 344 market rented properties (2024: 344) and 597 student accommodation rooms (2024: 600). The sub-group also managed 641 affordable homes (2024: 383) for third parties at 31 March 2025.

Our development business develops attractive, high quality open market sale properties shaped by careful thought, care, and attention to detail. These homes generate re-investable capital for the BF group, enabling us to build more social housing properties.

The sub-group continues to deliver its gas servicing, maintenance, and capital improvement services through its Gasway subsidiary. Gasway maintains the heating systems in the sub-group's housing properties but also sells its services to domestic residential customers, other social housing landlords and commercial and local government organisations. The growth of the renewable energy market is a key focus of Gasway's strategy.

Our charitable incorporated organisation, Hopestead, is focussed on ending homelessness. Hopestead partners with regional and national organisations to deliver a collective service package to reduce the risk of an individual relapsing to a position of homelessness. Hopestead does not just seek to provide accommodation to those that are homeless. It seeks to provide the skills needed to thrive in a home and be an active participant within a community.

Governance at our core

The BF group is regulated by The Regulator of Social Housing and as part of being regulated, the BF group is given a rating for governance, as assessed against the governance and financial viability standard.

The RSH provides a regulatory judgement following either an inspection, stability check, responsive engagement or an interim judgement following merger.

Prior to 28 February 2025, and during the last financial year the company was delivering an action plan to return to G1. We're pleased to report that in February 2025 following a stability check and Flagship's responsive engagement with the RSH, Flagship was re-awarded a G1 governance rating, and the regulator confirmed the sub-groups V2 rating.

We are further pleased that an interim judgement of G1 V1 was issued on 14 May 2025 to Bromford Flagship, withdrawing the Flagship regulatory gradings.

Positive feedback by the regulator was provided during our proactive engagement during the merger. Since April 2024, the regulator has also issued C ratings against the consumer regulation standards. These are first issued following an inspection and hence no C rating has been awarded as part of the interim ratings.

We believe our G1 V1 rating reflects the robust governance arrangements in place and reflects the financial strength of the BF group. Further details of Bromford Flagship's approach to governance and risk are available in its consolidated financial statements which are publicly available.

Our governance framework and BF group delegation and authorisation arrangements set out how our governance arrangements work and how decisions are made. Our constitutional documents set out the rules that the BF group are governed by. Our Governance and Delegations Frameworks are based on the principles and provisions within the UK Corporate Governance Code.

We have a clear structure of matters reserved for the board, terms of reference for committees, the chief executive's scheme of delegations, probity arrangements, conflicts of interest controls and provisions for whistleblowing.

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Strategic Report for the year ended 31 March 2025 (continued)

Our operating objectives during the year ended 31 March 2025

During the last financial year, and prior to merging with Bromford on 28 February 2025, Flagship was actively focused on a number of key strategic priorities. Below we summarise progress against these priorities during the year.

Objective	What we have achieved
(1a) Delivery of our Repairs Transformation Plan. (1b) Social Housing (Regulation) Act – including Awaab's Law	Highlights include: <ul style="list-style-type: none">✓ Average number of jobs in WIP reduced to 3,548 at 31 March 25 (March 24: 10,330) and over 90.5% of jobs now being completed within 28 days.✓ 5-year validated stock condition survey held for 70% of our homes at 31 March 2025.✓ 98.6% (FY24: 97.6%) of our homes meet the Decent Homes Standard at 31 March 25.✓ 67.5% (FY24: 62%) of our homes held at EPC-C or better certificate at 31 March 2025.✓ £62m spend on capital improvements in FY25, an increase of 23% year-on-year demonstrating our focus on strategic asset management to protect the long-term investment of our homes.
(2) Consumer Regulation <i>(incorporates new Housing Ombudsman complaint handling code, Competence and conduct standard, and social tenant access to information requirements from the Social Housing (Regulation) Act 2023)</i>	Highlights include: <ul style="list-style-type: none">✓ Tenant Satisfaction score of 75.6% (up 3.7% on the previous year) on our rented homes. Our full TSM measure report is available on our website.✓ 91.8% of stage 1 complaints responded to in time.✓ 141 new digital users to the tenant Influencer hub and 14 new active influencers - taking our total to 398 digital users and 32 active influencers.✓ Launched new Microsoft Dynamics based digital contract centre platform which is reducing call answer times, routing and resolution for customers, improving experience when interacting with us.✓ Launched a new Safeguarding, ASB and Domestic Abuse management modules via Microsoft Dynamics to support our organisational response.
(3) Data <i>(focus on effective collection, organisation and utilisation of information)</i>	Highlights include: <ul style="list-style-type: none">✓ Data quality training c.97% across the sub-group.✓ Tier 1 data quality score across customer, property and tenancy data over 99% across all three categories. Improvement from c.90% since April 2022.✓ Active data quality rules in place across organisation to identify and remedy data errors.✓ Launched three new Microsoft Dynamics modules to streamline our tenancy management processes cover sustainment, fraud and breaches.

See Bromford Flagship Limited financial statements which are publicly available for the priorities of the BF group as we move into FY26. Financial statements can be found at www.bromford-flagship.co.uk.

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Strategic Report for the year ended 31 March 2025 (continued)

Customer focus

At Flagship, our strong financial foundation drives something far more important: enabling people to thrive. This purpose underpins everything we do. From transforming the way we work in local places to reimagining how we listen and respond to our customers, every decision starts with the ambition to help people thrive in safe, secure and supportive homes.

The Regulator of Social Housing publishes the consumer standards, which outlines the service foundations that all social housing providers should be delivering. Atop this the regulator is introducing consumer grades to measure a provider's compliance with the outcome expectations of the consumer standards.

We are proud to say that we have performed an assessment and have concluded we are compliant with the consumer standard.

Keeping customers safe remains our number one priority. We are proud to be top quartile for building safety and compliance performance. Our teams have conducted tens of thousands of safety checks, introduced new standards for repairs and voids. Community safety panels and our accreditation from the Domestic Abuse Housing Alliance (DAHA) are further evidence of our commitment to wellbeing and protection.

Voice of the customer

Our customers' voices guide everything we do - and this year, they've been louder, clearer and more influential than ever.

Our customers are helping shape services, challenge decisions, and hold us to account. Their insight has guided how we approached the merger, improved how we respond to complaints, and helped us design services that work better for everyone.

This year, Flagship established a Knowing Our Customers programme to ensure every customer's voice is heard. It focuses on how we deliver services to people with protected characteristics and starts by reaching out to all customers. We then invite those with lived experience to join focused panels. The first

panel has been looking at how we can improve services for customers with disabilities.

Flagship's INfluencer Network also continues to grow. This year, we welcomed 141 new users to the hub and added 14 new influencers - taking our total to 398 users and 32 active influencers. The network has helped shape some of our biggest service areas. Topics influenced this year include complaints, repairs and maintenance, customer communication, social housing stigma, engagement, and how accessible our services are. These insights have guided real changes and helped us understand where we need to do better.

Every interaction with a customer is a chance to learn - from the day they move in, to the moments they need us most. We use real-time satisfaction data across key touchpoints like repairs, lettings, and complaints. This helps us quickly spot problems and make improvements where they matter most.

Customer satisfaction

Tenant Satisfaction Measures (TSMs) continue to play a central role in how we assess and improve our services.

At Flagship, our overall satisfaction result for LCRA (Low Cost Rented Accommodation) was 75.6% (up 3.7% on the previous year).

Complaints

Between April 2024 and March 2025, we received a total of 2,459 Stage 1 complaints. The vast majority of cases (88%) were resolved at the earliest stage, without escalation.

We responded promptly too. 91.8% of Stage 1 complaints at Flagship were answered within ten working days. Stage 2 performance also improved, reaching 88.9% at Flagship by year end.

Top complaint themes were delayed service, communication issues, and service quality. At Flagship, these made up over 78% of all complaints. Customers cited missed appointments, poor updates, and having to chase repairs as key frustrations.

We acted decisively in response. At Flagship, we reduced open repairs from 10,330 to 3,500, improved average response times from 29 to 6.9 days, and now complete 90% of jobs on time.

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Strategic Report for the year ended 31 March 2025 (continued)

Complaints (continued)

We know complaints are not just problems – they are opportunities to improve. Over the year, we have introduced new policies and processes as a direct result of learning from complaints:

- A new triage process for damp and mould, aligned with Awaab's Law;
- Greater use of in-house engineers to reduce delays and reliance on contractors;
- A priority works team to handle complex Stage 2 complaints;
- Updates to discretionary payments to reflect individual needs;
- Better communication via text alerts, callback systems, and omni-channel access; and
- New standards for repair quality, including condition reports during void sign-off.

The Housing Ombudsman reviewed nineteen cases in the year, resulting in zero complaint handling failures and no findings of non-compliance. This shows a shared commitment to doing things properly and learning when we don't.

Supporting customers through tough times

In 2024/25, Flagship spent £135,570 on its Affordable for All program providing essential financial and practical support to customers across its Newtide, Victory, and Samphire housing association brands. Support included supermarket vouchers, white goods, flooring, and energy support.

Demand for our Safe Communities team grew again this year, with anti-social behaviour (ASB) cases rising by 20% to 1,632, and domestic abuse cases increasing to 1,036. While these numbers reflect growing need, they also show greater trust in our service, with more customers and staff turning to us for support. We have expanded the team in key areas and continue to treat domestic abuse and ASB as distinct issues, ensuring customers receive tailored, specialist help.

Creating safer communities

We have taken a more holistic approach to resolving ASB, combining practical action with partnership working and prevention. New procedures for managing noise and cannabis reports have helped reduce repeat complaints, and we are using tools like mediation and secure entry systems to protect customers and ease tensions. We survey affected

areas to track progress - like in March 2025, when one hundred households shared improved feelings of safety. We were also proud to receive accreditation from the Domestic Abuse Housing Alliance, recognising our commitment to delivering safe, responsive support. Through collaboration, training and building improvements, we are creating safer, more confident communities.

Listening through every channel

Last year, Flagship had 662,678 contacts with customers, which included 175,102 phone calls, sent 23,478 text messages, 172,030 emails, 163,186 letters, and met with 21,565 customers in their homes.

We have tailored our communication to suit each customer, offering more choice and flexibility in how people connect with us.

Our environmental impact

We understand that our environmental impact is not only an important part of looking after our planet but also reflects the efficiency and sustainability of our homes which has a significant impact on our tenants and the communities we serve. We want to reduce our impact on the environment and acknowledge that a large portion of our carbon emissions originate from our existing homes. Our operations create greenhouse gas emissions, and we are investing in new technologies to reduce our impact on our planet.

We commissioned an annual review of our emissions which helps us identify where we can deliver sustainability within our business model. Our greenhouse gas emissions and energy use for the report period were:

Scope 1 / 2 7,352 (2024: 7,227) tonnes CO₂e
Scope 3 66,700 (2024: 94,232) tonnes CO₂e

Scope 1, 2 & 3 emissions per home managed 2,132.4 (2024: 2,972.4) Kgs CO₂e

Scope 1 emissions arise from Flagship's owned and controlled assets such as vehicles and can be directly managed and influenced by the use of those assets. Scope 2 emissions are indirect emissions generated from sources such as electricity production which is used to power our offices. Scope 3 emissions are other indirect emissions which arise from assets owned by Flagship but whose use is controlled by others, for example our housing properties. Flagship can influence Scope 3 emissions through steps to improve the efficiency of its homes for example.

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Strategic Report for the year ended 31 March 2025 (continued)

Our environmental impact (continued)

Flagship uses SHIFT environmental to calculate its carbon impact and has historically reported its environmental impact via volume metric. Going forwards we expect to move towards a carbon intensity metric across the BF group.

Overall CO₂ emissions generated by the sub-group have fallen year on year from c.2,972 kgs per owned and managed home in 2024 to c.2,132 kgs per owned and managed home in 2025. Much of this is driven by our continued investment in improving the efficiency of our existing homes portfolio.

We are continuing to invest in new greener vans and cars on a cyclical basis as leases expire as well as seeking investment opportunities in our office estate to utilise renewable technology to reduce our demand on external energy sources.

We are continuing our pilots of electric vans particularly for our neighbourhood teams. The east of England geography, current EV infrastructure, and weight to range existing technology limits our ability to distribute EV vans more widely across our current repair teams. However, we are continuing to explore opportunities with emerging technologies and through changing the way we work to further reduce the emissions from our vehicle fleet.

Bromford Flagship published its Sustainable Finance Framework in June 2025. For more details on how sustainability is integral to our future visit www.bromford-flagship.co.uk.

Our societal impact

We use our knowledge and expertise to make a real difference to the lives of our tenants and their communities. Our social impact work helps us to solve the housing crisis by providing homes, creating sustainable communities, and ending homelessness. Below we explore the social impact of our new homes program, our focus on placemaking and our focus on ending homelessness.

Our societal impact - building homes

Flagship's focus is on building affordable homes, not just houses. A home provides a safe space for people

to thrive and is more than bricks and mortar. We believe homes are integral to sustainable communities. Our development programme is about solving the housing crisis, providing more homes where they are most needed, organic growth, and through robust investment creating economic value to build more homes. It's a cyclical process.

During the year ended 31 March 2025 Flagship invested over £100m on building 372 new affordable rent homes and 132 shared ownership homes and over the last three years Flagship has invested over £300m in new home development. With the new build growth ambitions of the wider BF group this demonstrates our commitment to solving the housing crisis and is at the heart of our social impact. We build our homes to a high quality with modern living in mind because we believe that our tenants should be able to live somewhere that is cost effective to maintain and they can be proud of.

Our societal impact - placemaking

Our approach to place-led interventions aims to enhance the lives and opportunities of our tenants. We put people before property. By understanding the environment from the community's perspective, before considering changes to the built environment, we can promote the health, happiness and wellbeing of our tenants and wider residents.

We continue progress on our major regeneration project at the Abbey in Thetford. This has followed more than four years of engagement with the Abbey community, which has been focused on understanding and addressing their concerns. Through a landscape-led masterplan, we aim to enhance the Abbey's green spaces, create safer and more connected streets, and establish a vibrant neighbourhood centre. The proposal is currently making its way through local planning requirements.

Placemaking and regeneration form an important part of the future BF group strategy. As we move toward a place-based way of thinking, and further our understanding of the wider communities our customers live in, our place based strategic approach will influence our approach to regeneration.

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Strategic Report for the year ended 31 March 2025 (continued)

Our societal impact - ending homelessness

We are really proud of the lifechanging impact our charity, Hopestead, is having through its commitment to end homelessness. This is not just about providing a roof over someone's head, but also about addressing underlying socio-economic drivers to ensure that once someone is in a home, they feel safe and supported to remain and succeed in that home, breaking the cycle of homelessness.

Hopestead believes in a world where everyone deserves a place to call home. Homelessness is rarely the result of a single factor. It is a complex issue that could be derived from financial hardship, mental health struggles, addiction, or domestic violence. Its impacts are profound and long-lasting, affecting every aspect of a person's life, and breaking the cycle of homelessness is a huge challenge.

Hopestead's approach aims to be holistic and preventative. Its core programme, Hope at Home, delivers essential household items—including appliances, flooring, furniture and bedding—to those moving from homelessness into a new home, helping to create a stable and dignified living environment and reduce the risk of returning to homelessness.

Hopestead also invests in the wider homelessness sector by contributing financial grants to partner organisations through Hope Funds. By working with a range of partners across the sector, Hopestead is able to deliver more effective, joined-up support. This multi-agency partnership model has reached the highest volume of beneficiaries helping individuals break the cycle of homelessness and rebuild their lives, whilst ensuring Hopestead's impact is as far reaching as possible.

To demonstrate its positive impact, Hopestead has developed and launched a new Theory of Change and Impact Measurement framework to ensure that it is able to clearly show the outcomes and impact of the projects it runs, be accountable to its funders, and enable others to support its causes.

Through its Voice of Hope initiative, Hopestead is committed to challenging the stigma that surrounds homelessness. Misconceptions and negative stereotypes can create barriers to support, inclusion, and recovery. Through advocacy, education, and storytelling, we aim to shift public perceptions and drive change.

During the year ended 31 March 2025, a total of £1,065,043 was invested in providing essential household items - such as furniture, flooring, and white

goods - to individuals and families transitioning from homelessness into permanent housing. This represents an increase from £875,825 in the previous financial year. In total, 355 households were supported, benefiting 670 individuals (including 262 children), helping them to establish a stable and secure home environment.

Feedback from service users indicates that 90% felt more positive about their future and more settled in their new home following support from Hopestead.

Hope at Home referrals are assessed against predetermined criteria to ensure that funds are spent for people most in need. In the year there were 407 referrals with an 87% approval rate. The largest single reason for experiencing homelessness was domestic abuse.

Hopestead's achievements have been widely acknowledged across the region and within the sector, earning multiple awards and recognitions for its impactful work. Hope at Home won Homelessness Project of the Year at the UK Housing Awards in November 2024, and in March 25 picked up the 'We Care' award at the Better Together Awards. Judges described it as "the most innovative project of the year."

Through Hope Funds, Hopestead awarded £149,680 of grant funding to the following 11 local charities, organisations and community groups during the year ended 31 March 2025:

	£
Norfolk Community Law Service	15,000
Breckland Children's Clothes Bank	10,400
Cambridge Women's Aid	15,000
Selig Suffolk Trust	14,800
Hope into Action	15,000
Horticulture Industry Scheme	14,480
The Magdalene Group	15,000
Wintercomfort	15,000
The Benjamin Foundation	15,000
St Vincent de Paul	15,000
Sue Lambert Trust	5,000

This was the fourth funding round of the Hope Funds project. The first 3 rounds of funding have reached 29,200 beneficiaries.

