THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

Financial Statements

Year ended
31 March 2026

Co-operative and Community Benefit Societies Act 2014: Registered number 17107R
Regulator of Social Housing: Registered number LH0170

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

Annual report and financial statements year ended 31 March 2026

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THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

ADVISERS AND BANKERS

REGISTERED OFFICE

Unit A Arc House
82 Tanner Street
London
SE1 3GN

INDEPENDENT AUDITORS

Buzzacott Audit LLP
130 Wood Street
London
EC2V 6DL

INTERNAL AUDITORS

Menzies
150 Minories
London
EC3N 1LS

SOLICITORS' PANEL

Housing Association Legal Alliance (HALA)

PRINCIPAL BANKER

The Co-operative Bank Plc
London Corporate Centre
4th Floor, 9 Prescot Street
London E1 8AZ

Co-operative and Community Benefit Societies Act 2014: Registered number 17107R
Regulator of Social Housing: Registered number LH0170

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

THE BOARD OF MANAGEMENT AND SENIOR MANAGEMENT TEAM

Members of the Board of Management of the Society who served during the year 31 March 2026 or who have been appointed since, are as follows:

BOARD OF MANAGEMENT
Juliet Lack (Chair of the Board)
Matthew Creasey (Chair of Governance Committee)
Satish Jassal (Chair of Services Committee)
Simon Charlick (Chair of Finance, Audit & Risk Committee)
Ben Anim-Antwi
Tony Bush (resigned September 2025)
Rebecca FitzGerald
Lakechia Jeanne
Robert Robson
Tom Bremner
Rosemary Farrar (resigned September 2025)
Kevin Tomsett (appointed October 2025)
Yvette Carter (appointed October 2025)

Each member of the Board of Management, who is not also a member of the senior team, holds one fully paid share of £1 each in the Society.

SENIOR MANAGEMENT TEAM (SMT)

Members of the SMT during the year to 31 March 2026 or who have been appointed since are:

Tom Bremner	Chief Executive
Christina Friedenthal	Corporate Services Director
Shazia Nawaz	Finance Director (resigned June 2025)
Chitranga Diyasena	Finance Director (appointed July 2025)
Levent Kerimol	Community Led Homes Director
Kristell Marcantoni	Operations Director

REPORT OF THE BOARD OF MANAGEMENT (continued)

The Board presents its report and the audited financial statements of The Co-operative Development Society Limited (CDS) for the year ended 31 March 2026.

PRINCIPAL ACTIVITIES

CDS is a Charitable Community Benefit Society and a Registered Social Landlord (RSL) established in 1975 to provide, promote and support co-operative and community led housing. We are regulated by the Regulator of Social Housing (RSH) and registered with the Financial Conduct Authority (FCA). We also act as a co-op support agency providing landlord and business management services to a wide range of housing co-ops in London and the Southeast and reinvest some of our surpluses to promote growth in co-op and community led housing.

At 31st March 2026, we owned 728 rented homes and 236 shared ownership and leasehold properties and provided services to 32 housing co-ops and their 1,516 homes. Three founder member co-operatives will be transferring their units to CDS Co-operative this year.

Our work aims to be of benefit to the wider community, increasing opportunities for people to be well housed in a home that they can afford, with a commitment to the long-term stewardship and protection of assets and to maintaining affordability in our housing stock. We are a social business and the way we do things is as important to us as the things we do. We strive to build trust with our customers and partners by being reliable, fair and acting with integrity. With our co-op history, we believe we can achieve more by working with others, listening for understanding and showing kindness in our work to build effective collaboration.

THE YEAR UNDER REVIEW

OVERVIEW

CDS is proudly unique. Co-operation is what we are about. No other organisation covers the breadth of what we do. For over 50 years we have been at the heart of co-operation in the housing sector, and our mission is to continue that for the next 50.

CDS's purpose is to provide, support and promote co-op and community-led housing solutions. Our vision is to grow co-op and community-led housing to see more people living and working in co-operative ways. We have a set of seven values because we believe that how we work is as important as what we do: unity, trust, intention, impact, collaboration, communication and kindness.

CDS adopted a new 5-year Corporate Plan in 2024 and in 2025/26 we delivered a successful set of results against the year-two targets. The Corporate Plan has three Principles underpinned by three Pillars that will ensure that we continue to meet our purpose, vision and values.

The principles are:

1. CDS is committed to all three business streams: landlord services, management services and growth and development.
2. Each business stream is financially viable.
3. CDS continues to be an independent small (under 1,000) housing association.

The Pillars are that CDS is always:

1. Financially sustainable.
2. Legally and regulatory compliant.
3. Customer and community focussed.

These Principles and Pillars are designed to cover the 5 years of the Corporate Plan, with each year having a theme and a set of priorities and targets. The theme for 2025/26 was ***Strengthen and implement our ambition,*** very much building on the success of Year One of the Plan. The 2025/26 Corporate Plan included 16 objectives each with one or more specific and measurable target. Progress and performance against these are tracked throughout the year with quarterly reports on progress.

There were 16 targets covering the whole of CDS.

1. Covenant compliance: "Actual and forecast covenant compliance"
2. Meet budgets: "Operating costs within budget for the year"
3. Regulatory compliance: "No material regulatory failures"
4. Property compliance: "Maintain high compliance (100%) with our legal requirements, the only exception being where all reasonable actions have been taken and risks mitigated and there is no material impact on CDS or our residents."
5. Overall resident satisfaction: "At least 65% of our residents (LCRA) are satisfied with the overall service"
6. Managing performance: "All colleagues are effectively managed to maintain high standards and meet expectations, with performance reviewed monthly by SMT."
7. Accounts Payable: "Fit for purpose accounts payable service with over 90% of valid invoices paid on time"
8. Client KPIs: "KPIs consistent with the new services agreement for clients in operation"
9. Embed internal controls implementation plan: "Improvement plan embedded with Board sign-off"
10. Asset management, repairs and property: "Asset management strategy adopted based on stock condition survey and setting out our approach to property investment and deliver on 'bridge' major works programme during 2025/26"
11. Collective ownership: "Collective Ownership Society in operation with first scheme well developed"
12. Build belonging: "One or more proof of concept projects progressing"
13. Procurement framework: "CDS framework launched"
14. Supporting co-ops and community led housing: "Providing a valued management service to Co-ops (clients)"
15. Co-operation in Social Housing Commission: "Commission is having tangible impact in the sector on advancing the cause of co-operation with communities"
16. Co-operation pilot(s): "CDS co-operation pilot(s) are well developed"

Thirteen out of sixteen objectives have been fully met, with two substantially met and one falling below our target. The substantially met objectives each have been conservatively scored of 0.5 met. This means that in aggregate terms this means that 88% of the 2025/26 Corporate Plan was successfully delivered.