It remains imperative that Hopestead is agile, flexible and responsive, exploring new and innovative means of meeting its ambition. Recent research has highlighted a link between domestic abuse and homelessness and in response Hopestead has designated £250,000 of reserves as an enabling fund to support people fleeing domestic abuse.

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Strategic Report for the year ended 31 March 2025 (continued)

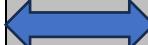
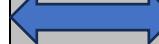
Risk Appetite

A full end-to-end risk appetite review was undertaken by the board in February 2025. It is forward-looking, reflective of and aligned to the strategy and evolving priorities.

Across ten key enterprise risk types ((i) health and safety; (ii) customers and communities; (iii) legal and regulatory; (iv) financial; (v) people and culture; (vi) innovation; (vii) ESG; (viii) technology; (ix) development of new homes; and (x) strategic they set out the type and amount of risk we are prepared to accept as we deliver our strategy, plans and run our

day-to-day operations. These are integral to our corporate decision making.

No business is free of risk and to deliver our strategy we often need to take risk. We only take risk that is in line with our risk appetite, our purpose, our culture and our strategy. Risk we accept must be clearly understood and regularly reviewed and managed effectively. We measure, monitor and report our exposures within agreed tolerances, with forward looking risk indicators and triggers in place. In some areas we have risks for which we have little or no appetite however the nature of these risks mean they cannot be eliminated completely.

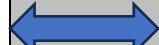
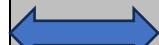
	Averse	Minimalist	Balanced	Flexible	Open
Health and Safety - Our risk appetite is averse for health and safety risks. We have zero tolerance for actions or omissions that could compromise the health and safety of individuals affected by our operations. We are committed to upholding the highest standards of health and safety compliance, proactively identifying and mitigating risks and fostering a culture of safety throughout the organisation.					
Customers and communities - Our overall customers and communities risk appetite is balanced. We prioritise the safety, well-being and satisfaction of our customers and are committed to working with and supporting strong, vibrant communities. While we are open to innovative approaches that can enhance the quality of life for our customers, we are cautious about accepting risks that could negatively impact their well-being or trust in our organisation.					
Legal and regulatory - Our legal and regulatory risk appetite is generally minimalist, as we will do everything that is reasonably practicable to ensure compliance and is averse with respect to landlord compliance. We are committed to conducting our operations with the highest standards of legal and ethical integrity, recognising that compliance is fundamental to maintaining stakeholder trust and ensuring the sustainability of our organisation.					
Financial - Our risk appetite is minimalist for financial risk. The risk of the BF group having inadequate income, cash flow or liquidity to meet current or future requirements and expectations, including the careful consideration and balance of investment in our new and existing homes. It includes loss of earnings capacity or liquidity arising from mismatches between assets, funding and other commitments and which may be exposed to changes to market rates or conditions.					

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Strategic Report for the year ended 31 March 2025 (continued)

Risk Appetite (continued)

	Averse	Minimalist	Balanced	Flexible	Open
People and culture - The people and culture risk appetite is flexible to support the delivery of our strategy and vision, fostering a learning organisation and a high-performance culture. These risks have the potential to impact service quality, organisational reputation, compliance with laws and overall operational efficiency. By embracing flexibility, the organisation ensures its culture and people strategies remain aligned with its goals while prioritising continuous learning, innovation and excellence in performance.					
Innovation - Overall innovation risk appetite is flexible. We recognise that innovation often involves venturing into uncharted territory, which can carry significant risk. However, we believe that taking calculated risks in innovation is crucial to enhance our services, improve operational efficiency and meet the evolving needs of our customers and stakeholders.					
Environmental, social, governance (ESG) - Our overall ESG appetite is balanced. We recognise the importance of integrating ESG considerations into our operations and decision-making processes. While we are willing to embrace opportunities that advance our ESG goals, we prioritise compliance with environmental regulations, social responsibilities and governance standards to safeguard our reputation and customer/stakeholder trust.					
Technology - Our overall risk appetite for technology is balanced. We recognise that embracing new technologies can involve significant risks, but also offers substantial opportunities to improve our services, streamline operations and better meet the needs of our tenants and stakeholders. We are committed to taking calculated risks in technology to drive innovation and organisational growth, while ensuring that risks are managed appropriately.					
Development of new homes - Our overall development risk appetite is open. We understand that pursuing new home opportunities involves inherent risks, but we understand at times we will need to take calculated risks to deliver our growth ambitions and create more homes for future customers. We aim to balance growth opportunities with appropriate risk management to ensure the long-term sustainability of the organisation.					
Strategic - Our overall strategic activity risk appetite is flexible. We recognise that to fulfil our strategy and remain responsive to the changing needs of our customers and communities, we must engage in strategic initiatives that may carry inherent risks. We are committed to taking calculated risks in pursuit of our strategic goals, balancing innovation and growth with prudent risk management.					

Flagship Housing Limited

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Strategic Report for the year ended 31 March 2025 (continued)

Principal strategic and operational risks

Risk	Impact	Our response
Death, injury or harm	Our approach to health and safety lacks robust controls and oversight. This results in death, injury or harm caused to colleagues, customers, contractors or the public.	<ul style="list-style-type: none"> - Well-established health and safety and landlord compliance policies (updated in the year) set out no one should be harmed by what we do. - Audit and risk committee and board receive independent assurance from technical experts throughout the year. - Monitoring of our supply chain to ensure safe practice. - New asset and landlord compliance group and health and safety group established to support the work of the executive disclosure committee in overseeing compliance assurance. - ISO45001 accreditation across the BF group.
Safeguarding customers and protecting colleague welfare	We fail to promote the safeguarding of customer and colleague welfare including responding to and identifying allegations or suspicions of neglect or abuse in a timely manner.	<ul style="list-style-type: none"> - Domestic abuse policy and procedure in place. - Quarterly safeguarding reporting now embedded. - Mandatory safeguarding training for front line colleagues. - Safeguarding leads and champions in place across all geographical regions. - Colleagues who are specifically trained as mental health first aiders who act as a point of contact for anyone who may be experiencing a mental health issue. - Operational teams sample audit cases to ensure consistency in reporting, responsiveness and quality.
Financial pressures for customers	Uncertainty with the external environment leads to increased financial pressure for customers	<ul style="list-style-type: none"> - Housing officers from our housing brands focus specifically a consistent subset of customers enabling them to support customers individually. - Income management policies in place to support customers. - Hopestead's Hope Funds programme provided 17 homelessness charities with £166,000 of funding.
Cyber security and network controls	Failure of infosec controls in our network, applications, infrastructure or devices, results in severe detriment to the BF group / our customers	<ul style="list-style-type: none"> - Dedicated information security team, head of information security and data governance and data protection officer responsible for monitoring information security and cyber threat. - Mandatory annual cyber security training for all colleagues. - External vulnerability and physical penetration test completed. - All operational and office teams have business continuity and crisis management plans in place. - Information security management systems aligned to ICO/EIC 27000 standards, with oversight through business forums and audit and risk committee reporting. - Regular phishing tests completed including an executive team whaling exercise, with eLearning refreshers completed where necessary.
Development and market sales	Internal and external factors lead to a failure to deliver our new homes programme in line with our strategy.	<ul style="list-style-type: none"> - A dedicated forum considers opportunities against strategy to ensure compliance with business policy, tracks programme delivery and monitors the external market for potential impacts. - Minimum return rates approved by the board. - Board approval for developments that exceed a predetermined financial commitment. - Sales remain strong with a continued focus on shared ownership and supporting customers to increase staircasing.

Flagship Housing Limited

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Strategic Report for the year ended 31 March 2025 (continued)

Principal strategic and operational risks (continued)

Risk	Impact	Our response
Financial planning and performance	Our financial and resilience planning and/or monitoring fails to mitigate substantial macroeconomic or political events.	<ul style="list-style-type: none"> - Robust financial planning, stress testing scenarios and resilience plans are in place, incorporating plausible macroeconomic and political impacts, with close tracking at forum, committee and board level against the financial framework and golden rules. - Frequent revision of the 30-year plan to understand the impacts of risks to our long-term business model including latest economic inputs from our independent advisors and assessment of new regulatory or statutory requirements such as Awaab's Law. - 30-year plan is subject to a series of single and multi-variant stresses. - Ongoing assessment and monitoring of impact of inflation, interest rate changes, and potential rent caps. - Moody's reaffirmed Flagship's A2 credit rating pre-merger and BF groups A2/A+ credit rating post-merger.
Regulatory reporting	We provide delayed, unreliable or incorrect information to the regulator via regulatory returns leading to reputational damage or regulatory intervention.	<ul style="list-style-type: none"> - Skilled colleagues collate, review and challenge regulatory returns. We have an effective level of checks and balances of the data submitted to the regulator. - We use a Leadership Self-Assessment, asking relevant senior leadership colleagues to complete a self-declaration each year. - New risk and regulation group introduced to support the executive disclosure committee, ensuring robust arrangements are in place to respond to regulatory submissions. - Increased assurance and internal audit overview across second line of assurance for critical regulatory returns, which now feature as part of the assurance map. - Control framework created to support colleagues in understanding the level of assurance required for each disclosure, including regulatory returns.
People	Failure to lead, retain, recruit and engage colleagues with the right capabilities to deliver our strategy and purpose.	<ul style="list-style-type: none"> - Performance management including a talent matrix for our most senior leaders. - Continued investment in leadership capability and apprenticeships and graduates. - A dedicated colleague engagement group, that provides a sounding board to influence, challenge, debate, add value and exchange ideas. - A clearly defined Equality, Diversity and Inclusion (EDI) road map. - A new London hub has been established to attract tech and treasury talent from outside of the operating regions.

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Strategic Report for the year ended 31 March 2025 (continued)

Principal strategic and operational risks (continued)

Emerging risks

Emerging risks are upcoming events which present uncertainty but are difficult to assess at the current stage. We use techniques such as horizon scanning and PESTEL (political, economic, social, technological, environmental and legal) analysis to identify and report these risks and emerging risk management ensures we are adequately prepared for the potential opportunities and threats they pose. We closely monitor emerging risks that may, with time, become principal risks.

Examples of risks that have the potential to increase in significance and affect the performance of the BF group are provided below.

Political and policy volatility (short to medium term risk)	Climate resilience of housing stock (Long term)	Demographic shifts (Long term)
Shifting government priorities, funding mechanisms and housing policy (e.g., rent caps, planning reforms, devolution) as well as government proposals for the creation of new unitary councils in England can rapidly alter the operating landscape, affecting long-term strategy and investment decisions and the ability to secure debt at rates which allow for sustainable investment in new and existing homes	Increased frequency of flooding, storms and heatwaves poses long-term risks to housing stock resilience, insurance availability and customer wellbeing. Decarbonisation targets and the scale, cost and technical complexity of retrofitting older homes—especially with unclear long-term funding—poses a challenge to viability and delivery.	An ageing population and rising complexity of customer needs will drive demand for adaptable, supported housing models — requiring long-term redesign of housing strategies and more partnerships with areas such as health and social care providers.

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Strategic Report for the year ended 31 March 2025 (continued)

Financial performance review

The sector continues to operate in a challenging environment. The sub-group, and the wider sector as a whole, have had to respond to some important asset quality challenges, amidst high inflation and increasing interest rates placing pressure on financial performance metrics.

During the financial year our board made some important decisions to maintain asset investment at budgeted levels, invest in reducing the volume of outstanding repairs to enable Flagship to complete repairs more quickly for its customers and to continue to invest in environmentally sustainable retro fitting of homes making them more efficient.

We are proud of these decisions because they put our tenants first. We are also proud of our financial controls and our underlying financial viability which has enabled us to navigate additional investment amidst a challenging economic environment.

Below are a few headlines:

Turnover	£265.3m	(2024: £253.0m)
Operating Surplus	£97.7m	(2024: £90.1m)
Net Surplus	£68.2m	(2024: £57.1m)
New Affordable Homes	504	(2024: 688)
First Tranche Sales	171	(2024: 191)
Open Market Sales	48	(2024: 66)
Hopestead funding	£1.5m	(2024: £1.5m)

Social housing rented homes

Flagship's primary trading activity is the provision of affordable housing and 75.7% (2024: 72.7%) of the sub-group's income was generated from that activity during the year. This remains the sub-group's primary income stream and Flagship is committed to ensuring that its affordable housing remains a truly affordable product for its tenants.

Rent collection continues to be a strength for our housing teams underpinned by targeted local interventions facilitated through our federated model. We ended the year with social housing current rent arrears at 3.4% (2024: 3.7%) of rental income for the year.

The number of current social housing tenants in arrears has remained broadly stable at c.7,000 in March 2025 when compared to March 2024. Average current tenant debt has also remained static at c£650 in 2025, demonstrating that our housing teams ongoing targeted interventions to support current tenants has been very successful against the backdrop of a rent increase and the cost-of-living crisis. Former tenant debt has increased to £4.9m (2024: £4.5m).

Operating costs for our social housing lettings have increased to £133.2m in 2025, an increase of £4.9m and 3.8% year-on-year. The primary driver for this increase is an increase in management costs.

Management costs have increased by £6.2m (16%) year on year. This is largely due to an increase in salary costs due a March 24 CPI linked pay rise for employees. Furthermore, cost inflation on other management costs has also underpinned the increase in expenditure in the year. For example, insurance cost increased £1.7m in the year (27% increase), on top of £1.4m the year before, a cumulative increase of c. 67% over two financial years.

Our service charge gap remained broadly static when compared to last year. Service charge income has fallen in line with the additional service charge linked to high energy costs falling away for customers. The team continue to focus on service charge performance and capturing all service chargeable costs to ensure we fully understand the gap and identify ways to deliver services more efficiently to seek to close the gap.

During the year we spent c.£61.7m on capital improvements to our existing homes, an increase from £50m during the year ended 31 March 2024. We have continued to wisely invest in making our homes more energy efficient as well as invest in some strategic asset management priorities to protect the long-term value of our homes.

Headline social housing cost per unit has increased year on year from £4,397 in 2024 to £4,848 in 2025. This is largely due to the c.16% year-on-year management charge increase and the c.23% year-on-year capital improvement spend increase highlighted above. The denominator, social housing units owned or managed increased by 2% in the year.

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Strategic Report for the year ended 31 March 2025 (continued)

Financial performance review (continued)

Shared ownership

Shared ownership is an important product because it enables individuals and families to own a share of their own home and allows them to staircase on the property ladder to full ownership when they are able to.

The sub-group sold 171 first tranches (2024: 191) during the year ended 31 March 2025 generating sales revenue of £16m (2024: £17.5m) and profit of £4.1m (2024: £4.2m), a healthy operating margin of 26% for the year (2024: 24%). This equates to revenue per sale of £93,549 (2024: £91,623) and profit per sale of £24,129 (2024: £21,990).

Average first tranche sale percentage during the year fell by 2% to 31% (2024: 33%). This broadly reflects the changes in mortgage availability and affordability during the year with purchasers able to afford a smaller share. Management have continued to review the longer-term sales percentage outlook for shared ownership homes and its impact on operating cash flows. A percentage of c30% has been factored into the 2026 business plan and management estimate that the sub-group's average first tranche percentage will be c.30% for the foreseeable future.

Non-social Housing Activity

The sub-group's non-social housing revenue has decreased year-on-year by 7% to £47m, notably as a result of a decrease in open market sales.

Open Market Sales

During the year the sub-group sold 48 open market sale homes (2024: 66), against its original target of 47. The sub-group achieved a gross margin of 14% (2024: 23%) on its open market sales during the year. Sales revenues remained strong with private market schemes performing better than expected during the year. The company completed the final sales at The Lilacs, Trimley St Martin and Ellingham Green, Great Ellingham, both very successful schemes for the sub-group.

The sub-group's open market sale program delivered a return of £2.4m (2024: £4.8m) which the sub-group has re-invested into developing more homes. A return of £2.4m is equivalent to building c.12 new affordable

homes, a fantastic result which will enable us to provide more homes where they are really needed.

Gas servicing and installation activity

Our external gas servicing income decreased year on year by £1.2m. The broader trading environment remains challenging for our installation and gas servicing business, with cost inflation putting pressure on operating margins and cost of living pressures reducing demand. Profitability on external work has remained broadly consistent year on year which demonstrates a robust core operating model. The company is acutely aware that additional profitability from its services is delivered by increasing the efficiency of its service delivery.

Profit and margins

Overall operating margins

Operating margin (including gain on disposal of fixed assets and joint ventures) was 36.8% (2024: 35.6%). Operating margin (excluding gain on disposal of fixed assets and joint ventures) was 30% (2024: 27.6%).

Following a period of margin erosion, linked to a programme of targeted investment in our homes and key services, the sub-group's operating margins has improved year-on-year, a trend we are forecasting in a longer-term business plan, which ultimately underpins our ability to finance additional borrowing to deliver our EPC-C and net-zero investment targets.

Our social housing operating margin has increased from 30.3% in FY24 to 33.7% in FY25. This is underpinned by a rental increase in the year combined with efficient cost-management. Our social housing operating margin remains consistently in the upper quartile of our peer group.

Our operating margin (overall) calculated on the value for money metric basis compares very well to our peer group and the overall social housing sector.

Historically we have targeted an operating margin (overall) of c.30% for the sub-group. We are delighted that we have achieved this target in FY25 despite continued cost pressure and other sector operational challenges.

Return on capital employed (ROCE) of 4.2% measures the sub-group's level of profitability and the efficiency with which its capital is employed. This is consistent with 4.1% realised in FY24.