Overall tenant satisfaction is 3% above target; CDS remains 100% property compliant; the major works programme delivered substantially greater improvements to tenants' homes than the target; the unique, complex and ground-breaking CDS Open Framework has been launched; the Exeter cohousing initiative is progressing extremely well as is the Co-operation in Social Housing Commission. The one that was not met related to piloting a new way of working with two social housing communities, and whilst there was very good progress the pilots didn't get to the stage of developing a new method of co-operation and power sharing with CDS. This work will be continued in 2026/27. The two that were substantially met related to Client co-op KPIs and managing staff performance – both reached over 99%, just short of the ambitious 100% target.

Community Led Homes

In 2025/26 we established the Community Led Homes team within CDS, following on from the success of Community Led Housing London. The team continue to provide practical advice, mentoring and support to

emerging and established community groups and organisations, councils, and housing associations on a consultancy basis. The Community Led Homes team are also developing new approaches to make community-led approaches more widespread, through: Collective Ownership, an efficient investment vehicle addressing the private rental crisis with fair, resident-controlled housing; Build Belonging, a service turning developments into strong communities with a sense of neighbourly living; and exploring Shared Decision-Making between social landlords and residents through the Co-operation in Social Housing Commission and pilot projects.

Employee Matters

At the end of financial year, we carried out a restructure in our finance team and reduced staffing in our repairs and client teams, to create a more efficient and professional service. Although these kinds of changes are never easy, we took care to communicate frequently, treat staff with dignity and respect and offer more generous redundancy packages than were required by statute. As part of this exercise, three staff left through voluntary redundancy and two left through compulsory redundancy. Despite this, we are proud that 80% of our employees said through a staff engagement survey at the end of the process that they would recommend us as an employer. 80% also said they believe CDS to be a values-driven organisation.

OUR FORWARD PLANS

CORPORATE PLAN

2026/27 sees us move into year three of the 5-Year Corporate Plan with the same purpose, vision and values, as well as the principles and pillars outlined above – this provides clarity and consistency and gives CDS an anchor in our unique history and position in the housing sector.

Following the success in years one and two, the theme for 2026/27 is ***Advance and Explore:*** which translates into two Priorities:

Priority A: Advance: build on our success and improvements, getting even better
Priority B: Explore: where could our potential take us.

There are 20 objectives again covering the whole of CDS.

Theme	Impact	Objective	How will achievement be measured: Success criteria
KPIs	BC/RI	1. Strategic KPIs	No reds on the strategic KPI dashboard at year end
Explore		2. Review of growth opportunities	Options paper with impacts and implications
Explore		3. Thought leadership	Explore how to become a leader in evidence-based practice include defining 'currency'
Explore		4. To explore what being an exemplary landlord means	Definition of exemplary landlord
Explore		5. Explore the market for future management services	Market intelligence report produced, including cultivating potential opportunities.

Theme	Impact	Objective	How will achievement be measured: Success criteria
Advance	BC	6. Compliant with the new Competence & Conduct Standard	A. Tenants given meaningful opportunity to influence Training & Development Policy & Code of Conduct B. Training & Development Policy updated C. Code of Conduct awareness training provided to staff D. One affected member of staff enrolled in required housing management qualification and written plan agreed for the others
Advance	RI	7. Launch the Customer Portal	Customer Portal live
Advance	BC	8. Improve compliance with UK GDPR by refining data retention schedule and starting data removal	A. New data retention schedule approved B. Reduction in data held beyond approved retention period
Advance	BC	9. Effectively support recruitment and onboarding of high performing staff	Newly recruited staff are effectively onboarded, either exited out of the business by the end of probation if they are not performing to standard or their end of probation documentation evidence sufficient performance.
Advance	BC	10. Advance client co-ops operating effectively, with additional fee generating work.	A. 80% of client co-ops are rated “healthy” or “stable” and there is an active support plan in place for those who are not. B. Secured additional training, policy development, or strategic consultancy services with 3 further co-ops. C. Offers developed for a new additional service.
Advance	RI	11. Advance Collective Ownership	A. Secured at least another £1m investment, making use of “cornerstone” CDS investment, and B. Purchased properties for at least one member co-op.
Advance	RI	12. Advance Build Belonging	Secure another BB project in principle
Advance	BC	13. Implemented and embedded new Finance structure	A. Reporting done within 5 working days at least 11 months of the year B. No significant control issues identified C. Structure in place and works as intended
Advance	BC	14. New finance system	New finance system evaluated, procured and initiated
Advance	BC	15. Procurement framework management	Framework successfully implemented with income generation on track i.e. to initially cover overhead costs and over time to also cover CLH cost.
Advance	BC/RI	16. Long-term Asset Management Strategy is co-produced with residents.	Completed long-term AMS, co-produced with residents, that incorporates new investment requirements (Decent Homes Standard) driving decisions on major works, disposal and investment.

Theme	Impact	Objective	How will achievement be measured: Success criteria
Advance	RI	17. Satisfaction increase	2% on overall satisfaction increase based on out-turn for 2025/26 (i.e. 73%)
Advance	BC/RI	18. 2026/67 Asset Management Plan	80% of the Plan delivered on time and in budget.
Advance	RI	19. Founder members	Successful integration of founder member properties
Advance	RI	20. Advance our work on co-operation with CDS residents	Resident group partnership arrangement in place on at least one CDS estate, as evidence-based practice.

Impact: BC = Business Critical; RI = Resident Impact

RISK AND UNCERTAINTY

We have a Risk Strategy that outlines our approach to risk management and includes the following components:

- Risk register – identifying, evaluating and mitigating the main risks to CDS
- Risk appetite statement – clarity on how much risk CDS is willing to take
- Roles and responsibilities – defining clear accountabilities for risk management

The Senior Management Team and the Board have reviewed the risks facing CDS in the current economic climate alongside the Regulator of Social Housing's Sector Risk Profile. The Board has overall responsibility for risk management, supported by the Finance, Audit & Risk Committee.

The strategic risk register employs the three lines of defence model, drawing assurance from operational, internal and external sources. It highlights necessary controls and requires the Senior Management Team to confirm their existence and effectiveness.

Risks that may prevent CDS from meeting our objectives are included on the strategic risk register and reviewed monthly by CDS's Senior Management Team, at each quarterly meeting of the Finance, Audit and Risk Committee and annually by the Board.

Major strategic risks, presenting the greatest threats to CDS, are analysed in the table below:

Key Risk	Mitigations in place to manage the risk
Constrained financial headroom increases the risk that internal control failings will lead to financial distress.	We produce regular cashflow forecasts, have a Treasury Policy and Strategy, hold significant cash reserves, maintain a minimum cash holding, have retained consultants for annual advice on 30-year business planning and stress testing, reconcile our main bank accounts daily and process rent receipts weekly.
Costs outpace income in our landlord service, client service or Community Led Housing London, including from loss of clients	For the client stream of our business, we separate management accounts by business stream to highlight the relationship of costs to income, we have a six-month notice period for outgoing clients, we have monthly client contribution reporting, we provide benefits such as CCH membership and an annual health and safety circular in an effort to retain clients and we consult with clients on their service. In our landlord business stream, we carry out pre-contract checks on capacity and carry

	out ongoing quality monitoring for major works, we use a planned works framework, and we created new roles to manage major and planned works and added a Head of Property Services. In our promoter business stream, we capped the level of investment each year that can come from operational surplus. Generally, we reduced the number of staff in our repairs and client teams at the end of 2025-26 to reflect the reduction in client income we've experienced in the last few years.
Breach of Loan Covenants	We actively monitor and report on financial covenant loan compliance, non-financial covenant compliance is monitored at each Finance, Audit & Risk Committee meeting and we have a covenant waiver in place until 2027.
Failure to keep tenants safe in their homes due to breach of property health and safety compliance statutes	The Senior Management Team monitors health and safety compliance performance monthly, there is a clear path for escalating potential risks before they materialise, our health and safety policies are reviewed annual by our external advisor and approved each year by Board, we have contracts in place for all required health and safety monitoring and testing, all HHSRS Category 1 risks are managed in line with our Repairs Policy following identification during stock condition surveys, our Operations Director receives a monthly report outlining outstanding fire risk actions and there are six weekly meetings in place with relevant leaders on safety compliance and horizon scanning.
Major data breach including unauthorised access to CDS's IT systems	Our data that is stored in Microsoft's environment is kept behind industry-leading firewalls, we use multifactor authentication for Microsoft applications, all our systems are cloud-based, we backup all cloud-based data including Office 365, we are able to remotely wipe mobile phones and laptops if they are lost or stolen and we can remotely lock accounts so all entry points will close, we get exceptions reports for login attempts outside the UK, we have a Data Protection Policy and an IT Acceptable Use Policy, we provide annual staff training on GDPR, data protection and cybersecurity, all Microsoft data is encrypted at rest and in transit, all Microsoft applications data is stored in ISO27001 compliant data centres, we have malware protection and anti-virus software running on all CDS computers which is kept up-to-date and all staff have undertaken a six-month cyber security training that includes receiving phishing emails to test and improve understanding.
Material non-compliance with regulatory standards or other statutory requirement	We carry out an annual regulatory compliance self-assessment, we are part of the National Housing Federation's CoSecForum network, we receive weekly updates from HALA (Housing Association Legal Alliance), we have adopted the NHF's code of governance 2020, we carry out an annual review of effectiveness of governance arrangements, we identify board skills gaps based on the board skills matrix when we recruit new members and we carry out periodic board training and development.
Fraud, including illegal activities perpetrated by employees, contractors or third-party vendors with the intent to obtain financial or material benefits unlawfully	Our financial regulations are approved and reviewed annually by Board, we have an internal controls framework to reduce the risk of fraud that has been reviewed, updated and strengthened, we maintain a fraud register and a Finance Team Code of Conduct has been created and has been signed by all team members.
Failure to invest adequately in our stock leading to decent	stock condition surveys completed on all CDS stock in 2024-25, we use the Plentific platform to raise repairs which offers us robust

homes failure, disrepair claims and additional costs to rectify	geographical contractor coverage for our stock, we have an emergency out of hours contract in place, we carry out satisfaction surveys after repairs are completed to pinpoint bottlenecks and areas for improvement, we have both a Repairs and a Damp and Mould Policy, our KPI dashboard is monitored monthly including the average weekly cost of repairs, we use a single contractor for damp and mould investigation and repairs, we completed a bathroom and kitchens programme in 2024-25 and expanded in 2025-26, 500 boilers have been replaced since 2023, we have a three star maintenance contract in place for heating system repairs, we have online forms available for residents to report repairs or raise their own repair, we carry out monthly meetings with the Planned Works Manager and Repairs Manager to review major reactive work and assess risk and actions to manage remedial work and a new asset management strategy was approved in March 2026.
Failure to deliver good quality housing management services or to engage effectively with tenants	We have an approved Resident Influence Strategy in place as well as Complaints, Compensation and Reasonable Adjustments Policies, we carry out regular resident satisfaction surveys by a third party, we use the Plentific platform for repairs, we assessed our compliance with the Consumer Standards and created an action plan where compliance can be improved, residents can order their own repairs online, we have launched Phoenix Place Vision 3030 – a resident co-production project, we recruited a task and finish group for residents to scrutinise performance and we carried out an external survey of all complainants to seek feedback and improve service, we carry out an externally-managed survey of all complainants after the complaint has been handled to seek feedback, all tenants were contacted by the repairs team to gain insight on improvement required in the service and to check on the need for repairs and all residents over the age of 65 were contacted to inform a support plan and service offer tailored to their needs.
The number and timing of growth initiatives put strain on staff and financial capacity. Income from grant and consultancy work can be lumpy and unpredictable. Some work will have a long payback period.	The Board agreed a budget for CLH growth which includes committed income from consultancy and grants and the budget position gets reported to Services Committee

Pensions

CDS participates in the Social Housing Pension Scheme (SHPS), which is a defined benefit scheme in relation to certain employees and past employees. The scheme is currently in deficit and the financial obligations are remeasured on a triennial basis, creating risks of increased costs if this deficit increases. Changes from 2030 to align the calculation of the Retail Prices Index with the Consumer Prices Index including owner-occupiers' housing costs will likely further reduce funding levels for many schemes.

FINANCIAL RESULTS – HIGHLIGHTS

Overview

We delivered an operating surplus of £1,503k (2025: £1,550k) which equates to a net operating margin of 19.5% (2025: 18.4%). The overall operating margin (excluding disposals and other income) was negative 5.0%, (2025: 9.0%), this reduction is mainly due to an increase in maintenance costs. We received £2,167k (Restated 2025: £825k) of net proceeds from property disposals excluding grant, which are included in the operating surplus. Our surplus enables us to continue to invest in and improve the services we provide to our customers.

Our operating margin on social housing lettings (measured excluding losses and surpluses on disposals of properties and components) has reduced to 1.0% (2025: 11.7%), mainly due to an increase in maintenance costs.