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Strategic Report for the year ended 31 March 2025 (continued)

Financial performance review (continued)

Profit and margins

Interest cover

The value for money EBITDA MRI (interest cover) metric presents an improvement year-on-year from 136.2% in 2024 to 150.9% in 2025. This has been driven by some one-off fair value interest gains on the repayment of some lending facilities. Our peer group reported an EBITDA MRI (interest cover) of 104% in 2024 which demonstrates the strength that underpins Flagship's financial viability and the robustness of our operating model.

Balance Sheet

Housing properties

Housing properties, held at depreciated historical cost, are valued at £2.2bn (2024: £2.08bn). During the year the sub-group invested £105m in development of new social housing properties and £61.7m in capital improvements to existing properties. The sub-group disposed of £9.2m of housing properties which were uneconomic to maintain and recognised a depreciation charge on assets in use of £28.9m.

During the year ended 31 March 2025 we delivered 1.6% new supply (social housing units). Whilst this was 0.5% lower than what we achieved in 2024, it is in line with our FY25 target, having made the strategic decision to scale back on our new build development programme, reducing new build homes to c.500 per annum. This decision enabled us to balance new build development with the investment required in our existing homes to meet our 2030 EPC-C target and the Government's longer-term net zero target by 2050. The supply of new affordable homes is important for us and the merger with Bromford Flagship unlocks additional capacity of c.£1.9bn to deliver more affordable homes (up to 2,000 per year new homes for the next 15 years) across the BF group as well as increased investment in existing homes and regeneration.

Reinvestment

Reinvestment is a measure of how an organisation is investing in new build development and improvements to existing homes as a percentage of the net book value of housing properties on the providers balance sheet. An organisation with an established development programme (delivering good new supply metrics) and a good capital improvement programme should score favourably on this metric.

We set ourselves a reinvestment target of 6.8% for the year ended 31 March 2025 and achieved this with our 7.4% reinvestment metric during the year. The increase in the year broadly reflects increased expenditure on existing homes.

Investment properties

The sub-group's investment properties have seen a £1m increase in value as at 31 March 2025 (2024: reduction £0.8m). Both our student and market rented portfolios continue to deliver healthy returns for the sub-group and remain attractive investments. We have continued strong occupancy rates, low levels of voids and arrears and growing rent levels which is reflected in the valuation.

Loans to JV undertakings

Grange Lane (Littleport) LLP ('Grange Lane') has four members and is a 50% partner in Littleport Developments LLP. Grange Lane delivered a profit share during the financial year of £342,000. Grange Lane returned £1.2m of its loan facility.

The sub-group continues to have an active investment in Lovell Flagship LLP (a 50% share). Lovell Flagship LLP returned £3.4m of its loan facility during the year and generated a profit share of £968,000 for the sub-group.

The sub-group considers its investments to be fully performing with forecast future profit and a share of the LLPs net assets, such that the Board is comfortable that no impairment exists at 31 March 2025.

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Strategic Report for the year ended 31 March 2025 (continued)

Financial performance review (continued)

Balance Sheet (continued)

Treasury

Obtaining third party funding at attractive interest rates, whilst managing the debt risk exposure of the sub-group, is essential to deliver value for money and protect the future viability of our organisation. The BF group is predominantly financed by loans from debt and capital markets.

The gross amount owed by the sub-group at 31 March 2025 was £992m (2024: £926m) with £154m (2024: £160m) of term debt held at variable interest rates, £538m (2024: £519m) of term debt held at fixed interest rates, a £250m listed bond held at a fixed rate (2024: £200m) and £50m drawn against the groups revolving credit facilities (£47m). The sub-group also had access to a £3m variable overdraft facility which was undrawn.

In January 2025, Flagship Finance PLC issued its £50m retained bonds at an all-in rate of 5.56%, completing the issue of the company's £250m debut market bonds.

The sub-group has, and continues to, meet all covenants of its lending facilities. The BF group regularly stress tests its business plan and budgets, enabling it to make strategic decisions as required, to ensure that compliance is maintained with all covenants.

The sub-group had c.£303m available liquidity at 31 March 2025 and £171m liquidity headroom after taking into account 2-year development committed spend. The sub-group had c.£499m of uncharged properties, calculated on an EUV-SH only basis, at 31 March

2025 which it could pledge against future debt facilities. As a sub-group we have a healthy liquidity position underpinning our financial performance, strategic objectives, and business plan for the years ahead.

Cash flows

The sub-group generated cash of £134.1m from operating activities during the year ended 31 March 2025 (2024: £112.2m). The year-on-year increase is primarily driven by movement in working capital.

The sub-group spent £166.7m (2024: £158.6m) on its housing properties during the year ended 31 March 2025. £61.7m was spent on capital improvements (2024: £50m) which demonstrates the sub-group's intention to continue investing in its existing housing stock notably with increased spend on renewable energy technologies.

The sub-group made loan repayments during the year of £61.4m (2024: £13.3m), interest payments of £41.8m (2024: £38.4m) and drew down £96.3m on its credit facilities, net of arrangement fees.

The sub-group finished the year with £55.6m of cash and expects cash holdings for the next c.12-18 months to be maintained at c.£30-50m.

Capital structure

Flagship Housing Limited is registered under the Co-operative and Community Benefit Societies Act 2014 with registered number 31211R. It has issued share capital of £11 (2024: £7). Each share carries one vote, is not redeemable and does not have any dividend or distribution rights.

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Strategic Report for the year ended 31 March 2025 (continued)

Value for Money

Value for Money ('VFM') underpins the delivery of our purpose, is embedded within our culture and ensures that we use our customers' money responsibly. We report on the metrics prescribed by the Regulator of Social Housing enabling comparatives to be drawn between our performance and others in the sector.

We are confident that we have complied with the VFM standard in full. Our board is committed to ensuring that VFM is embedded in both culture and decision-making.

The board ensures this by:

- setting a 5-year strategic plan and really challenging ourselves annually against delivery of that plan

- influencing the culture of the BF group, recognising how important it is to maximise VFM in order to deliver our strategic aims;
- approving key strategies;
- benchmarking against our peer group to measure how we are performing compared to others of a similar size; and
- maintaining our financial framework with golden rules and operating target ranges to protect financial viability and promote organisational strategic priorities.

We use a colour coding system to highlight our VFM performance:

Key: ● Good ● Okay ● Requires improvement

Metric	2025	2024	Top quartile	vs peer	vs PY
Reinvestment	7.4%	7.2%	8.8%		
New supply delivered (social)	1.6%	2.1%	2.2%		
New supply delivered (non-social)	0.2%	0.2%	0.3%		
Gearing	41%	44%	43%		
Interest cover (EBITDA MRI)	151%	136%	104%		
Headline Social housing cost per unit	4,848	4,397	5,086		
Operating margin (overall)	30%	28%	21%		
Operating margin (social housing lettings)	34%	30%	31%		
Return on capital employed (ROCE)	4.2%	4.1%	2.9%		

Analysis over time

Metric	5 Year trend	2021	2022	2023	2024	2025
Reinvestment		5.8%	7.1%	8.6%	7.2%	7.4%
New supply delivered (social)		1.5%	1.8%	2.0%	2.1%	1.6%
New supply delivered (non-social)		0.1%	0.3%	0.3%	0.2%	0.2%
Gearing		47%	46%	45%	44%	41%
Interest cover (EBITDA MRI)		243%	180%	132%	136%	151%
Headline Social housing cost per unit		2,817	3,637	4,207	4,397	4,848
Operating margin (overall)		30%	28%	25%	28%	30%
Operating margin (social housing lettings)		35%	33%	28%	30%	34%
Return on capital employed (ROCE)		3.8%	4.0%	3.7%	4.1%	4.2%

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Strategic Report for the year ended 31 March 2025 (continued)

People and workplace

Our people remain at the heart of Flagship — supporting our tenants, building stronger communities, and delivering services that matter.

At the end of 2024–25, the sub-group's full-time equivalent (FTE) headcount stood at 1,559, a modest increase from last year. The balance of roles across services, housing and central teams has remained steady.

We're proud to report that our staff turnover rate has dropped to 11.25% — the lowest on record, even lower than during the pandemic. This reflects continued focus on culture, retention, and job satisfaction. Notably, resignations due to unmet job expectations and lack of progression have both fallen, reinforcing that our career development efforts are making a difference.

Across the year, we advertised 453 roles and filled 37% of them internally. We've continued to promote internal opportunities wherever possible, supported by our talent management process and succession planning work.

Our average sickness rate rose to 8.18 days per employee, reflecting national trends. Mental health and long-term conditions remain leading causes of absence, with post-pandemic workplace expectations and the ongoing cost-of-living crisis continuing to shape employee wellbeing. We've responded by increasing access to Catalyst Counselling by 30%, alongside a wide package of occupational health support and flexible adjustments. In April 2024 we aligned sick pay for Flagship Services staff with our wider central services policy to ensure parity across the sub-group.

We've also continued to invest in development. Currently, 87 employees are studying for qualifications through our apprenticeship levy, and we welcomed 24 new apprentices this year. With 37 completing their programmes, our apprenticeship completion rate stands at 76.6% — significantly above the national average.

Our diversity figures have remained steady, with 6.9% of staff identifying as non-White British, 5% disclosing a long-term disability, 2% sharing neurodivergence, and 2% reporting mental health challenges. We've maintained our commitment to inclusivity, ensuring all new and revised policies are assessed through Equality Impact Assessments. Our diversity networks continue to grow and support an open culture across the business.

This year, Flagship launched our new Armed Forces Network to support colleagues with military connections, including veterans, spouses, and reservists. We partnered with Housing Diversity Network (HDN) to give all employees access to webinars, podcasts, and inclusion resources tailored to the housing sector. For the first time, we also published our Disability Pay Gap Report, alongside our annual Gender and Ethnicity Pay Gap reports.

Equality Impact Assessments remain embedded in all policy reviews, and we've introduced accessibility testing as part of how we assess and procure new systems—ensuring inclusion is built into how we work, from day one.

In April, all eligible staff received a 2% pay rise. Our average wage is now £726.27 per week, above the national average, reinforcing our aim to remain a fair and competitive employer.

Helping our colleagues to thrive

We believe the things that make Flagship special are our culture and our colleagues. The strength of our culture is reflected in our engagement scores and the numbers of colleagues who took part in our most recent surveys.

At Flagship, participation in our staff engagement survey rose to 82%, with an overall "employer of choice" rating of 8 out of 10. Scores for wellbeing, equality, management, and work-life blend remained strong. Leadership, company confidence, and service quality all saw notable improvement. Collaboration and communication remain our biggest challenge.

In response, senior leaders have prioritised two key themes: improving cross-team collaboration and making accountability clearer across roles. These areas are now core parts of our action plans at both leadership and team level.

Looking ahead, we remain committed to delivering on our long-term wellbeing strategy. We'll keep building a workplace where people feel supported, valued, and able to grow — and where we can deliver the best for our customers and communities, together.

Developing our people

We've continued to invest in the development of our people, with our in-house Academy helping colleagues across Flagship gain new skills, stay safe at work, and grow in confidence.

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Strategic Report for the year ended 31 March 2025 (continued)

Developing our people (continued)

This year, we invested over £523,000 into training and development, excluding apprenticeship levy contributions. That's an average of £547 per colleague—well above the national benchmark of £400—and reflects our commitment to supporting great people doing great things.

Across Flagship, we delivered more than 4,700 days of mandatory and additional training. This included 709 days of training beyond compliance, covering everything from digital skills and leadership to locksmithing and coaching.

Our digital training offer expanded again, with 263 colleagues taking part in instructor-led sessions and 81 hours of web-based content accessed. These sessions led to measurable improvement in digital confidence, efficiency and data accuracy—particularly among new starters.

Compliance with health and safety training remains high at 93.3%, with nearly 240 colleagues receiving accredited qualifications. We also introduced new processes to support internal delivery of asbestos training, which will save £26,000 a year.

We've expanded our award-winning apprenticeship programme, with 87 active apprentices across Flagship—5.3% of our workforce. When combined with Bromford, we now have 166 apprentices in post. Our completion rate of 80.3% is well above the national average, reflecting the level of support we offer. We also won the Norfolk Apprenticeship Large Employer of the Year award.

Induction and management training have been a key focus too. Nearly all new colleagues attended our Welcome to Flagship programme, which scored 4.8 out of 5 for satisfaction. Our management programme reached 84% of line managers, and we introduced new training to support neurodiverse colleagues and flexible working.

As we move into 2025/26, the Academy will continue to support our people with new qualifications, better systems and closer partnership working across Bromford Flagship. Together, we're building skills and unlocking potential across every part of our business.

Asset Disposals

During the year we disposed of 126 properties. The sub-group generated £19.1m of cash from these sales with an average sales price of c.£151,000. and saved the sub-group repair and improvement expenditure.

Wherever possible we seek to dispose of properties which have become void to reduce the impact on our tenants. However, through the use of our Assisted Move programme, we are able to assist tenants to move into more suitable homes, enabling us to dispose of the property they were living in.

The cash generated from property sales is reinvested to build new homes and make our remaining homes more efficient. By investing in our existing homes, and selling those that are no longer suitable, we aim to provide our tenants with secure and comfortable homes that they can be proud of, alleviating the burdens associated with the cost-of-living crisis and contributing to their overall well-being.

Concluding remark

The Flagship sub-group made significant progress against its strategic priorities during the year ended 31 March 25 (see page 6). This is unpacked further as part of review of service delivery performance within the Strategic Report.

The sub-group's merger into the BF group in February 25 is clearly pivotal for the future of the sub-group. The merger unlocks c.£1.9bn of additional investment capacity across the BF group which means that Flagship sub-group existing and future customers will benefit from greater investment in existing homes, regional regeneration and more regional new build.

The BF group's reimagination of place, furthering the Flagship sub-group's vision for thriving sustainable communities, will create greater opportunity for customers in the East of England.

The operating environment remains challenging, but scale enables the organisation to leverage opportunity, and this journey is just beginning in FY26.

By order of the Board



S Beal
Company Secretary

Flagship Housing Limited
31 King Street | Norwich | Norfolk | NR1 1PD

01/08/2025

Flagship Housing Limited

Registered No. 31211R

Report of the Board for the year ended 31 March 2025

The Board of Management presents its annual report for the audited financial statements of the company and its subsidiaries ('Flagship' or 'the sub-group') for the year ended 31 March 2025.

Future developments

The trading performance of the sub-group and an indication of the likely future developments in the sub-group's business have been presented within the Strategic Report.

On 28 February 2025 the Flagship Housing group merged with the Bromford Housing group ('Bromford'). The merger created the Bromford Flagship group ('BF group'), an organisation that owns and manages c.80,000 homes. Flagship Housing Limited (formally Flagship Housing Group Limited) became a subsidiary undertaking of Bromford Flagship Limited.

Group structure

At 31 March 2025 the sub-group consisted of five 'trading' entities:

Flagship Housing Limited

Flagship Housing Developments Limited

Flagship Finance PLC

Gasway Services Limited

Hopestead CIO

Further details of the companies within the Flagship Housing Limited sub-group can be found in note 20 of the financial statements.

Community initiatives and charitable donations

During the year the sub-group paid £1,080,397 (2024: £890,325) towards community initiatives. In addition, £351,471 of charitable donations were made (2024: £202,244), of which £349,680 (2024: £200,694) were donations by Hopestead to partner charities to support the alleviation of homelessness in the East of England.

The Board of Management and executive team

Bromford Flagship Limited is the parent company of Flagship Housing Limited. Under Bromford Flagship's Governance Framework, Flagship Housing Limited delegates matters of governance and financial authority to the Bromford Flagship Limited Board (the board). In effect Bromford Flagship Limited and Flagship Housing Limited have coterminous board membership. See Bromford Flagship financial statements for further details on board composition, tenure, succession and skills planning.

The Regulator of Social Housing requires all registered providers (RPs) to adopt a code of governance. The company has voluntarily elected to adopt the UK Corporate Governance Code 2024 (the code) from 28 February 2025.

Prior to 28 February 2025 the Board had adopted the National Housing Federation Code of Governance 2020.

The company applies the code in most respects, however, as the company does not have shareholders in the sense provided for within the code, it does not have arrangements to engage in the dialogue or consultation expected in the code in that respect. There are no share options for executive and non-executive directors.

The code also requires the board to demonstrate how it has taken into account the factors set out in Section 172 of the Companies Act 2006. As an organisation governed by the Co-Operative and Community Benefit Societies Act 2014 this requirement does not apply. However, the board does have responsibilities which, amongst other things, require it to act in good faith and in the best interests of the company.

The board has assessed the culture of the organisation and is satisfied that policies, practices and behaviours throughout the organisation are aligned with the company's purpose, values and strategy.

Further details of the governance framework adopted in the BF group can be found within the publicly available financial statements of Bromford Flagship Limited.

The Board of Management and the executive team who served the company in office as at 31 March 2025 are detailed on page 3 of the annual report. At 31 March 2025 the Board was comprised of ten non-executive directors (77%) and three executive directors (23%). All are drawn from a wide background bringing together professional, commercial, and local experience.

The Flagship Housing Limited board had the following demographics at 31 March 25:

	2025	2024
Women	23%	25%
Average tenure (NEDs only)	2 years	4 years

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Report of the Board for the year ended 31 March 2025 (continued)

The Board of Management and executive team (continued)

Executive team

Members of the executive team are full-time employees and are responsible for the day-to-day operational management of the BF group, the company and the sub-group. They are responsible for ensuring that policies determined by the board are properly implemented.