Our Value for Money Statement for 2025/26 (included as part of this document) reviews our financial performance in more detail including our relative performance and plans for improving our profitability in future years to provide more resilience for changing demands and risks.

2025/26 Surplus before Taxation

Our 2025/26 surplus before taxation was £1,354k (2025: £1,411k), a reduction on prior year of £56k. Net surplus on property sales have increased by £921k.

Also included in the statement of comprehensive income is the remeasurement of the SHPS pension scheme deferred benefit obligation for 2025/26, which has resulted in a credit of £19.8k (2025: a credit of £145k). Excluding the effect of property sales the underlying surplus before tax and pension adjustments has decreased by £56k.

There were several contributing factors, but the main ones were.

- A high maintenance costs as part of the Asset management plan to update the following the completion of the stock condition surveys in 2025/26.
- Further expenditure (£96k) was incurred on an important and major safety project at the scheme at Phoenix Place and was completed following recommendations from the Kent Fire Brigade during their last visit.
- Working in collaboration with a specific damp and mould contractor, this is being managed effectively albeit there has been an increase in cases reported resulting in an increase in cost.
- Redundancy costs £298k incurred reflect the organisation's change strategy, aimed at improving long-term operational efficiency and cost sustainability.

Allocation of Overheads (Notes 3 & 4)

Our allocation of costs between different business activities was based on a detailed review carried out with Housemark in 2015/16. This has been revised last year to factor in activities which provides a more realistic approach. Where possible the allocation uses an assessment of actual levels of activity and is updated for changes in the balance of activity in the business in each operating year. Overheads are apportioned in relation to either staff costs, units under ownership/management or turnover depending on the nature of the cost.

Statement of Financial Position and Capital Expenditure

Our Statement of Financial Position demonstrates that we are financially strong with a significant property asset base of £33m at depreciated cost and reserves of £18.9m at the year end.

At the end of the financial year, we had an outstanding loan balance of £3.1m which, although producing a very low gearing was redeemed post year-end. Our overall liquidity, including quick access to considerable cash reserves, provides us with confidence that we can meet our foreseeable commitments.

VALUE FOR MONEY

Meeting the regulatory requirements in relation to value for money is an increasingly important part of our responsibility as an organisation funded largely by rents. The Value for Money (VFM) Standard focuses on improving the quality of governance around VFM, particularly the strategy and measurable impact of those strategies. We are measured against a standard set of metrics set by the regulator and also against the defined measures of success for our own strategic objectives.

Our value for money strategy is not separate from our business strategy but is a way of looking at our wider strategy through a value for money lens and selecting those goals and supporting strategies which deliver value for money through the most efficient use of our resources, and which best support the delivery of the overall strategy.

Key Risks

The Sector risk profile, published by the Regulator each year, highlights some of the most significant common sources of risk to providers ongoing compliance with the Standards.
This coupled with our own internal assessment of risk identifies a number of key risks relating to our ability to deliver value for money, these include.

- Economic risk including the impact of rising prices, particularly for repairs and investment work.
- Our ability and appetite to raise rents in line with cost inflation and the impact if we do not or cannot.
- Income collection.
- Increased obligations for areas such as environmental sustainability and compliance.
- Difficulties in attracting and retaining specialist and expert staff and consultants.

Business Plan

Our Business Plan for the medium term, as approved in June 2025, includes our intention to invest in our stock as part of our Asset Management Plan over the period to March 2026 and demonstrates that we have the capacity and cash flow to do this, supported by the change in our loan covenants. Our plan is to ensure that we have sufficient resources to respond to the expected pressures of safety, environmental and Decent Homes requirements and to the challenging economic landscape. We will therefore continue to carefully manage our operating and other costs. In March 2026, the Board approved full repayment of our bank loans and a business plan incorporating newly incorporated fully owned subsidiary CDS Housing Solutions Company, which will bring additional revenue through our Open Framework.

Our strategy also includes our intention to continue to invest in promoting co-operation and community-led housing in line with our charitable purpose (our promoter stream). This is central to our mission and may include opportunities to act as the registered provider for new groups and projects. Any opportunities to increase our stock will be properly evaluated to ensure they deliver value.

Value for Money Strategy

Our Value for Money strategy for 2024-27, approved in March 2024, centres around the goal of improving value for money to support the delivery of our overall business strategy and to ensure the continued viability of the whole of the organisation and progress toward our mission.

The three pillars which support our Corporate plan and therefore our value for money approach are that we should be:

- Financially Sustainable
- Compliant with relevant law and regulation
- Customer and community focused

We will achieve this by driving value through improved efficiency, collaborating with our residents and clients to deliver improved services and properly recovering the costs of our services from clients and in relation to service costs for both tenants and leaseholders.

We will target improvement of our overall operating surplus and the use of this to drive growth in the sector through others. We will benchmark both our costs and our performance against the sector as a whole, particularly in the cost and effectiveness of our repairs service which has such an impact on all of our outcomes. We will do this through a meaningful peer group and seek to understand differences so that we can act to make changes or improvements where these are needed.

We will assess our current and future structural and financing arrangements to make sure that both are consistent with our strategic goals and are able to support their achievement.

Value for money for us means achieving our goals with the right balance of quality, value and reliability and in line with our business values. To strengthen our financial resilience, we will need to reduce our risk by managing our overall costs whilst improving service. Only by achieving both of these goals together can we deliver on our financial and investment plan.

Measuring Value for Money

The Value for Money standard includes seven measures of VfM in our core landlord business, which are outlined below. In addition, it requires Providers to select their own measures which best reflect their strategic aims and overall approach to VfM. With this in mind, we have selected a small number of targets for each of our business streams.

We are primarily a service organisation and a key element of delivering value for money is that our customers know what they can expect from us, can rely on getting it and are happy with both quality and price.

We monitor VfM primarily through:

- Monitoring our business plan, operational plan and performance against targets.
- Benchmarking our performance and costs relative to our peers.
- Reviewing feedback from customers, clients, employees and other stakeholders.

Our targets for each metric and our performance against them in the current and prior year are shown in the table below.

In our **Supporter** stream we measure progress towards profitability, with the goal of generating a 5% surplus.

In our **Promoter** stream we will measure value for money by the extent to which we are able to deliver agreed outcomes using the promoter budget

Value for Money Self-Assessment 2025/26

Measured against the standard metrics

Our performance for the year against the standard metrics is as follows. We have given comparatives from the 2023/24 Global accounts data for smaller providers (under 2,500 homes) and the sector median.

Value for Money Metrics	Actual 25/26	Actual 24/25	Actual 23/24	Actual 22/23	Actual 21/22	Global Accounts (smaller providers) 2024	Sector scorecard 2025
Metric 1 – Reinvestment %	3.2%	3.3%	3.8	1.3%	0.8%	4.40%	3.15%
Metric 2 – New supply delivered %	0%	0%	0%	0%	0%	0.30%	0.00%
Metric 3 – Gearing %	-18.18%	-12.00%	-13.3	-15.3%	-13.5%	34.10%	27.70%
Metric 4 – Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %	-218%	158%	190%	395%	552%	150.30%	190%
Metric 5 – Headline social housing cost per unit	7,317	6,250	5336	4,936	4,537	5768	6090
Metric 6 – Operating Margin %							
Social housing lettings only	8.2%	11.7%	19.4%	12.1%	11.7%	19%	20.30%
Overall (including Promotor)	18.7%	18.4%	15.2%	8.7%	8.8%	15.30%	22.00%
Metric 7 – Return on capital employed (ROCE) %	3.9%	4.0%	3.2%	1.8%	2.7%	2.30%	3.7

The Global Accounts analysis and Sector Averages are produced by the Regulator for Social Housing who capture the data for all housing associations nationally. The data, which is publicly available however, is for those housing associations which are over 1,000 homes but less than 2,500 homes nationally, which is the source of the comparisons above.

Reinvestment

Our forecasted business plan allows for the projected investment needed to keep our homes in good repair. As part of our annual budget, we allocate funds to spend on specific projects and on 'at fail' requirements, recognising that homes respond to use and environment as well as age and that our geography offers limited opportunities for economies of scale through procurement. The amount that we spend varies year to year depending both on what projects are planned and the "at fail" needs.

Residents continue to express satisfaction with the investment in their homes. The stock condition survey program which began in 2024-25 was completed within the year 2025-26. As a result of this survey significant amounts of reinvestment in stock have been carried out. This includes the replacement of 55 boilers (2025: 87), resulting from ongoing responsive maintenance and gas safety checks to ensure health and safety compliance and decent homes for residents. 34 kitchens and 28 bathrooms replacement were completed (2025: 8 and 28 respectively). We also continue to carry out window replacements, increasing energy efficiency, fire resistance, ensuring our homes meet the required standards.

New Supply Delivered

The Board has considered how CDS can best use its assets to meet the challenge of providing more homes, taking account of our capacity and our specific purpose.

We believe we can best achieve this by enabling the design and delivery of mainstream co-op and community housing solutions, in collaboration with others, measuring our success by the number of homes built overall, rather than simply additions to our own stock.

The Board recognises that we will sometimes be the developer of choice, particularly where sites are adjacent to our own, where existing relationships offer advantageous deals or where there is the opportunity to pilot a new CLH approach. In these cases, we will consider each scheme on its merits, seeking to use our leveraging capacity to lead the development of more affordable and community led homes in line with our overall vision. For the year 2025/26 we had a loss of £131k in promoter activities and we allocated £394k of the funds that we administer on behalf of the GLA, to providing support and direct grants to community led housing groups and projects. We also provided support to the GLA Hub from our central costs.

Gearing

CDS has relatively low gearing even compared to other non-developing providers, reflecting the age of the stock and low calls on borrowing for further investment. The standard measure also includes cash, so our ratio is negative, reflecting both the fact that we continue to repay debt and the amount of cash held at the year end. The ratio indicates lower risk but also potential unused borrowing capacity for the future. Despite this, CDS has taken the strategic decision to pay off all its loans in May 2026.

Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %

This measure is also an indication of risk and of borrowing capacity. The reduction in the current year, reflects the high level of spend on maintenance.

Headline social housing cost per unit

This is the cost measured across our rented (728) and shared ownership (69) homes. Compared to the prior year, Social Housing costs have increased by 17.1%.

Operating Margin

Our operating margin on Social Housing lettings is 0.8%, which is below the sector average for 2024-25. Our cost per unit has increased compared to the prior year due to the higher property costs.

Our overall margin including Client Services (Supporter) is 17.6% which is below the sector average of 20.3%. We have also lost a small number of contracts in year. This more sustainable business will be the basis for growth in support of the emerging community led housing market and other smaller landlords. Total margin also includes the promoter stream which shows a £136k deficit and so reduces overall margin.

Return on Capital Employed

This measure remained broadly constant over the last two years.

Measured against our chosen metrics

In addition to the standard metrics, we also measure performance against our specific metrics which we have chosen to align with our strategic goals. The targets included below are taken from the 2024-25 Corporate Plan and the annual KPI dashboard.

CDS Specific Value for Money Metrics	Target	Met or not met	Actual 2025/26	Actual 2024/25
Provider Stream				
Tenant satisfaction with overall service	65%	Met	71%	65%
Tenant satisfaction with "listen and act"	60%	Not Met	57%	50%
Current tenant arrears as % rent debit	<2.5%	Met	1.78%	1.78%
Proportion of Stage 1 complaints responded to on time	90%	Met	95%	86%
Proportion of Stage 2 complaints responded to on time	90%	Not Met	80%	90%
Homes meeting Decent Homes Standard	100%	Not Met	95.8%	100%
Employees who would recommend us as an employer	>86.8%	Not Met	80.0%	93.1%
Supporter Stream				
Operating surplus/(loss) on Client business	5%	Not Met	(15.8%)	10.2%

Tenant Satisfaction

Tenant satisfaction levels have improved on previous years, resulting from strategies employed since last year's performance results. We achieved an overall tenant satisfaction rate of 71% (2025: 65%). Despite meeting our target for 2025-26, we are committed to making further improvements.

Improving customer satisfaction and demonstrating our responsiveness to tenants' views are integral to our corporate objectives for the upcoming financial year. As part of this objective, everyone across the business is encouraged and expected to contribute actively in their individual duties.

Tenant Debt

Debt performance continues to be very strong with current tenant arrears at 2.1% (Target: <2.5%) at the year end.

Property Standards and Compliance

We met our target for 100% compliance with the Building Safety act requirements. Following the completion in 2025/26 of our comprehensive stock condition survey we identified 31 properties needing investment to meet the Decent Homes Standard and work is underway with 9 outstanding as at end of June 2026.

Employee Satisfaction

Employee satisfaction, measured as the percentage of staff who would recommend us as an employer, has improved year-on-year exceeding our target at 80%.

Supporter Stream

Our strategic aim is for the Client Services business to break even and generate a small (5%) margin to cover risk. In 2025/26 we made a loss on this service of £364k. This is primarily due to increase overhead cost and reduction in income following a loss of two contracts.