The composition of the executive team of the company to 27 February 2025 and the BF group thereafter is as follows:

David McQuade (resigned 27 February 2025)	Chief Executive Officer
Robert Nettleton (from 28 February 2025)	Chief Executive Officer
Helen Walsham until 27 February 2025	Deputy Chief Executive Officer and Chief Culture and Talent Officer from 28 February 2025.
David Armstrong	Chief Operating Officer
Jonathan McManus (resigned 27 February 2025)	Chief Financial Officer
Paul Walsh (from 28 February 2025)	Chief Finance Officer
Martyn Blackman (from 28 February 2025)	Chief Investment Officer
Rohini Stewart (from 17 March 2025)	Chief Integration Officer
Dan Goodall (from 28 February 2025)	Chief Technology Officer
Heather Richardson (from 28 February 2025)	Chief Risk Officer
Paul Coates (from 28 February 2025)	Chief Customer Officer

A biography of all key management personnel can be obtained from www.bromford-flagship.co.uk/about-us/our-leadership.

Employees

Flagship places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them and on the various factors affecting the performance of the

wider BF group. This is achieved through formal and informal meetings and employees are consulted regularly on a wide range of matters affecting their current and future interest.

Flagship is committed to equal opportunities. Our people are diverse and are chosen for their experience, potential and personal attributes regardless of gender, sexual orientation, marital status, age, race, nationality, ethnic origin, religion, or disability.

Flagship is committed to giving full and fair consideration to applications for employment that disabled individuals make and is committed to equal training opportunities, career development, and promotion of such individuals. Regarding individuals who become disabled, the policy is to take all reasonable steps, including retraining, to ensure that they can remain in employment wherever practicable.

Flagship remains committed to equality of opportunity in all its employment policies, practices, and procedures. All employees should be given equal opportunity and are appraised solely on performance against objectives, personal attributes, and potential.

Employee engagement statement

Flagship has a number of effective workforce engagement mechanisms in place including:

- keeping employees informed of performance and strategy through regular presentations and updates;
- internal social media engagement platforms;
- employee engagement surveys are undertaken with results reported back to all staff with encouragement for all staff to drive the future direction of their teams;
- senior management team making themselves visible and accessible to all staff enabling them to hear views across the employee spectrum (for example through 'The Brew' (a regular live podcast style event with a Q&A session); and
- annual employee performance reviews to facilitate personal development and collective team development.

The board considers that, taken together, these arrangements deliver an effective means of ensuring the board stays alert to the views of all employees.

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Report of the Board for the year ended 31 March 2025 (continued)

Statement of engagement with suppliers, customers, and other stakeholders with a business interest

Suppliers – Flagship seeks to balance the benefits of maintaining strong partnering relationships with key suppliers alongside the need to obtain value for money and the desired quality and service level for the sub-group's customers. The sub-group maintains a clear procurement policy to govern major contract negotiations and strategy with key supplies.

Customers – Flagship's primary charitable objective is the provision of social housing and therefore its social housing tenants are a considerable customer base. However, Flagship is also engaged in residential development and gas installation and maintenance services which also have considerable customer bases respectively. The board actively reviews customer satisfaction to continuously improve the company's services to meet the ever-changing needs of its customers.

Regulators – Flagship's primary regulation is provided by the 'Regulator of Social Housing' ('RSH'). The BF Group strives to have an ongoing, transparent dialogue with the RSH through co-operative and constructive engagement. The Chief Executive Officer oversees the BF group's communication with the RSH and provides regular updates to Board on correspondence with the RSH.

Flagship manages its tax affairs responsibly and proactively to comply with UK tax legislation. It engages with HMRC constructively, honestly and in a timely and professional manner, and seeks to resolve any disputed matter through active and transparent engagement. The BF group's Chief Finance Officer (CFO) provides regular updates to board on tax matters.

Debt capital / credit facility providers and credit reference agencies – The CFO and the BF group's treasury team are responsible for managing the relationships with bank syndicates, bond trustees and credit rating agencies, and for Flagship's cash / debt management and financing activities. The treasury team provides regular reports to the Treasury Committee and board on these activities including plans to ensure appropriate access to debt capital, monitoring of headroom and maturity schedules for the credit facilities. The board approves all new financing arrangements and the BF group's treasury strategy.

Statement of Board's responsibilities

The board is responsible for preparing the Strategic Report, the Report of the Board, and the financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Society Act 2014 requires the board to prepare financial statements for each financial year. Under that law the board has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland".

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 company and the sub-group will continue in business.

The board is responsible for keeping adequate accounting records that are sufficient to show and explain the company and sub-group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the sub-group and enable them to ensure that its 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. The board has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

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Report of the Board for the year ended 31 March 2025 (continued)

Risk and internal control

The board recognises that they are ultimately responsible for both management of risk and the system of internal control. Day-to-day risk management is delegated to operational directors (with leadership and oversight from the executive team) who are full time employees and hold no interest in the company's share capital. The senior management team act with the delegated authority given to them by the board.

No system of internal control can provide absolute assurance or eliminate all risk. Flagship has adopted an approach to risk whereby it is expected that management of day-to-day risk happens automatically as daily business is carried out by every employee in accordance with documented procedures, supported by the business planning process and management of strategic risks. Whilst recognising the need to understand and monitor risk, Flagship acknowledges the need for realistic risk control and management to provide a sound basis on which to carry out business so not to constrain and restrict healthy growth opportunities. Flagship will normally look to manage, mitigate, or monitor risk, as appropriate, but will avoid risk in excess of its clearly understood risk appetite.

Each operational directorate within the BF group maintains a risk register to monitor and control all strategic and operational risks that may affect achievement of functional objectives. A risk appetite is assigned to each strategic risk, alongside an evaluation of the likelihood of occurrence and the impact on delivering the BF group's vision. The risk register also includes controls put in place to reduce the risk to an acceptable level.

The BF group monitors and controls all risks that may affect achievement of its objectives through regular review of the strategic risk map by the board. The audit committee monitors the BF group's assurance map, to ensure that all strategic and operational risks are being managed within the BF group's risk appetite.

Together this approach creates a hierarchical assurance framework through successive levels of management to address strategic and operational risk.

The internal audit function is led by an independent head of internal audit supported by an in-house team and co-source partners who provide access to expertise to support delivery of the plan. The co-

source arrangement adds value through greater access to specific areas of expertise and increased ability to flex resources.

Prior to merger the internal audit function was delivered by external independent auditors, supported by an internal business assurance team, who undertook an agreed audit plan to appraise the effectiveness and robustness of the BF groups control environment.

The audit committee oversees the formulation of a flexible annual plan. The committee reviews and challenges whether key risk areas are audited with sufficient frequency and depth. Regular reporting enables the committee to monitor the delivery of the audit plan and performance of the internal audit function.

Board Committees

Prior to merger on 28 February 2025 the board delegated responsibility for specific areas of operation to the committees listed below who engage additional expertise, as required, to maintain an effective system of control. The schemes of delegation are clearly defined and reviewed regularly to ensure that they continue to be appropriate and meet the operational risks of the organisation. Membership for these committees remained unchanged from that reported in the company's 31 March 2024 financial statements.

Following the merger on 28 February 2025 the composition and membership of board committees changed. Further details of BF group committees can be found in Bromford Flagship Limited financial statements which are publicly available.

Group Audit and Risk Committee (GARC) (now known as *Audit and Risk Committee (ARC) in BF group*)

Purpose: To oversee the internal and external audit functions and provide the Board with assurance on the effectiveness of the risk management and internal control frameworks.

Treasury Committee (TC) (also *Treasury Committee (TC) in BF group*)

Purpose: To oversee the principal treasury activities across the BF group. Reviews treasury policy statements and ensures they are applied consistently.

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Report of the Board for the year ended 31 March 2025 (continued)

Board Committees (continued)

Assets Committee (AC) (*not directly mirrored in the BF group – ceased 27 February 2025*)

Purpose: To oversee the development, implementation, and review of Flagship's asset management strategy. Oversee landlord compliance performance, compliance with the Decent Homes standard, repairs performance, asset investment programmes, portfolio management policies, stock condition data strategic decision making, and to monitor and respond to key risks in the risk register in respect of asset management.

Remuneration and Nominations Committee (RNC) (*replaced by a remuneration committee and a nominations committee in the BF group*)

Purpose: Review and recommend appointments to board/committees, board remuneration, succession. Oversee board/committee development, training conflicts of interest and independence.

Compliance

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

Each year the RSH requires RPs to assess their compliance with the governance and financial viability, and consumer standards and provide assurance to customers and stakeholders that the RSH specific expectations are being complied with.

The company has a zero-tolerance approach to fraud and bribery. An anti-fraud and bribery policy and response plan are incorporated in the risk management framework and whistleblowing policy are in place and reviewed on a regular basis.

The sub-group certifies that it has complied with the regulatory framework including the governance and financial viability standard, and consumer standard and accompanying cost of practices during the year ended 31 March 2025.

The board has received an annual compliance report from the sub-group, made enquiries as considered appropriate by each non-executive director and received an annual assurance report from the committees (where appropriate) as part of the board's annual review of the effectiveness of the system of internal control.

The board confirms that there is an ongoing process for identifying, evaluating, and managing significant risks faced by the sub-group. This process has been in place through the year under review, up to the date of the annual report, and is regularly reviewed by the Board of Management.

Viability statement

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

This assessment was made using the following core business processes:

Thirty-year business plan (the plan) - The board reviews each iteration of the plan during the year as part of its strategic planning process; the most recent business plan was approved in May 2025. This process includes detailed stress testing of the plan which involves flexing a number of assumptions underlying the forecast both individually and together under particular scenarios.

Risk management - As set out in the risk section of the strategic report, Flagship has a structured approach to the management of risk and the principal risks identified are reviewed regularly by the board.

Liquidity - Based on the output of the plan and regular reforecasting of cashflows, the board reviews the liquidity position of the sub-group ensuring funding is secured in accordance with Bromford Flagship's treasury policy. Current available cash and unutilised loan facilities are over £900m which gives significant headroom for committed spend and other forecast cash flows that arise.

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Report of the Board for the year ended 31 March 2025 (continued)

Viability Statement (continued)

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

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

Housing properties

In the opinion of the Board, there has been no indication of any significant impairment of the sub-group's housing properties during the year or up to the date of signing this report.

Disclosure of information to auditors

In the case of each Member of the Board in office at the date the Report of the Board is approved:

- so far as the member is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a member in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

PKF Littlejohn LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at Flagship Housing Limited's Annual General Meeting.

By order of the Board



S Beal

Company Secretary

01/08/2025

Flagship Housing Limited
31 King Street | Norwich | Norfolk | NR1 1PD

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Independent auditor's report to the members of Flagship Housing Limited

Opinion

We have audited the financial statements of Flagship Housing Limited (the 'parent association') and its subsidiaries (the 'group') for the year ended 31 March 2025 which comprise the Consolidated and Parent Association Statements of Comprehensive Income, the Consolidated and Parent Association Balance Sheets, the Consolidated and Parent Associations Statements of Changes in Reserves, the Consolidated Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent association's affairs as at 31 March 2025 and of the group's and parent association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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 or parent 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.

The parent association has voluntarily elected to adopt the UK Corporate Governance Code 2024 (the code) from 28 February 2025. We have nothing material to add or draw attention to in relation to the board's statement in the financial statements about whether the board considered it appropriate to adopt the going concern basis of accounting.

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

Other information

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

We have nothing to report in this regard.

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Independent auditor's report to the members of Flagship Housing Limited (continued)

Matters on which we are required to report by exception

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

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

Corporate governance disclosures

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

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

- Board's Viability Statement, the period this assessment covers and why the period is appropriate set out on pages 27 and 28;
- Board's statement on whether it has a reasonable expectation that the Association will be able to continue in operation and meets its liabilities set out on page 28;
- The board's statement on fair, balanced and understandable on page 25;
- The board's assessment of principal and emerging risks on pages 13 to 15;
- Section setting the governance arrangements and work of the Group Audit and Risk Committee on page 26;

- Section of the report of the board that describes the review of risk management and internal controls set out on page 26.

Responsibilities of the board

As explained more fully in the Statement of Board's responsibilities, the board is responsible for the preparation of the group and parent association financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board 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 group and parent association financial statements, the board is responsible for assessing the group's and the parent 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 board either intend to liquidate the group or the parent association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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Independent auditor's report to the members of Flagship Housing Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- We obtained an understanding of the group and parent association and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent association in this regard to be those arising from the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, employee legislation, tax legislation, and health and safety laws and regulations.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent association with those laws and regulations. These procedures included, but were not limited to inquiries of management, review of minutes, review of legal correspondence and review of communications with the Regulator.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to indicators of impairment of tangible assets; allocation of costs between first and subsequent shared ownership tranches sales; useful economic lives of assets; valuation of provisions and assumptions within the calculation of pension liabilities.
- We considered the risk of fraud in revenue recognition of non-rental income around the year end which we addressed through performing substantive procedures to ensure revenue had been accounted for in the appropriate period.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation.

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

Use of our report

This report is made solely to the association's members as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association'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.



PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

04/08/2025

Flagship Housing Limited

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Statement of Comprehensive Income for the year ended 31 March 2025

	Note	Flagship sub- group 2025	Flagship sub-group 2024	Company 2025	Company 2024
		£'000	£'000	£'000	£'000
Turnover	5 / 7	265,322	252,971	233,515	217,088
Operating costs	5 / 6	(185,702)	(183,040)	(154,937)	(150,420)
Gain on disposal of housing properties and other property, plant and equipment	8	16,815	19,339	16,674	19,091
Share of operating profit in joint ventures	20	1,311	864	-	-
Operating surplus	9	97,746	90,134	95,252	85,759
Interest receivable	27	2,369	2,982	8,749	8,602
Interest and financing costs	26	(33,034)	(37,137)	(29,397)	(36,534)
Movement in fair value of investment properties	15	1,003	(803)	1,003	(803)
Gain on shared equity loans		188	1,906	188	1,906
Surplus for the year before taxation		68,272	57,082	75,795	58,930
Taxation	13	(31)	19	(48)	-
Surplus for the year		68,241	57,101	75,747	58,930
Actuarial gain in respect of pension schemes	32	(1,905)	375	(1,905)	375
Total comprehensive income for the year		66,336	57,476	73,842	59,305

All results are from continuing activities, generated in the United Kingdom.

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

The notes on pages 38 to 87 form an integral part of the financial statements.

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Balance sheet as at 31 March 2025

	Note	Flagship sub-group 2025 £'000	Flagship sub-group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Fixed assets					
Intangible fixed assets	17	4,380	5,089	2,648	2,519
Tangible fixed assets - Housing properties	14	2,201,147	2,077,241	2,226,112	2,096,996
Other tangible fixed assets	18	18,344	19,332	18,220	19,140
Investment properties	15	78,830	77,827	78,830	77,827
Investments in subsidiaries and other investments	19	13,733	13,775	76,313	75,602
Investments in joint ventures	20	10,443	12,453	-	-
Shared equity loans	21	2,120	1,995	2,120	1,995
Non-current other debtors	22	90	90	-	-
		2,329,087	2,207,802	2,404,243	2,274,079
Current assets					
Stock	10	25,158	34,504	4,319	6,729
Trade and other debtors	22	30,215	25,460	21,904	16,340
Cash and cash equivalents		55,592	39,812	43,940	28,748
		110,965	99,776	70,163	51,817
Creditors: amounts falling due within one year	23	(85,714)	(85,493)	(98,909)	(87,166)
Net current assets/(liabilities)		25,251	14,283	(28,746)	(35,349)
Total assets less current liabilities		2,354,338	2,222,085	2,375,497	2,238,730
Creditors: amounts falling due after one year	24	(1,237,263)	(1,172,937)	(1,235,262)	(1,173,944)
Provision for liabilities					
Defined benefit pension liability	32	(2,527)	527	(2,527)	527
Other provisions	30	(3,917)	(5,380)	(3,886)	(5,333)
Net assets		1,110,631	1,044,295	1,133,822	1,059,980

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Balance sheet as at 31 March 2025 (continued)

	Flagship sub-group 2025	Flagship sub-group 2024	Company 2025	Company 2024
Reserves	£'000	£'000	£'000	£'000
Income and expenditure reserve	741,870	670,465	765,061	686,150
Revaluation reserves	368,761	373,830	368,761	373,830
Total reserves	1,110,631	1,044,295	1,133,822	1,059,980

The notes on pages 38 to 87 form an integral part of the financial statements.

The financial statements were authorised for issue by the board of directors on 04/08/2025 and signed on its behalf by:



Peter Hawes (Aug 4, 2025 11:45:39 GMT+1)

P Hawes
Chairman



P Walsh
Chief Finance Officer



S Beal
Company Secretary

Flagship Housing Limited

Registered No. 31211R

Statement of changes in reserves for the year ended 31 March 2025

(a) Flagship sub-group	Income and expenditure reserve	Revaluation reserve	Total reserves
	£'000	£'000	£'000
Opening balance at 1 April 2023	606,020	380,799	986,819
Surplus for the year	57,101	-	57,101
Other comprehensive income for the year	375	-	375
Total comprehensive income for the financial year	57,476	-	57,476
Transfer from revaluation reserve to revenue reserve	6,969	(6,969)	-
Total transactions recognised directly in equity	6,969	(6,969)	-
Closing balance at 31 March 2024	670,465	373,830	1,044,295

	Income and expenditure reserve	Revaluation reserve	Total reserves
	£'000	£'000	£'000
Opening balance at 1 April 2024	670,465	373,830	1,044,295
Surplus for the year	68,241	-	68,241
Other comprehensive income for the year	(1,905)	-	(1,905)
Total comprehensive income for the financial year	66,336	-	66,336
Transfer from revaluation reserve to revenue reserve	5,069	(5,069)	-
Total transactions recognised directly in equity	5,069	(5,069)	-
Closing balance at 31 March 2025	741,870	368,761	1,110,631

The notes on pages 38 to 87 form an integral part of the financial statements.