COMPLIANCE

RSH Governance and Financial Viability Standard

The Board confirms our compliance with the Regulator of Social Housing's Regulatory Code. The Board has confirmed full compliance relating to financial viability and substantial compliance relating to governance – the latter because of the reviews concerning controls and associated matters arising from the historic fraud uncovered in May 2024.

Our compliance is reviewed annually and the report as at December 2025, which confirmed CDS's compliance with the standard, went to Board for approval in December 2025.

NHF Code of Governance

We have adopted the National Housing Federation Code of Governance 2020 and are compliant with it. The Board conducts an annual self-assessment of compliance with the code, with the latest taking place in June 2025.

NHF Voluntary Code on Mergers, Group Structures and Partnerships

In January 2016, the Board agreed to adopt the above code. They reviewed it and confirmed their continuing adoption of it at their January 2024 meeting.

The Board has agreed that there is no immediate need or benefit to be obtained from pursuing a merger. Partnerships to share services or central costs are of interest and any approach would receive appropriate consideration as to its value in increasing the pace or scale of movement towards the business mission.

No proposals for merger were made in the year, and no representations were received from any third party with any proposals for merger.

STATEMENT OF BOARD'S RESPONSIBILITIES

As a Registered Provider of Social Housing, the Board is responsible for preparing the report and financial statements for each financial year in accordance with applicable law and regulations, Co-operative and Community Benefit Societies Act 2014 and registered social landlord legislation. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under the Co-operative and Community Benefit Societies Act 2014, the directors must not approve the financial statements unless

they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Society for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that CDS will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of CDS and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2019 and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018.

The Board has general responsibility for safeguarding the assets of CDS and hence for the prevention and detection of fraud and other irregularities.

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

STATEMENT ON INTERNAL CONTROLS

The Board has overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk and that the system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Society's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which is embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Society is exposed. The Board ensures that there is a long-term business plan setting out both the goals of the Society and our financial capacity and this plan is robustly tested. Our risk assessment framework is directly related to ensuring that we manage and mitigate those risks that might undermine our ability to meet our business plan goals.

The process adopted by the Board in reviewing the effectiveness of the system of internal controls, together with some of the key elements of the control framework includes:

- Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Society's activities. This process is co-ordinated through a regular reporting framework by the senior management team which regularly considers reports on significant risks facing the Society and the team is responsible for reporting to the Board any significant changes affecting key risks.

- Monitoring and corrective action

A process of control self-assessment and regular management reporting on control issues provides hierarchical assurance to management and to the Board. This includes an agreed programme of internal audit reviews designed to provide regular and objective assurance on key internal controls. There is in place a rigorous procedure for ensuring that corrective action is identified in relation to any significant control issues, particularly those with a material impact on the financial statements.

- Control environment and control procedures

The Board retains responsibility for a defined range of issues covering strategic, operational, and financial and compliance issues including new investment projects. The Board has adopted and disseminated to all employees a code of conduct for board members and staff based upon the NHF Code of Conduct 2022. This sets out CDS's requirements regarding the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, asset protection and fraud prevention and protection.

- Information and financial reporting systems

Financial reporting procedures include detailed budgets for the year ahead and forecasts for the subsequent four years, as well as detailed cash flow forecasts for the same period. These are reviewed and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

- Arrangements for managing the risk of fraud

The Board has an anti-fraud policy which sets out the arrangements for preventing, detection and reporting of fraud. As part of the internal fraud review, the Finance & Audit Committee has reviewed the fraud register and reported any instances of fraud to the Board, as appropriate. The historical fraud has been noted, and appropriate action has been taken.

- Key Risks

The Board considers that the key risks that are most likely to influence future performance and our ability to deliver our business objectives are economic and political, staff turnover, information and communications technology, internal controls and health and safety. More detail on the key risks and the action taken to mitigate these risks is included in the Risk and Uncertainty section above.

- Internal audit

The internal control framework and risk management process are subject to regular review by the Internal Auditors who are responsible for providing independent assurance to the Board via its Finance & Audit Committee. The Finance & Audit Committee considers internal controls and risk at each of its meetings.

- Annual review of the effectiveness of internal controls

The Board confirms that it has received the annual report of the senior management team on the effectiveness of internal controls and has conducted its annual review of the effectiveness of the system of

internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

The Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Society. This process has been in place throughout the year under review and up to the date of the approval of these statements and is regularly reviewed by the Board. The Board confirms that no weaknesses in internal controls have resulted in any material losses, contingencies or uncertainties which would require disclosure in the financial statements.

EQUALITY AND DIVERSITY

CDS is committed to operating fairly and openly and without discrimination. All decisions relating to employment practices will be objective, free from bias and based solely on work criteria and individual merit. We are responsive to the needs of our employees, residents and the community at large. In 2025, a new policy on Fair & Equal Pay was approved by our Board, codifying our practice of not only paying equally for equal work, but also of ensuring all staff make at least the benchmarked median salary for their job role. We are a registered Disability Confident employer and have taken steps such as anonymising employment applications to reduce unconscious bias from our selection process.

HEALTH AND SAFETY

The Services Committee of the Board of Management receives a detailed property health and safety compliance report at every meeting Board receives information about compliance with “the big 6” property health and safety areas at each meeting through the strategic KPI dashboard. Furthermore, we have a Health and Safety Management Suite comprised of myriad policies and procedures related to people and property health and safety that is reviewed annually by our external health and safety consultant and approved annually by the Board. It was last approved by the Board at their January 2026 meeting.

We strive for safe and healthy working conditions, housing, equipment and systems of work for all those connected with CDS and to provide such information, training and supervision as is needed for this purpose.

There have been no material health and safety breaches in the year.

DISCLOSURE OF INFORMATION TO AUDITORS

At the date of making this report each of CDS’s Board Members, as set out on page 2, confirm the following:

- so far as each Board Member is aware there is no relevant information needed by CDS’s auditors in connection with preparing their report of which CDS’s auditors are unaware; and

- each Board Member has taken all the steps that they ought to have taken as a Board member to make themselves aware of any relevant information needed by CDS’s auditors in connection with preparing their report and to establish that CDS’s auditors are aware of that information

GOING CONCERN

The “going concern” principle requires management to consider whether CDS is expected to continue to operate as normal for the foreseeable future (typically the next 12 months), including meeting its financial and other obligations as they fall due and to confirm that there are no plans to cease trading or significantly

curtail its operations. In response there is nothing within our risk register, finances and operations that raise any concern to management as to this principle.

The key areas reviewed in the strategic and operational risk registers by the Audit & Risk Committee and Board during the year that are relevant in making a judgment include:

Liquidity

Insufficient cashflow to meet operating costs, debt obligations and maintenance. At 31st March 2026, CDS had £9.1m of cash in hand or on deposit. The 12-month cashflow demonstrates that the Society has sufficient cash to meet its obligations over the next financial year as does the financial plan

Revenue Dependence

The need for social housing is still strong. High levels of rent arrears or significant number of tenants unable to pay rent would impact CDS's revenue. Rent arrears are below target and are reviewed monthly with debt being chased. Voids were in line with expectations. CDS does not expect any significant loss of income that would impact its going concern.

Breaches of Financial Covenant

Failure to meet interest cover or gearing covenants. CDS has £3.1m of loans with Natwest/RBS Bank and Orchardbrook, gearing is negative at 18.1%. The loan was redeemed post year-end. Interest cover is 582% against a target of 110%. CDS monitors and reports financial covenants regularly through the monthly management accounts to the Senior Management Team and quarterly to the Board. The long-term financial plan demonstrates continued compliance with covenants.

Significant increase in cost – not matched by increase in income

The organisation ensures that the service charge costs are matched by the amounts charged to the tenants including an annual review process. There is a robust budget for the current financial year and financials are reviewed regularly.

Serious litigation – Significant legal costs or financial penalties

The organisation has not incurred any financial penalties during the year or expecting any in the future. There are a number of disrepair and damp and mould cases that are managed very closely however there are no cases where management consider there would be a material financial impact or would impact the going concern principle.

Major disaster – Incident impacting the office, its systems, properties, or tenants

CDS has a tested Business Continuity Plan and a cyber security policy and has commenced a programme of penetration testing. The organisation has adopted the principles of the Fire Safety Bill, has a Fire Safety policy and regularly undertakes fire risk assessments. In addition, CDS has in place; insurances, established relationships with key stakeholders including local MPs, as well as dedicated IT specialists.

Management and Governance – Inadequate management capabilities or governance issues can lead to poor performance

CDS follows the 2020 NHF Code of Governance. An external review of Governance was completed in 2023; there were no reasons for concern and CDS was found to be compliant with the Code. There were areas that could be strengthened A monthly and annual appraisal system is in place for all staff including the Chief Executive and Board members.

Conclusion

Taking into consideration the above risks, assessment of outcomes, demand for properties, future predicted cashflows, the 2025/26 budget and the long-term financial plan, there is a reasonable expectation that CDS will continue to deliver adequate surpluses and meet its financial covenants and that CDS has adequate resources to continue in operational existence for the foreseeable future. It is therefore recommended that the Board continues to adopt the going concern basis in preparing the financial statements.

By order of the Board of Management

C. Friedenthal
Secretary

Date: 21st September 2026

Independent Auditor's Report to the Members of The Co-operative Development Society Limited

Opinion on the financial statements

We have audited the financial statements of The Co-operative Development Society Limited the 'Society') for the year ended 31 March 2026 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31 March 2026, and of the income and expenditure of the Society for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing in England 2022.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS (continued)

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Board members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.
Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the board

As explained more fully in the statement of Board's responsibilities set out on page 15-16, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

- We obtained an understanding of the legal and regulatory frameworks within which the Society operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.

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

The audit procedures to address the risks identified included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Discussions with management about actual or potential litigation and claims;
- Challenging assumptions made by management in their significant accounting estimates;
- Identifying and testing the appropriateness of journal entries and assessing whether the judgements made in making accounting estimates were indicative of a potential bias;

- Reviewing minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the Regulator of Social Housing to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility; and
- Reviewing financial statements disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditors responsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Society's members as a body in accordance with the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.



22 September 2026

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

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2026

	Note	2026 £	2025 £
Turnover	3	7,699,964	8,413,327
Operating costs	3	(8,085,836)	(7,655,657)
Surplus on disposal of housing properties	5	1,713,622	792,578
Other Income	3	175,692	-
Operating surplus	3	**1,503,442**	**1,550,248**
Investment and other income	6	98,286	104,115
Interest payable and similar charges	7	(213,854)	(243,440)
Exceptional Item		(33,014)	-
Surplus before tax		1,354,860	1,410,923
Tax on surplus on ordinary activities	11	-	-
Surplus for the financial year		**1,354,860**	**1,410,923**
Re-measurement of pension obligation		19,836	145,097
Total comprehensive income for the year		**1,374,696**	**1,556,020**

All amounts relate to continuing activities.

These financial statements were approved by the Board of Management and signed on its behalf by:

J. Lack
Chair

S. Charlick
Treasurer

C. Friedenthal
Secretary

Date of approval: 21st September 2026

The notes on pages 29 to 54 form part of these financial statements.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

STATEMENT OF CHANGES IN RESERVES
At 31 March 2026

	Revenue Reserve £
At 1 April 2024	15,998,055
Surplus for the year	1,410,923
Re-measurement of pension obligation	145,097
At 31 March 2025	17,554,075
Surplus for the year	1,354,860
Re-measurement of pension obligation	19,836
At 31 March 2026	**18,928,771**

The notes on pages 30 to 56 form part of these financial statements.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

STATEMENT OF FINANCIAL POSITION
At 31 March 2026

	Note	2026 £	2025 £
Tangible fixed assets			
Housing properties	12	32,984,068	34,540,201
Other fixed assets	13	163,445	181,864
Fixed asset investment	14	24,768	24,046
Total fixed assets		**33,172,281**	**34,746,111**
Current assets			
Debtors	15	386,327	695,761
Cash at bank and in hand		9,127,348	7,587,168
		9,513,675	**8,282,929**
Creditors: amounts falling due within one year	17	(4,588,912)	(4,429,911)
Net current assets		**4,924,763**	**3,853,018**
Total assets less current liabilities		**38,097,044**	**38,599,129**
Creditors: amounts falling due after one year	18	(18,448,264)	(20,044,045)
Defined benefit pension liability	22	(720,000)	(1,001,000)
Total net assets		**18,928,780**	**17,554,084**
Capital and reserves			
Share capital	23	9	9
Revenue reserve		18,928,771	17,554,075
Total capital and reserves		**18,928,780**	**17,554,084**

All shareholdings relate to non-equity interests, as disclosed in note 23.