Flagship Housing Limited

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Statement of changes in reserves for the year ended 31 March 2025 (continued)

(b) Company	Income and expenditure reserve £'000	Revaluation reserve £'000	Total reserves £'000
Opening balance at 1 April 2023	619,876	380,799	1,000,675
Surplus for the year	58,930	-	58,930
Other comprehensive income for the year	375	-	375
Total comprehensive income for the financial year	59,305	-	59,305
Transfer from revaluation reserve to revenue reserve	6,969	(6,969)	-
Total transactions recognised directly in equity	6,969	(6,969)	-
Closing balance at 31 March 2024	686,150	373,830	1,059,980

	Income and expenditure reserve £'000	Revaluation reserve £'000	Total reserves £'000
Opening balance at 1 April 2024	686,150	373,830	1,059,980
Surplus for the year	75,747	-	75,747
Other comprehensive income for the year	(1,905)	-	(1,905)
Total comprehensive income for the financial year	73,842	-	73,842
Transfer from revaluation reserve to revenue reserve	5,069	(5,069)	-
Total transactions recognised directly in equity	5,069	(5,069)	-
Closing balance at 31 March 2025	765,061	368,761	1,133,822

The notes on pages 38 to 87 form an integral part of the financial statements.

Flagship Housing Limited

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Statement of cash flows for the year ended 31 March 2025

	Note	Flagship sub-group 2025 £'000	Flagship sub-group 2024 £'000
Net cash generated from operating activities	33	134,156	112,193
Taxation		(8)	(3)
Net cash generated from operating activities		134,148	112,190
Cash flows from investing activities			
Purchase of and works to housing properties	14	(166,677)	(158,596)
Purchase of other assets		(3,026)	(3,093)
Proceeds from the sale of housing properties	8	25,471	27,574
Proceeds from the sale of other fixed assets		335	2,150
Purchase of investments	15	-	(180)
Proceeds from sale of investments		107	73
Grant received	28	29,986	27,189
Loans repaid by / (made to) joint venture undertakings	20	3,721	409
Interest received		3,271	2,724
Net cash from investing activities		(106,812)	(101,750)
Cash flows from financing activities			
Proceeds from issue of bank borrowings		96,322	25,000
Repayment of bank borrowings		(61,440)	(13,281)
Capital element of finance lease rental payments		(4,648)	(4,220)
Interest paid		(41,790)	(38,355)
Net cash from financing activities		(11,556)	(30,856)
Net change in cash and cash equivalents		15,780	(20,416)
Cash and cash equivalents at beginning of year		39,812	60,228
Cash and cash equivalents at end of year		55,592	39,812

The notes on pages 38 to 87 form an integral part of the financial statements.

Flagship Housing Limited

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Notes to the financial statements for the year ended 31 March 2025

1. General information

Flagship Housing Limited ('the company') is a registered provider of social housing, incorporated under the Co-operative and Community Benefit Societies Act 2014. Its subsidiaries (together the 'Flagship sub-group' or 'sub-group') provide repairs and maintenance, capital improvement and residential development services for the company and externally generate re-investable capital. The sub-group also includes Hopestead, a registered charity focused on the eradication of homelessness in the east of England.

On 28 February 2025, and upon merger with Bromford Flagship Limited (see Strategic Report), the company changed its name from Flagship Housing Group Limited to Flagship Housing Limited

The company is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is 31 King Street, Norwich, Norfolk, NR1 1PD.

The company is registered with the Homes England as a registered provider as defined by the Homes and Communities Act 2008.

The company is an exempt charity.

2. Statement of compliance

The consolidated sub-group and the individual company financial statements of Flagship Housing Limited have been prepared in compliance with applicable law, United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"), the Accounting Direction for Private Registered Providers of Social Housing 2022, the Statement of Recommended Practice for registered social housing providers 2018 update and the Housing and Regeneration Act 2008. The sub-group is a public benefit organisation, and applies the relevant paragraphs prefixed "PBE" in FRS 102.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. The policies have been consistently applied to all periods presented, unless otherwise stated.

a. Basis of preparation

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

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the fair value of certain investments.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management exercise its judgement in the process of applying the sub-group and company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

b. Going concern

The sub-group's business activities, its current financial position, and factors likely to affect its future development are set out within the Strategic Report and the Report of the Board.

The sub-group meets its day-to-day working capital requirements primarily through the cash generated from its trading activities and through cash made available through its debt financing arrangements. Prior to merger debt financing was procured from high street banks and capital market lenders. Upon joining the BF group, loan funding is provided to the company by its parent undertaking Bromford Flagship Limited who in turn accesses third party funding streams on behalf of the wider BF group.

Operating pressures continued through FY25. Our customers continued to experience a high cost of living as supply chain inflation continued even though energy costs began to fall back from historic highs. The sub-group supported its people with a CPI linked salary increase. Insurance costs increased markedly year on year well above the level of inflation and material prices remain elevated following geopolitical tensions in Eastern Europe and the Middle East.

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

Flagship Housing Limited

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Notes to the financial statements for the year ended 31 March 2025 (continued)

b. Going concern (continued)

Rents increased by c.7.7% in April 24 linked to CPI+1% September 2023 inflation. Salary inflation (largest single fixed cost) was c.5% and linked to a lower inflation figure from March 2024 resulting in a cash flow benefit for the sub-group supporting the decision to maintain investment levels.

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

After making enquiries, the directors have a reasonable expectation that the sub-group has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

c. Exemptions for qualifying entities under FRS 102

FRS 102 allows a 'qualifying entity' certain disclosure exemptions, subject to conditions. The company and sub-group have taken advantage of the following exemptions in these financial statements on the basis that the company is a qualifying entity and its ultimate parent, Bromford Flagship Limited, includes the company in its consolidated financial statements for the year ended 31 March 2025:

- from the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and

12.29(A), in accordance with paragraph 1.12(c); and

- from disclosing key management personnel compensation required under FRS 102 paragraph 33.7, in accordance with paragraph 1.12(e).

d. Basis of consolidation

The consolidated financial statements incorporate the results of Flagship Housing Limited, its subsidiary undertakings and the sub-group's share of its interests in joint ventures.

A subsidiary is an entity controlled by the sub-group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Accounting policies of subsidiaries are consistent with those used across the sub-group.

Intercompany transactions and balances between sub-group companies are eliminated in full on consolidation.

Investments in joint ventures are accounted for using the equity method.

The list of the sub-group undertakings can be found in notes 19 and 20.

e. Revenue recognition

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

The sub-group generates the following material income streams:

Rental and service charge income

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

Flagship Housing Limited

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Notes to the financial statements for the year ended 31 March 2025 (continued)

e. Revenue recognition (continued)

Service charge income

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

Supporting people

Supporting people contract income received from administering authorities is accounted for as income in turnover as per note 6. The related support costs are matched against this income in the same note. Support charges included in the rent are included in the statement of comprehensive income from social housing lettings (note 5) and matched against the relevant costs.

Property management services

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

Shared ownership first tranche sales

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

Properties developed for outright sales

Sales of properties developed for outright sale are included in turnover at the point of legal completion. The surplus or deficit arising on an outright sale is shown after deducting the cost of the properties and related sale expenses.

Responsive repairs and maintenance

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

Capital project improvement service

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

Cover plans

The sub-group provides annual boiler maintenance cover plans. Revenue is recognised monthly on a straight-line basis throughout the financial year.

Grants

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

Other income

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

Interest income

Interest income is recognised using the effective interest method.

f. Taxation

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

Flagship Housing Limited

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Notes to the financial statements for the year ended 31 March 2025 (continued)

f. Taxation (continued)

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

Current tax

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

Deferred tax

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

Value Added Tax

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

g. Goodwill arising on Business Combinations

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the sub-group's interest in the identifiable net assets, liabilities and contingent liabilities acquired. On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination. Goodwill is amortised over its expected useful life which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment, and any impairment is charged to the statement of comprehensive income. No reversals of impairment are recognised.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction. Fair values are attributed to the identifiable assets, liabilities, and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured, they are disclosed on the same basis as other contingent liabilities.

h. Tangible fixed assets and depreciation

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

Housing properties

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

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

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Notes to the financial statements for the year ended 31 March 2025 (continued)

h. Tangible fixed assets and depreciation (continued)

Housing properties (continued)

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

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

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

Freehold land is not depreciated

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

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

Works to existing properties which replace a component that has been treated separately for depreciation purposes or result in enhancing the economic benefits of the properties are capitalised. Where the component is replaced the cost and related depreciation are eliminated from housing properties. Economic benefits are enhanced if the improvements result in an increase in rental income, a reduction in

future maintenance costs or a significant extension of the life of the property. Works to existing properties which do not meet the above criteria are expensed as incurred.

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

Other tangible fixed assets

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

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

i. Intangible fixed assets

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

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

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Notes to the financial statements for the year ended 31 March 2025 (continued)

i. Intangible fixed assets (continued)

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

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

	Years
Computer software	3-7

j. Investment property

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

k. Valuation of Investments

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

Investment in jointly controlled entities are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the sub-group's share of the post-acquisition profits or losses of the investee in profit or loss, and the sub-group's share of movements in other comprehensive income of the investee in other comprehensive income. Member distributions from joint ventures are recognised as a reduction in the carrying amount of the investment. Where the sub-group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the sub-group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the sub-group and its joint ventures are eliminated to the extent of the sub-group's interest in these entities. Unrealised losses

are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the sub-group. The carrying amount of equity-accounted investments is tested for impairment annually.

I. Finance Leases

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

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

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

m. Operating Leases

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

n. HomeBuy and shared equity

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

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Notes to the financial statements for the year ended 31 March 2025 (continued)

o. Current Asset Investment

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

p. Stock and properties held for sale

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

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

q. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits which mature within 30 days. Bank overdrafts that are repayable on demand and form an integral part of the sub-groups and association's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

r. Social housing and other government grants

Government grants include grants receivable from Homes England, local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure under the accruals model. Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the sub-group will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current assets, current liabilities, or non-current liabilities in accordance with the expected realisation of the income.

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

s. Employee benefits

The sub-group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Annual bonus plan

The sub-group operates an annual bonus plan for certain employees. An expense is recognised in the statement of comprehensive income when the sub-group has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Defined contribution pension plans

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

Defined benefit pension plan

The sub-group operates defined benefit plans for certain employees. A defined benefit plan defines the benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

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Notes to the financial statements for the year ended 31 March 2025 (continued)

s. Employee benefits (continued)

Defined benefit pension plan (continued)

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date. The defined benefit obligation is calculated using the projected unit credit method. Annually the sub-group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the sub-group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

The amounts charged to operating surplus are the costs arising from the employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to surplus for the year and included within finance costs. Remeasurement of the net assets/defined liability are recognised in other comprehensive income. Defined benefit schemes are funded in separate trustee administered funds. The actuarial valuations are obtained triennially and are updated at each reporting date.

t. Provisions

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

Provisions are measured at the present value of the expenditures expected to be required to settle the

obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the sub-group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote. Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable.

u. Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

Where a combination is between two public benefit entities, and the combination is at nil or nominal consideration and is, therefore, in substance a gift, any excess of the fair value of the assets received over the fair value of the liabilities assumed is recognised as a gain in profit and loss. This gain represents the gift of the value of one entity to another. If the fair value of the liabilities assumed exceeds the fair value of the assets received an expense is recognised in the statement of comprehensive income representing the net obligations assumed.

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Notes to the financial statements for the year ended 31 March 2025 (continued)

u. Business combinations and goodwill (continued)

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities, and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured, they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the sub-group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment, and any impairment is charged to the statement of comprehensive income. No reversals of impairment are recognised.

v. Financial Instruments

The sub-group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

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

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

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive

income. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

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

Financial liabilities

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

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

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

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

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Notes to the financial statements for the year ended 31 March 2025 (continued)

v. Financial instruments (continued)

Financial liabilities (continued)

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

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

Offsetting

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

y. Revaluation reserve

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

4. Critical accounting judgements and estimation uncertainty

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

i. Operating surplus

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

- Gain on disposal of housing properties and other property, plant and equipment; and
- Share of operating profit / (loss) in joint ventures.

Management have made a judgement that the movement in fair value of investment properties does

not form part of our usual operating cycle based on the existing use of the assets.

ii. Tangible fixed assets

Other than investment properties, tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. See notes 14 and 18.

iii. Defined benefit ('DB') pension scheme

The sub-group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. For details of assumptions adopted, see note 32.

iv. Revaluation of investment properties

The sub-group carries its investment property at fair value, with changes in fair value being recognised in profit or loss. The sub-group engages independent experts to determine the fair value of its investment properties at the balance sheet date. The estimation of the fair values requires the combination of assumptions including revenue growth, estimates in respect of voids and bad debt exposure, investment required in maintenance and improvement as well as judgement to use an appropriate discount rate. For details of assumptions adopted, see note 15.

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

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Notes to the financial statements for the year ended 31 March 2025 (continued)

4. Critical accounting judgements and estimation uncertainty (continued)

iv. Revaluation of investment properties (continued)

The sub-group's student accommodation portfolio is valued on a discounted cash flow basis. The sub-group continues to see demand for its student accommodation outstrip its availability, with education providers seeking longer term leases. Similarly in a high inflation economy maintenance expenditure has increased and the discounted cash flow model forecasts c4.1% inflation 2025-

The sub-group has recognised a £1m valuation increase in its investment properties during the year ended 31 March 2025. The sub-group considers this to be reasonable given the future expected trading performance of its investments in challenging economic conditions.

v. Categorisation of debt

The sub-group's loans have been treated as 'basic' in accordance with paragraphs 11.8 and 11.9 of FRS 102. The sub-group has fixed rate loans which have a two-way break clause which means, in addition to compensation being payable by a borrower to a lender if a loan is prepaid where the prevailing fixed rate is lower than the existing loan's fixed rate, compensation could be payable by the lender to the borrower in the event that a loan is prepaid and the prevailing fixed rate is higher than the existing loan's fixed rate. On 2 June 2016, The Financial Reporting Council (FRC) issued a statement in respect of such loans and gave no prescriptive direction as to whether they should be classified as 'basic' or 'non-basic'. The sub-group believes the recognition of each loan liability at cost provides a transparent and understandable position of the sub-group's financial position and that each loan still satisfies the requirements of paragraphs 11.8 and 11.9 of FRS 102, therefore, the sub-group has retained its 'basic' treatment of its fixed rate loans following the FRC announcement. See note 25 for more details on the sub-group's loans and other borrowing.

vi. Housing property allocation

Where schemes under construction are mixed tenure, costs are split using a suitable method such as area (square footage) or rental yield. The allocation of the cost of shared ownership schemes under construction between inventories and housing properties is determined by past experience. At 31 March 2025

management have determined that is a suitable estimate based on the sub-group's experience in the year. Management forecast the market value of shared ownership properties on a scheme-by scheme basis which informs the current element allocated to stock accordingly. This estimate influences stock valuations in note 10 and housing properties under construction in note 14.

vii. Rent arrears and bad debt provision

The sub-group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of the debtors and historical experience.

viii. Impairment of non-financial assets

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

Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified. Following a trigger for impairment, the sub-group performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the sub-group as the existing property.

The cash flows are derived from the business plan for the next 30 years and do not include any restructuring activities that the sub-group is not yet committed to nor any significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

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Notes to the financial statements for the year ended 31 March 2025 (continued)

4. Critical accounting judgements and estimation uncertainty (continued)

viii. Impairment of non-financial assets

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

ix. Valuation of unencumbered assets

Unencumbered assets have been calculated using the Existing Use Value for Social Housing (EUV-SH) definition. EUV-SH uses market value and a hypothetical sale to another registered provider on strict assumptions that; the stock will continue to be let at affordable rents in perpetuity; will be managed in accordance with the regulator's requirements; and that any void properties will be re-let and not sold with vacant possession. The sub-group has identified an average EUV-SH based on property characteristics and applied this to the unencumbered population to determine a reasonable estimated value for those homes.

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Notes to the financial statements for the year ended 31 March 2025 (continued)

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

5(a) Flagship sub-group

	Year ended 31 March 2025				
	Turnover	Cost of Sales	Operating costs	Other operating activities	Operating surplus
	£'000	£'000	£'000	£'000	£'000
Social housing lettings	200,854	-	(133,231)	-	67,623
Other social housing activities					
- <i>Shared ownership property first tranche sales</i>	15,997	(9,230)	(2,641)	-	4,126
- <i>Gain on disposal of housing properties</i>	-	-	-	16,755	16,755
- <i>Other</i>	1,020	-	(817)	-	203
	217,871	(9,230)	(136,689)	16,755	88,707
Activities other than Social Housing	47,451	(30,506)	(9,277)		7,668
Gain on disposal of other fixed assets	-	-	-	60	60
Share of operating profits in joint ventures	-	-	-	1,311	1,311
Total	265,322	(39,736)	(145,966)	18,126	97,746

	Year ended 31 March 2024				
	Turnover	Cost of Sales	Operating costs	Other operating activities	Operating surplus
	£'000	£'000	£'000	£'000	£'000
Social housing lettings	183,965	-	(128,303)	-	55,662
Other social housing activities					
- <i>Shared ownership property first tranche sales</i>	17,465	(10,659)	(2,641)	-	4,165
- <i>Gain on disposal of housing properties</i>	-	-	-	18,938	18,938
- <i>Other</i>	433	-	(346)	-	87
	201,863	(10,659)	(131,290)	18,938	78,852
Activities other than Social Housing	51,108	(31,310)	(9,781)	-	10,017
Gain on disposal of other fixed assets	-	-	-	401	401
Share of operating profits in joint ventures	-	-	-	864	864
Total	252,971	(41,969)	(141,071)	20,203	90,134

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Notes to the financial statements for the year ended 31 March 2025 (continued)

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

5(b) Company

	Year ended 31 March 2025				
	Turnover	Cost of Sales	Operating costs	Other operating activities	Operating surplus
	£'000	£'000	£'000	£'000	£'000
Social housing lettings	200,827	-	(133,742)	-	67,085
Other social housing activities					
- <i>Shared ownership property first tranche sales</i>	15,997	(9,230)	(2,641)	-	4,126
- <i>Gain on disposal of housing properties</i>	-	-	-	16,614	16,614
- <i>Other</i>	1,020	-	(816)	-	204
	217,844	(9,230)	(137,199)	16,614	88,029
Activities other than Social Housing	15,671	(1,540)	(6,968)	-	7,163
Gain on disposal of other fixed assets	-	-	-	60	60
Total	233,515	(10,770)	(144,167)	16,674	95,252

	Year ended 31 March 2024				
	Turnover	Cost of Sales	Operating costs	Other operating activities	Operating surplus
	£'000	£'000	£'000	£'000	£'000
Social housing lettings	183,938	-	(128,839)	-	55,099
Other social housing activities					
- <i>Shared ownership property first tranche sales</i>	17,465	(10,659)	(2,641)	-	4,165
- <i>Gain on disposal of housing properties</i>	-	-	-	18,759	18,759
- <i>Other</i>	433	-	(346)	-	87
	201,836	(10,659)	(131,826)	18,759	78,110
Activities other than Social Housing	15,252	(1,258)	(6,677)	-	7,317
Loss on disposal of other fixed assets	-	-	-	332	332
Total	217,088	(11,917)	(138,503)	19,091	85,759

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Notes to the financial statements for the year ended 31 March 2025 (continued)

6. Income and expenditure from social housing lettings

6(a) Flagship sub-group

	General needs housing £'000	Supported Housing £'000	Shared ownership £'000	Total 2025 £'000	Total 2024 £'000
Rents receivable net of identifiable service charges	170,598	9,684	9,309	189,591	172,359
Service charge income	3,899	2,559	1,135	7,593	8,133
Amortised government grants (note 28)	2,135	-	-	2,135	2,449
Other grants receivable	1,535	-	-	1,535	1,024
Turnover from social housing lettings	178,167	12,243	10,444	200,854	183,965
Management	39,844	1,080	3,213	44,137	37,952
Service charge costs	6,481	2,083	1,513	10,077	10,702
Routine maintenance	33,814	673	96	34,583	35,353
Cyclical maintenance	8,122	169	592	8,883	7,843
Bad debts	698	(49)	76	725	690
Depreciation of housing properties (including loss on replacement of components (note 10))	27,006	551	1,332	28,889	29,471
Depreciation / amortisation of other tangible and intangible assets	5,364	119	454	5,937	6,292
Operating expenditure on social housing lettings	121,329	4,626	7,276	133,231	128,303
Operating surplus on lettings	56,838	7,617	3,168	67,623	55,662
<i>Rent losses from voids</i>	(1,840)	(176)	(65)	(2,081)	(2,148)

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Notes to the financial statements for the year ended 31 March 2025 (continued)

6. Income and expenditure from social housing lettings (continued)

6(b) Company

	General needs housing £'000	Supported Housing £'000	Shared ownership £'000	Total 2025 £'000	Total 2024 £'000
Rents receivable net of identifiable service charges	170,598	9,684	9,309	189,591	172,359
Service charge income	3,899	2,559	1,135	7,593	8,133
Amortised government grants (note 28)	2,108	-	-	2,108	2,422
Other grants receivable	1,535	-	-	1,535	1,024
Turnover from social housing lettings	178,140	12,243	10,444	200,827	183,938
Management	39,026	1,080	3,203	43,309	37,289
Service charge costs	6,481	2,083	1,513	10,077	10,702
Routine maintenance	34,633	673	96	35,402	36,025
Cyclical maintenance	8,122	169	592	8,883	7,843
Bad debts	698	(49)	76	725	690
Depreciation of housing properties (including loss on disposal of components) (note 10)	27,460	551	1,398	29,409	29,998
Depreciation / amortisation of other tangible fixed assets and intangible assets	5,364	119	454	5,937	6,292
Operating expenditure on social housing lettings	121,784	4,626	7,332	133,742	128,839
Operating surplus on lettings	56,356	7,617	3,112	67,085	55,099
<i>Rent losses from voids</i>	(1,840)	(176)	(65)	(2,081)	(2,148)

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Notes to the financial statements for the year ended 31 March 2025 (continued)

7. Particulars of turnover from non-social housing lettings

	Flagship sub-group 2025 £'000	Flagship sub-group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Lettings				
Market rented property	3,810	3,665	3,810	3,665
Student accommodation	4,367	4,127	4,367	4,127
Private garages	773	718	773	718
Commercial property	54	56	54	56
Other				
Management charges	-	-	3,496	3,430
Property sales	17,650	20,675	-	-
Gas servicing / Flagship Services External	19,434	20,602	2,027	2,025
Other income	1,363	1,265	1,144	1,231
	47,451	51,108	15,671	15,252

8. Gain on disposal of housing properties

	Flagship sub-group 2025 £'000	Flagship sub-group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Disposal proceeds	27,108	29,350	27,108	29,350
Costs incurred (including carrying value of asset)	(10,283)	(10,169)	(10,423)	(10,348)
	16,825	19,181	16,685	19,002
Capital grant recycled (note 29)	(71)	(243)	(71)	(243)
	16,754	18,938	16,614	18,759

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Notes to the financial statements for the year ended 31 March 2025 (continued)

9. Operating surplus

Operating surplus is stated after charging:

	Flagship sub-group 2025 £'000	Flagship sub-group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Depreciation of housing properties	26,956	27,805	27,465	28,332
Loss on replacement of components	1,933	1,666	1,933	1,666
Depreciation of other assets	4,457	3,892	4,364	3,785
Amortisation of intangible assets	2,488	3,087	1,649	2,245
Repairs and maintenance expenditure	43,466	45,687	44,285	46,359
One-off provision for property remedial work	757	1,850	757	1,850
Operating lease rentals:				
Rent of office buildings	654	813	651	811
Hire of plant and machinery	1,346	1,629	32	85
Gain / (loss) on disposal of other fixed assets	61	401	61	332
Auditors' remuneration (excluding VAT):				
- Fees payable to the company's auditors for the audit of the parent and sub-group financial statements	70	67	70	67
- Audit of the accounts of subsidiaries	58	55	-	-
- Other services	2	2	2	2
Bad debt expense	566	675	566	671
Inventory provision	-	(67)	-	-

10. Stock

	Flagship sub-group 2025 £'000	Flagship sub-group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Raw materials and consumables	1,621	1,782	510	770
Completed properties for sale	11,205	9,888	3,809	5,959
Work in progress	12,332	22,834	-	-
	25,158	34,504	4,319	6,729

There is no significant difference between the replacement cost and their carrying amounts.

Raw materials and consumables are stated after provisions for impairment of £nil (2024: £nil).

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Notes to the financial statements for the year ended 31 March 2025 (continued)

11. Employees

Average monthly number of employees expressed as full-time equivalents (calculated based on a standard working week of 37 hours):

	Flagship sub-group 2025 Number	Flagship sub-group 2024 Number	Company 2025 Number	Company 2024 Number
Housing and central services	620	569	617	550
Repairs, maintenance and capital improvement services	939	898	594	569
	1,559	1,467	1,211	1,119
Employee costs:	Flagship sub-group 2025 £'000	Flagship sub-group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Wages and salaries	57,102	51,525	43,368	38,787
Social security costs	6,089	5,553	4,763	4,220
Pension costs	5,522	4,933	5,188	4,610
Total staff costs	68,713	62,011	53,319	47,617

Salary banding for all sub-group employees earning over £60,000 (including salaries and benefits in kind and compensation for loss of office, but excluding pension contributions paid by the employer):

	31 March 2025	31 March 2024
£60,000 to £70,000	20	20
£70,001 to £80,000	14	13
£80,001 to £90,000	8	9
£90,001 to £100,000	7	5
£100,001 to £110,000	4	4
£110,001 to £120,000	2	1
£120,001 to £130,000	1	4
£130,001 to £140,000	3	2
£140,001 to £150,000	1	2
£150,001 to £160,000	1	1
£160,001 to £170,000	2	-
£170,001 to £180,000	1	2
£200,001 to £210,000	-	1
£220,001 to £230,000	1	-
£230,001 to £240,000	-	1
£320,001 to £330,000	-	1
£330,001 to £340,000	1	-

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Notes to the financial statements for the year ended 31 March 2025 (continued)

12. Board members and Executive Directors

Directors are defined as the non-executive members of the Flagship Housing Limited board together with the executive members of the board in office at the end of the period. Board member remuneration during the year was:

	2025 £'000	2024 £'000
Peter Hawes	34	33
Robert Bennett (<i>resigned 27 February 2025</i>)	20	23
Stephen Cook (<i>resigned 27 February 2025</i>)	20	20
Doris Jamieson (<i>resigned 12 February 2024</i>)	-	17
Matthew Peak (<i>resigned 27 February 2025</i>)	20	20
David Lee	16	15
Emma Barton	20	20
Cecilia Tredget	22	20
Steven Barford	20	3
Richard Bird (<i>appointed 28 February 2025</i>)	2	-
Dame Sandra Horley (<i>appointed 28 February 2025</i>)	2	-
Charles Hutton-Potts (<i>appointed 28 February 2025</i>)	2	-
Neil Rimmer (<i>appointed 28 February 2025</i>)	2	-
Jerry Toher (<i>appointed 28 February 2025</i>)	2	-
Total emoluments – non-executive	182	171
Emoluments (including social security costs of £135,000 (2024: £135,000) – executive board members	1,094	1,076
Pension scheme contributions – executive board members	53	36
Total emoluments – Flagship Housing Limited board	1,329	1,283
Emoluments of the highest paid director	334	327
Pension contributions of the highest paid director	-	-
	334	327

Retirement benefits are accruing to the executive directors with no enhanced or special terms. Flagship Housing Limited (and Bromford Flagship Limited post-merger) has purchased Directors' and Officers' Liability Insurance for the Non-Executive Directors, Executive Directors, and staff of the company.

Further details of Bromford Flagship Limited coterminous board membership can be found in Bromford Flagship Limited financial statements which are publicly available.

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Notes to the financial statements for the year ended 31 March 2025 (continued)

13. Taxation

a. Tax expense included in profit or loss

	Flagship sub-group 2025 £'000	Flagship sub-group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Current tax:				
Corporation tax charge on profit in the year	27	-	27	-
Adjustments in respect of prior periods	21	3	21	-
Total current tax charge	48	3	48	-

Deferred tax:

Origination of temporary differences	(17)	(22)	-	-
Total deferred tax credit	(17)	(22)	-	-
Tax (credit) / charge on profit on ordinary activities	31	(19)	48	-

b. Reconciliation of tax charge

Tax assessed for the year is lower (year ended 31 March 2024: lower) than the standard rate of corporation tax in the UK for the year ended 31 March 2025 of 25% (year ended 31 March 2024: 25%). The differences are explained below:

	Flagship sub-group 2025 £'000	Flagship sub-group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Surplus for the year before taxation	68,272	57,082	75,795	58,930
Profit multiplied by the standard rate of corporation tax in the UK of 25% (year ended 31 March 2024: 25%)	17,068	14,271	18,949	14,733
Effects of:				
- Charitable non-taxable income	(17,058)	(14,271)	(18,922)	(14,733)
- Adjustments to tax charge in respect of prior years	21	(19)	21	-
Tax (credit) / charge for the year	31	(19)	48	-

c. Provision for deferred tax

The deferred tax provision on the balance sheet relates to accelerated capital allowances. At 31 March 2025 the sub-group has a future liability of £30,000 (2024: £47,000)

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Notes to the financial statements for the year ended 31 March 2025 (continued)

14. Tangible fixed assets – Housing properties

14(a) Housing property net book value – Flagship sub-group

	Housing properties £'000	Shared ownership properties £'000	Property under construction £'000	Total £'000
At 1 April 2024				
Cost	2,108,307	173,900	72,118	2,354,325
Accumulated depreciation	(263,899)	(13,185)	-	(277,084)
Net book amount	1,844,408	160,715	72,118	2,077,241
Year ended 31 March 2025				
Opening net book amount	1,844,408	160,715	72,118	2,077,241
Additions	-	-	105,024	105,024
Interest capitalised	-	-	1,768	1,768
Completed property additions	68,403	24,190	(92,593)	-
Improvement works to existing properties	61,653	-	-	61,653
Transfer of shared ownership properties to inventories	-	-	(6,413)	(6,413)
Depreciation	(27,558)	(1,331)	-	(28,889)
Disposals	(7,136)	(2,101)	-	(9,237)
Closing net book amount	1,939,770	181,473	79,904	2,201,147
At 31 March 2025				
Cost	2,231,227	195,989	79,904	2,507,120
Accumulated depreciation	(291,457)	(14,516)	-	(305,973)
Net book amount	1,939,770	181,473	79,904	2,201,147

£0.6m of Social Housing Decarbonisation Funding has been transferred from opening net book value to creditors due in more than one year (note 25).

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Notes to the financial statements for the year ended 31 March 2025 (continued)

14. Tangible fixed assets - Housing properties (continued)

14(b) Housing property net book value - Company

	Housing properties £'000	Shared ownership properties £'000	Property under construction £'000	Total £'000
At 1 April 2024				
Cost	2,156,181	175,986	62,782	2,394,949
Accumulated depreciation	(285,769)	(12,184)	-	(297,953)
Net book amount	1,870,412	163,802	62,782	2,096,996
Year ended 31 March 2025				
Opening net book amount	1,870,412	163,802	62,782	2,096,996
Additions	-	-	110,884	110,884
Interest capitalised	-	-	1,768	1,768
Completed property additions	70,301	24,190	(94,491)	-
Improvement works to existing properties	61,653	-	-	61,653
Transfer of shared ownership properties to inventories	-	-	(6,413)	(6,413)
Depreciation	(28,000)	(1,398)	-	(29,398)
Disposals	(7,258)	(2,120)	-	(9,378)
Closing net book amount	1,967,108	184,474	74,530	2,226,112
At 31 March 2025				
Cost	2,279,197	197,788	74,530	2,551,515
Accumulated depreciation	(312,089)	(13,314)	-	(325,403)
Net book amount	1,967,108	184,474	74,530	2,226,112

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Notes to the financial statements for the year ended 31 March 2025 (continued)

14. Tangible fixed assets - Housing properties (continued)

14(c) Social housing assistance

The below table presents the accumulated social housing assistance received by the company and recognised through the statement of comprehensive income following the transition to FRS 102 on 1 April 2016.

Total accumulated social housing grant received or receivable at 31 March:	Flagship sub-group 2025 £'000	Flagship sub-group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Recognised in the Statement of comprehensive income as amortisation of social housing grant	23,452	21,347	23,294	21,216
Held as deferred income	273,917	248,893	271,861	246,838
	297,369	270,240	295,155	268,054

14(d) Unencumbered value

At 31 March 2025 Flagship held unencumbered properties with an Existing Use Value for Social Housing (EUV-SH) of £498,853,000 (31 March 2024: £348,854,000).

14(e) Impairment

No impairment charge has been made for the year ended 31 March 2025 (31 March 2024: £nil).

15. Investment properties

Investment properties were valued at 31 March 2025 by Carter Jonas LLP and Savills (UK) Limited (part of the Savills Group), independent qualified external valuers. The valuation was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Standards.

Assumptions	Market rented property		Student accommodation property	
	2025	2024	2025	2024
Discount rate	5.0%	5.0%	8.5%	8.0%
Annual rate of inflation:				
- Year 1	2.9%	2.5%	4.1%	3.14%
- Year 2	2.6%	2.7%	3.2%	2.99%
- Year 3 onwards	2.9%	3.2%	2.88%	2.99%
Level of long-term rent increase:				
- Year 1	4.0%	6.0%	4.0%	3.0%
- Year 2	3.5%	3.5%	3.2%	3.0%
- Year 3 onwards	3.0%	2.5%	2.9%	3.0%
Vacant Possession Discount	22%	22%	-	-

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Notes to the financial statements for the year ended 31 March 2025 (continued)

15. Investment properties (continued)

Valuation	Flagship sub-group 2025	Flagship sub-group 2024	Company 2025	Company 2024
	£'000	£'0 00	£'000	£'000
At 1 April	77,827	78,690	77,827	78,690
Additions	-	180	-	180
Disposal	-	(72)	-	(72)
Converted to Social Rent	-	(168)	-	(168)
Revaluation	1,003	(803)	1,003	(803)
At 31 March	78,830	77,827	78,830	77,827

The sub-group's market rented property portfolio is valued on an MV-STT basis. At the date of signing these financial statements the sub-group continues to see strong occupancy rates and healthy demand within the rental market. Therefore, the sub-group considers the valuation undertaken at 31 March 2025 to be a reasonable approximation of market valuation at that date.

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

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

	Flagship sub-group 2025	Flagship sub-group 2024	Company 2025	Company 2024
	£'000	£'000	£'000	£'000
Not later than one year	4,448	4,025	4,448	4,025
Later than one year and not later than five years	8,543	3,321	8,543	3,321
	12,991	7,346	12,991	7,346

The company and sub-group had no contingent rent arrangements within its investment property portfolio.

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Notes to the financial statements for the year ended 31 March 2025 (continued)

16. Housing Stock

Flagship sub-group and Company	No. of properties				2025	
	2024	Additions	Converted/ Reclassified	Disposals		
Social housing						
General housing:						
- Social rent	24,720	17	(2)	(141)	24,594	
- Affordable rent	3,594	421	12	(4)	4,023	
Supported housing and housing for older people:						
- Social rent	644	-	(29)	-	615	
- Care homes	22	-	-	-	22	
Intermediate rented properties	1,223	48	3	-	1,274	
Shared ownership	2,225	277	16	(34)	2,484	
- Total social housing units	32,428	763	-	(179)	33,012	
Made up of:						
Owned and managed	31,724	503	-	(177)	32,050	
Owned and managed by others	77	-	-	-	77	
Accommodation managed for others	383	259	-	(1)	641	
Leasehold	244	1	-	(1)	244	
Total social housing units	32,428	763	-	(179)	33,012	
Non-social housing						
Market rented accommodation	344	-	-	-	344	
Student accommodation	600	-	(3)	-	597	
Office and commercial	11	-	-	-	11	
Retained freehold	751	6	6	-	763	
Total non-social housing	1,706	6	3	-	1,715	
Total units	34,134	769	3	(179)	34,727	

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Notes to the financial statements for the year ended 31 March 2025 (continued)

17. Intangible fixed assets

Flagship sub-group	Goodwill £'000	IT Software £'000	Sub-group Total £'000
At 1 April 2024			
Cost	8,346	9,152	17,498
Accumulated amortisation	(5,834)	(6,575)	(12,409)
Net book amount	2,512	2,577	5,089
Year ended 31 March 2025			
Opening net book amount	2,512	2,577	5,089
Additions	-	1,779	1,779
Disposals	-	-	-
Amortisation	(828)	(1,660)	(2,488)
Closing net book amount	1,684	2,696	4,380
At 31 March 2025			
Cost	8,346	10,930	19,276
Accumulated amortisation	(6,662)	(8,234)	(14,896)
Net book amount	1,684	2,696	4,380

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Notes to the financial statements for the year ended 31 March 2025 (continued)

17. Intangible fixed assets (continued)

Company	IT Software £'000	Company Total £'000
At 1 April 2024		
Cost	9,025	9,025
Accumulated amortisation	(6,506)	(6,506)
Net book amount	2,519	2,519
<hr/>		
Year ended 31 March 2025		
Opening net book amount	2,519	2,519
Additions	1,778	1,778
Disposals	-	-
Amortisation	(1,649)	(1,649)
Closing net book amount	2,648	2,648
<hr/>		
At 31 March 2025		
Cost	10,803	10,803
Accumulated amortisation	(8,155)	(8,155)
Net book amount	2,648	2,648

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Notes to the financial statements for the year ended 31 March 2025 (continued)

18. Other tangible assets

Flagship Sub-group	Office buildings and leasehold improvements £'000	Plant and equipment £'000	Total £'000
At 1 April 2024			
Cost	5,590	26,763	32,353
Accumulated depreciation	(2,776)	(10,245)	(13,021)
Net book amount	2,814	16,518	19,332
Year ended 31 March 2025			
Opening net book amount	2,814	16,518	19,332
Additions	125	3,618	3,743
Depreciation	(111)	(4,346)	(4,457)
Disposals	-	(274)	(274)
Closing net book amount	2,828	15,516	18,344
At 31 March 2025			
Cost	5,715	29,633	35,348
Accumulated depreciation	(2,887)	(14,117)	(17,004)
Net book amount	2,828	15,516	18,344

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

The net carrying amount of assets held under finance leases included in other property, plant and equipment is £12,921,225 (2024: £13,726,000).

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Notes to the financial statements for the year ended 31 March 2025 (continued)

18. Other tangible assets (continued)

Company	Office buildings and leasehold improvements £'000	Plant and equipment £'000	Total £'000
At 1 April 2024			
Cost	4,962	26,753	31,715
Accumulated depreciation	(2,573)	(10,002)	(12,575)
Net book amount	2,389	16,751	19,140
Year ended 31 March 2025			
Opening net book amount	2,389	16,751	19,140
Additions	125	3,594	3,719
Depreciation	(105)	(4,259)	(4,364)
Disposals	-	(275)	(275)
Closing net book amount	2,409	15,811	18,220
At 31 March 2025			
Cost	5,087	29,618	34,705
Accumulated depreciation	(2,678)	(13,807)	(16,485)
Net book amount	2,409	15,811	18,220

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

The net carrying amount of assets held under finance leases included in other property, plant and equipment is £12,921,225 (2024: £13,726,000).

Flagship Housing Limited

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Notes to the financial statements for the year ended 31 March 2025 (continued)

19. Investments in subsidiaries and other investments

The sub-group includes the following companies registered in the United Kingdom:

Name	Company registration number	Ownership	Nature of business
Flagship Housing Limited	IP031211	N/A	Housing Association
Flagship Housing Developments Limited	05131085	100%	Development
Flagship Finance PLC**	13448782	100%	Finance vehicle
Gasway Services Limited	04158628	100%	Gas servicing
Blue Flame (Colchester) Limited*	05086439	100%	Dormant
Hopestead CIO	1190324	N/A	Registered Charity
East Anglian Lettings Limited	08421578	100%	Dormant
Flagship Community Housing Limited	09892942	100%	Dormant
North Norfolk Housing Company Limited	05999428	100%	Dormant
RFT Repairs Limited	08341166	100%	Dormant

The registered address of the above companies is 31 King Street, Norwich, Norfolk. NR1 1PD.

All of the above subsidiaries, that existed at 31 March 2025, are consolidated into the sub-group. The company's investment is direct ownership unless otherwise stated and the cost of investment is presented below:

Cost of investment	Flagship sub-group 2025 £'000	Flagship sub-group 2024 £'000	Company 2025 £'000	Company 2024 £'000
At 1 April	13,775	13,517	75,602	85,344
Additions	-	258	753	258
Disposals	(42)	-	(42)	(10,000)
At 31 March	13,733	13,775	76,313	75,602
Sub-group companies	-	-	62,580	61,827
Liquidity deposit reserve	13,731	13,773	13,731	13,773
Other investments	2	2	2	2
	13,733	13,775	76,313	75,602

*During the year ownership of Blue Flame (Colchester) Limited transferred from Gasway Services Limited to Flagship Housing Limited. The cost of investment to Flagship Housing Limited is £716k.

**Included in additions is £37,500 issued but unpaid share capital held in Flagship Finance Plc, not previously recognised.

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Notes to the financial statements for the year ended 31 March 2025 (continued)

20. Investments in joint ventures

The sub-group structures its joint ventures as limited liability partnerships, to partner with local developers and other housing associations to deliver larger scale residential developments for which, individually, the risk profile would be unattractive.

At 31 March 2025 and 31 March 2024, the sub-group had a direct interest in two joint venture undertakings, Lovell Flagship LLP (50% share) and Grange Lane (Littleport) LLP (25% share), structured as limited liability partnerships.

Grange Lane (Littleport) LLP through its 50% investment in Littleport Developments LLP has one active development to deliver 680 new homes, both for open market sale and as affordable housing, over a 10-year horizon. Consequently, indirectly through its investment in Grange Lane (Littleport) LLP, the sub-group has a 12.5% share in Littleport Developments LLP. Lovell Flagship LLP is developing one site in Wymondham, Norfolk which is expected to complete in early 2026.

The sub-group applies the equity method to value its joint venture activities with any gain or loss recognised through the statement of comprehensive income.

The joint venture undertakings are funded by way of non-current loan receivable instruments (member's loans), similar in structure to a revolving credit facility, governed by the member's loan agreement, and not through a member's capital injection. This provides the joint venture with flexible funding to invest in working capital in line with build plan requirements but also facilitates the return of cash to members through loan repayment as cash is released through the sale of new build property.

The sub-group monitors the performance of its joint venture undertakings to support the recoverability of its loan receivables. If an impairment indicator is identified the sub-group undertakes a thorough impairment review and any impairment loss would be expensed through the statement of comprehensive income.

The sub-group had the following joint venture investments at 31 March 2025:

Name	Company registration number	Ownership	Nature of business
Lovell Flagship LLP	OC427790	50%	Development
Grange Lane (Littleport) LLP	OC444733	25%	Development
Littleport Developments LLP *	OC435041	12.5%	Development

* Littleport Developments LLP is a 50% owned joint venture by Grange Lane (Littleport) LLP with Vistry Homes Limited and its principal objective is to develop a site at Littleport, Cambridgeshire.

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

Lovell Flagship LLP has a 31 December year-end. Grange Lane (Littleport) LLP has a coterminous year-end with the sub-group.

The sub-group has Member's capital in Grange Lane (Littleport) LLP of £1 and Member's capital into Lovell Flagship LLP of £50.

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Notes to the financial statements for the year ended 31 March 2025 (continued)

20. Investments in joint ventures (continued)

The sub-group held the following investment in joint ventures at 31 March 2025:

	31 March 2025	31 March 2024
	£'000	£'000
Opening balance at start of period	12,453	11,998
Additional member loan paid to JV	1,327	2,768
Loan repayment from JV	(4,648)	(3,177)
Share of profits / (losses) for the period	1,311	864
Closing balance at end of period	10,443	12,453

	Lovell Flagship LLP		Grange Lane (Littleport) LLP	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£'000	£'000	£'000	£'000
Non-current loan receivable*	3,790	6,705	2,493	2,898
Share of profits included in Members interests	3,603	2,635	557	215
	7,393	9,340	3,050	3,113

During the year, the sub-group assessed the carrying value of its investment in joint ventures and determined that it was not impaired at the period end date based on the performance of the joint ventures during the financial year.

*The loan receivable from Lovell Flagship LLP includes accrued interest of £1,709,657 (2024: £1,274,835). The loan receivable from Grange Lane (Littleport) LLP includes accrued interest of £702,298 (2024: £467,374).

The sub-group's share of assets and liabilities of jointly controlled entities is as follows:

	31 March 2025	31 March 2024
	£'000	£'000
Current assets	11,144	13,880
Non-current assets	-	-
Current liabilities	(1,239)	(1,357)
Non-current liabilities (or Members loans)	(5,745)	(9,690)
Net assets at balance sheet date	4,160	2,833

The sub-group's share of income and expenses in joint ventures is as follows:

	31 March 2025	31 March 2024
	£'000	£'000
Revenue	13,014	12,137
Expenses	(11,703)	(11,273)
Share of profit for the year	1,311	864

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Notes to the financial statements for the year ended 31 March 2025 (continued)

21. Shared equity loans

	Flagship sub-group 2025	Flagship sub-group 2024	Company 2025	Company 2024
	£'000	£'000	£'000	£'000
At 1 April	1,995	-	1,995	-
New loans issued	175	1,906	175	1,906
Redeemed in the year	(50)	(71)	(50)	(71)
Loans transferred from other assets	-	160	-	160
Loan provided against	-	-	-	-
	2,120	1,995	2,120	1,995

These loans are secured on the properties and are to be repaid in line with the terms of the scheme. There is no interest charged.

22. Trade and other debtors

	Flagship sub-group 2025	Flagship sub-group 2024	Company 2025	Company 2024
	£'000	£'000	£'000	£'000
Rent arrears				
- Amounts due from tenants	12,698	11,196	12,698	11,196
- Bad and doubtful debt provision	(7,226)	(6,601)	(7,226)	(6,601)
Other trade debtors				
- Amounts due from other trade debtors	3,568	4,640	1,224	1,165
Other debtors	3,873	718	3,767	614
Amounts owed by sub-group undertakings	-	-	714	674
VAT and other taxes	100	83	-	-
Prepayments and accrued income	17,292	15,514	10,727	9,292
	30,305	25,550	21,904	16,340

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

Included in 'other debtors' is a non-current receivable of £90,000 (31 March 2024: £90,000) relating to a security for a trade body membership, which would become repayable upon cessation of trade body membership.

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Notes to the financial statements for the year ended 31 March 2025 (continued)

23. Creditors: amounts falling due within one year

	Flagship sub-group 2025	Flagship sub-group 2024	Company 2025	Company 2024
	£'000	£'000	£'000	£'000
Trade creditors	17,984	14,676	14,610	10,751
Amounts due to sub-group undertakings	-	-	27,797	18,569
Other creditors	5,881	4,290	5,778	4,147
Other taxes and social security costs	591	833	264	557
Accruals and deferred income	42,141	36,003	31,370	22,877
Bank loans and overdrafts (note 25)	12,322	23,775	12,322	24,376
Obligations under finance leases and hire purchase contracts (note 25)	4,562	3,322	4,562	3,322
Deferred capital grant (note 28)	2,176	2,594	2,149	2,567
Other grant (note 28)	30	-	30	-
Corporation tax	27	-	27	-
	85,714	85,493	98,909	87,166

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

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

	Flagship sub-group 2025	Flagship sub-group 2024	Company 2025	Company 2024
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (note 25)	940,837	901,345	728,778	714,092
Amounts due to sub-group undertaking Flagship Finance PLC (note 38)	-	-	212,059	190,288
Obligation under finance leases and hire purchase contracts (note 25)	18,655	21,542	18,655	21,542
Accruals and deferred income	284	323	284	323
Recycled Capital Grant (note 29)	980	867	980	867
Deferred Capital Grant (note 28)	271,717	246,299	269,716	244,271
Other grant (note 29)	4,790	2,561	4,790	2,561
	1,237,263	1,172,937	1,235,262	1,173,944

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Notes to the financial statements for the year ended 31 March 2025 (continued)

25. Loans and other borrowings

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

The sub-group's debt portfolio at 31 March 2025 consisted of £250m (2024: £255m) of revolving credit facilities, £204m (2024: £160m) of term debt held at variable interest rates, £538m (2024: £519m) of term loans held at fixed interest rates, a £250m listed bond held at a fixed rate (2024: £250m) and £3m overdraft facility held at a variable interest rate. Undrawn facilities at 31 March 2025 consist of £200m (2024: £207m) revolving credit facilities and £50m of term debt held at variable interest rates (2024: nil). The sub-group's £50m retained bonds were sold in January 2025 and £3m overdraft facility (2024: £3m).

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

The final instalments fall to be repaid in 2061.

	Flagship sub-group 2025 £'000	Flagship sub-group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Due within one year				
Loans repayable by instalments	13,849	23,075	13,849	23,075
Fair value adjustment on bank loans	(934)	1,293	(934)	1,894
Less: debt issue costs	(593)	(593)	(593)	(593)
	12,322	23,775	12,322	24,376
Due after more than one year				
Loans repayment by instalments	514,800	573,649	514,800	573,649
Loans repayment other than by instalments	463,088	329,715	463,088	329,715
Fair value adjustment on bank loans	(34,971)	(188)	(34,971)	2,847
Less: debt issue costs	(2,080)	(1,831)	(2,080)	(1,831)
	940,837	901,345	940,837	904,380

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

	Flagship sub-group 2025 £'000	Flagship sub-group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Within one year or on demand	13,849	23,075	13,849	23,075
One year or more but less than two years	74,112	23,849	74,112	23,849
Two years or more but less than five years	84,632	127,226	84,632	127,226
Five years or more	819,143	752,289	819,143	752,289
	991,736	926,439	991,736	926,439

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Notes to the financial statements for the year ended 31 March 2025 (continued)

25. Loans and other borrowings (continued)

Based on the lender's loan agreements, interest is repayable as follows:

	Flagship sub-group 2025 £'000	Flagship sub-group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Within one year or on demand	40,348	43,761	40,348	43,761
One year or more but less than two years	40,417	37,753	40,417	37,753
Two years or more but less than five years	77,058	64,098	77,058	64,098
Five years or more	406,700	305,290	406,700	305,290
	564,523	450,902	564,523	450,902

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

	Flagship sub-group 2025 £'000	Flagship sub-group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Net finance lease obligations:				
Not later than 1 year	4,562	3,322	4,562	3,322
Later than 1 year and not later than 5 years	12,246	14,236	12,246	14,236
Later than five years	6,409	7,306	6,409	7,306
	23,217	24,864	23,217	24,864

The obligations under finance leases are repayable by equal instalments.

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

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

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Notes to the financial statements for the year ended 31 March 2025 (continued)

26. Interest and financing costs

	Flagship sub-group 2025	Flagship sub-group 2024	Company 2025	Company 2024
	£'000	£'000	£'000	£'000
On loans wholly or partly repayable in more than 5 years	39,581	37,328	39,581	36,726
Amortisation of debt issue costs	758	615	758	615
Interest accrued on RCGF balance	42	45	42	45
Finance leases	176	160	176	160
Net interest cost on defined benefit deficit	(15)	49	(15)	49
Unwinding of discounts on provisions	505	537	505	536
Fair value amortisation on repayment of loans in the year	(6,245)	-	(9,882)	-
	34,802	38,734	31,165	38,131
Less: Interest capitalised (note 15)	(1,768)	(1,597)	(1,768)	(1,597)
	33,034	37,137	29,397	36,534

The weighted average interest on borrowings of 4.2% (2024: 4.3%) was used for calculating capitalised interest.

27. Interest receivable

	Flagship sub-group 2025	Flagship sub-group 2024	Company 2025	Company 2024
	£'000	£'000	£'000	£'000
Bank interest receivable	1,968	2,017	1,969	1,989
Interest from joint venture non-current loan receivables	401	965	-	-
Gift aid receipts	-	-	6,780	6,613
	2,369	2,982	8,749	8,602

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Notes to the financial statements for the year ended 31 March 2025 (continued)

28. Deferred capital grant

Flagship sub-group	31 March 2025			31 March 2024	
	Housing Grant	Social Housing Decarbonisation Grant	Rough Sleeper Grant	Total Grant	Total
	£'000	£'000	£'000	£'000	£'000
As at 1 April	248,893	2,561	-	251,454	230,314
Grant received in the year	26,939	2,294	752	29,985	21,285
Grant Recycled in the year	-	-	-	-	345
Released to income in the year	(2,105)	(30)	-	(2,135)	(2,449)
Grant released on disposals	(586)	(5)	-	(591)	(602)
As at 31 March	273,141	4,820	752	278,713	248,893
Amount due to be in less than one year	2,176	30	-	2,206	2,594
Amount due to be released after more than one year	270,965	4,790	752	276,507	246,299
	273,141	4,820	752	278,713	248,893
Company	31 March 2025			31 March 2024	
	Housing Grant	Social Housing Decarbonisation Grant	Rough Sleeper Grant	Total Grant	Total
	£'000	£'000	£'000	£'000	£'000
As at 1 April	246,838	2,561	-	249,399	228,843
Grant received in the year	26,939	2,294	752	29,985	23,235
Grant Recycled in the year	-	-	-	-	345
Released to income in the year	(2,078)	(30)	-	(2,108)	(2,422)
Grant released on disposals	(586)	(5)	-	(591)	(602)
As at 31 March	271,113	4,820	752	276,685	249,399
Amount due to be in less than one year	2,149	30	-	2,179	2,567
Amount due to be released after more than one year	268,964	4,790	752	274,506	246,832
	271,113	4,820	752	276,685	249,399

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Notes to the financial statements for the year ended 31 March 2025 (continued)

29. Recycled capital grant

	Flagship sub-group 2025 £'000	Flagship sub-group 2024 £'000	Company 2025 £'000	Company 2024 £'000
As at 1 April	867	924	867	924
Grant to be recycled on disposals	71	243	71	243
Interest accrued on recycled grant	42	45	42	45
Grant recycled in the year on new properties	-	(345)	-	(345)
As at 31 March	980	867	980	867

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

30. Provisions

Flagship sub-group	Deferred tax £'000	Dilapidations £'000	Property remedial work £'000	Sub-group total £'000
At 1 April 2024	47	233	5,100	5,380
Amounts provided for in the year	-	43	757	800
Less: Provision released in the year	(16)	-	(2,247)	(2,263)
At 31 March 2025	31	276	3,610	3,917
Company	Deferred tax £'000	Dilapidations £'000	Property remedial work £'000	Company total £'000
Company	Deferred tax £'000	Dilapidations £'000	Property remedial work £'000	Company total £'000
At 1 April 2024	-	233	5,100	5,333
Amounts provided for in the year	-	43	757	800
Less: Provision released in the year	-	-	(2,247)	(2,247)
At 31 March 2025	-	276	3,610	3,886

At 31 March 2025 the Company held a provision of £276,000 (2024: £233,000) for dilapidations for the leased office estate used by the sub-group.

The Company also holds a provision for £3.6m (2024: £5.1m) for remedial works that the company has a constructive obligation to deliver at a property it owns in Suffolk. A detailed intrusive survey was undertaken during the year resulting in a £0.8m increase in provision required.

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Notes to the financial statements for the year ended 31 March 2025 (continued)

31. Capital and other commitments

	Flagship sub-group 2025 £'000	Flagship sub-group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Development capital expenditure contracted for but not provided in the financial statements	275,685	177,197	165,609	88,197
Hopestead committed donations without contractual agreement (<i>Hopestead reserves</i>)	-	200	-	-
	275,685	177,397	165,609	88,197

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

	Flagship sub-group 2025 £'000	Flagship sub-group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Social housing grant	31,800	10,714	31,800	10,714
Proceeds from sale of properties	69,004	58,475	48,570	43,475
Loans and reserves	174,881	108,208	85,239	34,008
	275,685	177,397	165,609	88,197

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

	Flagship sub-group 2025 £'000	Flagship sub-group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Not later than one year	1,456	1,678	502	498
Later than one year and not later than five years	2,119	3,313	1,334	1,586
Later than five years	677	918	677	909
	4,252	5,909	2,513	2,993

The sub-group had no other off balance sheet arrangements.

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Notes to the financial statements for the year ended 31 March 2025 (continued)

32. Defined benefit pension liability

During the financial year the sub-group has participated in three defined benefit ('DB') schemes: the Norfolk County Council Pension Fund ('LGPSN'), Suffolk County Council Pension Fund ('LGPSS') and The Pensions Trust – Flagship Housing ex-SHPS Scheme - ('FHGS'). The sub-group also participates in various defined contribution ('DC') schemes and the amount recognised in the statement of comprehensive income is as follows:

	Flagship sub-group 2025 £'000	Flagship sub-group 2024 £'000	Company 2025 £'000	Company 2024 £'000
DB schemes: Current service costs	333	296	333	296
Defined contribution schemes	5,189	4,637	4,855	4,314
Total charge in operating profit	5,522	4,933	5,188	4,610
DB schemes: Net interest (income)/expense	(15)	49	(15)	49
Total charge to profit and loss	5,507	4,982	5,173	4,659

i. Local government defined benefit pension schemes – LGPSN and LGPSS

Flagship Housing Limited exited the LGPSN and LGPSS schemes on 31 December 2024 and by virtue of exit has no future funding obligations to the schemes. A small number of employees of the company were members of the LGPSN and LGPSS schemes just prior to exit. The assets of the schemes were held in separately administered funds. The schemes provided retirement benefits on the basis of members' final salary. The plans were administered by an independent trustee, who was responsible for ensuring that the plans were sufficiently funded to meet current and future obligations.

A comprehensive actuarial valuation of the LGPSN and LGPSS schemes, on a cessation basis, was carried out at 31 March 2025 by Hymans Robertson LLP, independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	LGPSN 2025	LGPSN 2024	LGPSS 2025	LGPSS 2024
Expected rate of increase of pensions in payment	2.30%	2.80%	2.30%	2.80%
Expected rate of salary increases	3.0%	3.50%	3.30%	3.80%
Discount rate	5.1%	4.80%	3.80%	4.80%
The mortality assumptions used were as follows:	LGPSN 2025	LGPSN 2024	LGPSS 2025	LGPSS 2024
Longevity at age 65 for current pensioners				
- Men (years)	22.5	21.9	22.5	22.0
- Women (years)	24.9	24.3	23.5	23.0
Longevity at age 65 for future pensioners				
- Men (years)	24.4	23.4	22.7	22.2
- Women (years)	27.0	26.0	25.9	25.4

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Notes to the financial statements for the year ended 31 March 2025 (continued)

32. Defined benefit pension liability (continued)

i. Local government defined benefit pension schemes – LGPSN and LGPSS (continued)

Reconciliation of scheme assets and liabilities:

	LGPSN			LGPSS		
	Assets £'000	Liabilities £'000	Total £'000	Assets £'000	Liabilities £'000	Total £'000
At 1 April 2024	18,519	(15,445)	3,074	6,308	(4,391)	1,917
Benefits paid	(704)	704	-	(231)	231	-
Participant contributions	11	(11)	-	2	(2)	-
Employer contributions	48	-	48	30	-	30
Current service cost	-	(52)	(52)	-	(9)	(9)
Interest income / (expense)	656	(541)	115	222	(153)	69
Amount due on settlement	(17,813)	14,593	(3,220)	-	-	-
Re-measurement gains/(losses)						
- Actuarial (losses) / gains	300	752	1,052	(6,512)	4,324	(2,188)
- Return on plan assets excluding interest income	(1,017)	-	(1,017)	181	-	181
At 31 March 2025	-	-	-	-	-	-

Amounts due on settlement are included in other debtors (note 22)

Total cost recognised as an expense:	LGPSN 2025 £'000	LGPSN 2024 £'000	LGPSS 2025 £'000	LGPSS 2024 £'000
Current service cost	52	64	9	12
Interest cost	541	721	153	206
	593	785	162	218

No amounts (2024: £nil) were included in the cost of assets.

The fair value of the plan assets was:

	LGPSN 2025 £'000	LGPSN 2024 £'000	LGPSS 2025 £'000	LGPSS 2024 £'000
Equities	-	5,740	-	4,037
Bonds	-	9,260	-	1,703
Property	-	2,778	-	505
Cash	-	741	-	63
	-	18,519	-	6,308

The plan assets do not include any of the sub-group financial instruments nor is any property occupied by any sub-group entity.

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Notes to the financial statements for the year ended 31 March 2025 (continued)

32. Defined benefit pension liability (continued)

i. Local government defined benefit pension schemes – LGPSN and LGPSS (continued)

The return on the plan assets was:

	LGPSN	LGPSN	LGPSS	LGPSS
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Interest income	656	829	222	269
Return on plan assets less interest income	(1,017)	497	181	463
Total return on plan assets	(361)	1,326	403	732

No sensitivities have been presented as there are no ongoing obligations to the scheme following exit on 31 December 2024.

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

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

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

A comprehensive actuarial valuation of the FHGS scheme, using the projected unit credit method, was carried out at 30 September 2022, by independent consulting actuaries. These results have been updated based on the following assumptions:

	31 March 2025	31 March 2024
Expected rate of increase of pensions in payment (CPI)	2.92%	2.93%
Expected rate of salary increases	2.92%	2.93%
Discount rate	5.86%	4.90%
Rate of inflation (RPI)	3.07%	3.11%

The mortality assumptions used were as follows:

	31 March 2025	31 March 2024
	Years	Years
Longevity at age 65 for current pensioners		
- Men	22.1	22.1
- Women	24.4	24.4
Longevity at age 65 for future pensioners		
- Men	23.7	23.7
- Women	25.8	25.8

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Notes to the financial statements for the year ended 31 March 2025 (continued)

32. Defined benefit pension liability (continued)

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

Reconciliation of scheme assets and liabilities:

	Assets £'000	Liabilities £'000	Total £'000
At 1 April 2024	32,984	(37,448)	(4,464)
Benefits paid	(1,420)	1,420	-
Member contributions	24	(24)	-
Employer contributions	2,311	-	2,311
Current service cost	(180)	(92)	(272)
Interest income / (expense)	1,634	(1,803)	(169)
Re-measurement gains/(losses)			
- Actuarial gains/(losses)	-	4,366	4,366
- Experience Return on plan assets excluding interest income	(4,299)	-	(4,299)
At 31 March 2025	31,054	(33,581)	(2,527)

Total cost recognised as an expense:

	2025 £'000	2024 £'000
Current service cost	272	220
Interest cost	1,803	1,768
	2,075	1,988

No amounts (2024: £nil) were included in the cost of assets.

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Notes to the financial statements for the year ended 31 March 2025 (continued)

32. Defined benefit pension liability (continued)

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

The fair value of the plan assets was:

	31 Mar 2025 £'000	31 Mar 2024 £'000
Equity	3,223	3,402
Bonds	6,107	2,145
Property	1,509	1,460
Cash	824	2,003
LDI	10,621	15,673
Liquid alternatives	2,262	2,981
Private Credit	2,143	2,587
Other	4,365	2,733
	31,054	32,984

The plan assets do not include any of the sub-group financial instruments nor is any property occupied by any sub-group entity.

The return on the plan assets was:

	2025 £'000	2024 £'000
Interest income	1,634	1,548
Return on plan assets less interest income	67	(1,176)
Total return on plan assets	1,701	372

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

	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£'000)
Changes in assumptions at 31 March 2025		
Discount rate + / - 0.1%	- / + 2%	- / + 672
Inflation assumptions + / - 0.1%	- / + 2%	- / + 672
Life expectancy + / - 1 year	- / + 3-5%	- / + 1,679

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

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Notes to the financial statements for the year ended 31 March 2025 (continued)

33. Notes to the cash flow statement

	Note	Flagship sub-group 2025	Flagship sub-group 2024
		£'000	£'000
Surplus for the financial year		68,241	57,101
Adjustments for:			
Tax on profit	13	31	(19)
(Increase) / decrease in investment property revaluation	15	(1,003)	803
Net interest expense	26 / 27	30,665	34,155
Gain on shared equity loans		(188)	(1,906)
Operating surplus		97,746	90,134
Depreciation of tangible fixed assets and amortisation of intangible assets and capital grant (including accelerated depreciation on component replacement)	9	33,699	34,001
(Gain) / loss on investment in joint ventures	20	(1,311)	(864)
(Gain) / loss on disposal of housing properties and other fixed assets		(16,815)	(19,339)
Defined benefit pension schemes - service cost	32	333	296
Defined benefit pension schemes - contributions paid	32	(2,389)	(2,559)
Working capital movements:			
- Decrease / (increase) in inventories		15,759	9,320
- (Increase) / decrease in debtors		(1,653)	(975)
- Increase in creditors		8,787	2,179
Cash flow from operating activities		134,156	112,193

Analysis of changes in net debt

	At 1 April 2024	Cash flows	Non-cash changes	At 31 March 2025
	£'000	£'000	£'000	£'000
Cash at bank and in hand	39,812	15,780	-	55,592
Bank loans and borrowings	(925,119)	(33,875)	5,835	(953,159)
Finance leases	(24,864)	4,648	(3,001)	(23,217)
Total	(910,171)	(13,447)	2,834	(920,784)

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Notes to the financial statements for the year ended 31 March 2025 (continued)

33. Notes to the cash flow statement (continued)

Non-cash transactions

The sub-group has acquired tangible assets under finance leases. £3,001,000 (2024: £6,020,000) has been capitalised as the cost of the asset, being the present value of the minimum lease payments. The sub-group unwound £5,835,000 of discount on fair value of loans and amortisation of debt issue costs during the year (2024: £776,000).

34. Contingent liabilities

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

As the timing of future property disposals is uncertain, no provision has been recognised in these financial statements for the portion of recyclable grant amortised through the statement of comprehensive income. The company had no other contingent liabilities at 31 March 2025 (31 March 2024: £nil).

35. Contingent Asset

The company exited the Suffolk County Council Pension Fund ('LGPSS') on 31 December 2024. The scheme on an FRS-102 valuation basis had net assets of £1.7m. At the 31 March 2025 Suffolk County Council who administer the scheme were unable to confirm how much of the £1.7m net assets were receivable in cash to the company. Due to this uncertainty in timing and value we have made the judgement not to recognise this asset.

36. Share Capital

Flagship Housing Limited is registered under the Co-operative and Community Benefit Societies Act 2014 with registered number 31211R. It has issued share capital of £11 (2024: £7). Each share carries one vote, is not redeemable and does not have any dividend or distribution rights.

37. Impact on change on accounting estimates

Following the merger with Bromford Flagship Limited, the BF group reviewed its accounting policies and estimates. As part of a harmonisation exercise the sub-group revised the estimated useful life of its houses from 100 to 130 years, applied prospectively as a change in accounting estimate from 1 April 2024, to align with the accounting treatment in the financial statements of its parent undertaking. Amortisation of deferred capital grant on housing properties was also increased from 100 to 130 years, to mirror the useful economic life of the structure component. The net impact on FY25 financial statements from these changes was £0.5m lower grant income in revenue and £3.5m lower depreciation in operating costs.

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Notes to the financial statements for the year ended 31 March 2025 (continued)

38. Related party disclosures

The Accounting Direction 2022 Part 2 48 requires the company to disclose the nature of its trading relationships with related parties in the same trading group.

- The company provides central services to all its subsidiary undertakings, and its subsidiary undertakings contribute toward the cost of this provision by way of a management charge.
- Repairs and maintenance and improvement works to the company's properties were undertaken by Gasway Services Limited and Blue Flame (Colchester) Limited, 100% owned subsidiaries of the company during the year.
- New social housing property was developed for the company by Flagship Housing Developments Limited, a 100% owned subsidiary.
- The company provides an annual grant to Hopestead to support Hopestead's work to eliminate homelessness in the East of England.
- Subsidiaries also pay gift aid payments to Flagship Housing Limited to mitigate the sub-group's tax liabilities.

	Year ended 31 March 2025	Year ended 31 March 2024
	£'000	£'000
Purchases from Flagship Housing Developments Limited	48,941	30,610
Purchases from Gasway Services Limited	19,956	24,791
Interest paid to Flagship Finance Plc	4,421	4,017
Services provided to Flagship Housing Developments Limited	2,761	2,761
Services provided to Gasway Services Limited	735	700
Gift aid received from Flagship Housing Developments Limited	5,587	6,613
Gift aid received from Gasway Services Limited	1,193	-
Grant made to Hopestead	1,500	1,500

As at 31 March 2025 Flagship Housing Limited had the following intercompany balances with its subsidiary undertakings:

	Year ended 31 March 2025	Year ended 31 March 2024
	£'000	£'000
Amounts due to Flagship Housing Developments Limited	(24,444)	(16,435)
Amounts due to RFT Repairs Limited	(1,861)	(1,861)
Amount due to Flagship Finance Plc	(212,097)	(190,288)
Amount due (to)/from Gasway Services Limited	(1,446)	(273)
Amounts due from Blue Flame (Colchester) Limited)	673	673
Amounts due from Hopestead	33	1
	(239,142)	(208,183)

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Notes to the financial statements for the year ended 31 March 2025 (continued)

39. Related party disclosures (continued)

Amounts owed to group undertakings, excluding Flagship Finance Plc, are unsecured, interest free, and have no fixed date of repayment and are repayable on demand. Flagship Finance Plc's issued the sub-group's £250m capital market bond which it on-lent to its parent undertaking. Its balance is secured, interest bearing with a fixed date of repayment in 2061.

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

40. Ultimate parent undertaking and controlling party

The controlling member of Flagship Housing Limited (formally Flagship Housing Group Limited) is Bromford Flagship Limited (Registration Number: 29996R). The smallest group to consolidate these financial statements is Flagship Housing Limited. Copies of Flagship Housing Limited's consolidated financial statements can be obtained from 31 King Street, Norwich, Norfolk, NR1 1PD. The largest group to consolidate these financial statements and controlling party is Bromford Flagship Limited (Registration number: 29996R). Copies of Bromford Flagship Limited's consolidated financial statements can be obtained from Shannon Way, Ashchurch, Tewkesbury, Gloucestershire, GL20 8ND.