These financial statements were approved by the Board of Management and signed on its behalf by:

J. Lack
Chair

S. Charlick
Treasurer

C. Friedenthal
Secretary

Date of approval: 21st September 2026

The notes on pages 30 to 56 form part of these financial statements.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

STATEMENT OF CASHFLOWS
For the year ended 31 March 2026

	Note	2026 £	2025 £
Cash from operations	24	1,643,634	241,276
Corporation tax paid		-	-
Net cash (outflow)/inflow from operating activities		1,643,634	241,276
Cash flow from investing activities			
Purchase of fixed assets - housing properties		(1,082,461)	(2,275,019)
- other		(8,130)	(8,007)
Purchase of fixed asset investment		-	-
Transfer of engagements		-	929,446
Net proceeds from sales of housing properties		1,424,215	993,073
Proceeds of sale of other assets		-	-
Social Housing Grant repaid		(62,960)	(77,482)
Interest received		96,810	103,414
Net cash used in investing activities		367,474	(334,575)
Cash flow from financing activities			
Repayment of borrowings		(321,697)	(209,400)
Interest paid		(149,231)	(179,390)
Share issued		1	-
Shares redeemed		-	(1)
Net cash used in financing activities		(470,927)	(388,791)
Net (decrease)/ increase in cash and cash equivalents		1,540,180	(482,090)
Cash and cash equivalents at the beginning of the year		7,587,168	8,069,258
Cash and cash equivalents at the end of the year		9,127,348	7,587,168
Cash and cash equivalents consist of:			
Cash at bank in hand		9,127,348	7,587,168
Bank overdraft		-	-
Cash and cash equivalents		9,127,348	7,587,168

The notes on pages 30 to 56 form part of these financial statements.

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently from one financial year to another and in dealing with items which are considered to be material in relation to the financial statements of The Co-operative Development Society Limited (The Society).

Basis of preparation

The Society is registered under the Co-operative and Community Benefit Societies Act 2014 and is a registered provider of social housing.

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Housing SORP 2018 Statement of Recommended Practice for registered social housing providers (Housing SORP 2018) and comply with the Accounting Requirements for Private Registered Providers of Social Housing 2022 (the Accounting Direction).

The functional currency is GBP sterling. The preparation of the financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Society's management to exercise judgement in applying its 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 2.

Going concern

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

The Society has in place long term debt facilities as well as considerable cash reserves which provide adequate resources to finance committed reinvestment programmes along with day-to-day operations.

The Society also has a long-term business plan which shows that it can service these debt facilities whilst continuing to comply with lenders' covenants. This plan has been stress tested, key risks, their likely impact and appropriate mitigation have been identified. The budget for the current year also shows a good surplus.

The Society's treasury strategy also provides that cash requirements over the medium term (at least the next 24 months) are considered and that an updated cash flow is prepared on at least a quarterly basis. The cash flow shows that sufficient cash is available to meet expected needs over this period.

On this basis, the Board has a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, in the opinion of the Board, a material uncertainty does not exist and as a result it continues to adopt the going concern basis of preparation in the financial statements.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Turnover

Turnover represents rental income (receivable net of rent losses from voids), service charges, other services included at the invoiced value (excluding VAT) of goods and services supplied in the year, revenue grants receivable in the year and amortisation of deferred capital grants.

Revenue recognition

Rental income is recognised from the point when the properties under development reach practical completion or otherwise become available for letting. Revenue grants are recognised when the conditions for receipt of grant funding have been met. Income from deferred capital grants is recognised in turnover in a systematic basis over the useful economic life of the asset (usually the properties fabric) for which it was received. Income from services contracts is recognised in the period to which it relates.

Value Added Tax

The Society is VAT registered but a large proportion of its income, comprising rents, is exempt for VAT purposes. Accordingly, expenditure relating to rental income is shown inclusive of VAT in these accounts. VAT on expenditure relating to taxable supplies is reclaimable in full and, accordingly, this expenditure is shown net of VAT in these accounts. For expenditure of a general nature (i.e. certain overheads) which cannot be directly attributed to exempt or taxable supplies the partial exemption provisions apply. This expenditure is accounted for net and irrecoverable VAT is charged to other expenditure.

Interest payable

The arrangement fees and legal costs incurred in connection with loan facilities have been capitalised as part of loan issue costs and will be amortised over the term of the facilities or until there is a significant event that would require immediate expensing.

Housing properties

Housing properties are properties available for Social rent and properties subject to shared ownership leases. Housing properties are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements which have resulted in an economic benefit to the Society as well as directly incremental overhead costs and staff time associated with new developments, improvements and component-works.

Disposal of housing properties

Gains and losses on disposals of housing properties are determined by comparing the proceeds with the carrying amount and incidental costs of sales and recognised within gain/loss on disposal of fixed assets, which is included in the operating surplus for the year in the statement of comprehensive income.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Depreciation of housing properties

The Society accounts for its expenditure on housing properties using component accounting. A housing property is divided into those major components which are considered to have substantially different useful economic lives. These components are then depreciated over their individual useful economic lives.

The components identified by the Society and their respective useful economic lives are as follows:

Component	Useful Economic Life
Structure	100 Years
Structure (Sylhet)	59 Years
Kitchens	20 Years
Boilers	15 Years
Wiring	25 Years
Bathrooms	25 Years
Heating	30 Years
Roof	60 Years
Windows	30 Years
Lifts	30 Years
Fire alarm systems	10 Years

Where a separately identified and depreciated component of an existing property is replaced, the carrying value of the component is expensed and the cost of the replacement component capitalised.

Expenditure on items not separately identified as components are capitalised if they result in an increase in the net rental stream over the life of the property, over the standard originally assessed when the property was first acquired or constructed.

Freehold land is not depreciated. Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Other fixed assets and depreciation

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is charged for a full year in the year of acquisition on a straight-line basis with no charge in the year of disposal. The principal annual rates used for other assets are:

Improvements to leasehold offices	-	over the term of the lease
Office furniture and equipment	-	20%
Computer equipment and software	-	20%
Tenant service equipment	-	25%
Community buildings	-	2%

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Impairment of tangible fixed assets

Tangible fixed assets (mainly housing properties) are assessed for indicators of impairment at each reporting date. Where indicators are identified a detailed assessment is then undertaken at estate or block level to determine the assets or cash generating units (CGUs) recoverable amount. The recoverable amount will be the higher of fair value less costs to sell, or Existing Use Valuation for Social Housing (EUV-SH), or Value in Use (in respect of assets held for their service potential) (VIU-SP). As allowed by Housing SORP 2018 the Society uses Depreciated Replacement Cost (DRC) as a reasonable estimate of VIU-SP.

Where the carrying amount of an asset or CGU is deemed to exceed its recoverable amount, the excess will be recognised in the Statement of Comprehensive Income.

Financial assets

Basic financial assets, including tenant debtors 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.

Social Housing Grant (SHG) and other capital grants

SHG is receivable from the Homes and Communities Agency (HCA), and other capital grants are receivable from local authorities and other organisations.

Grant received is recognised as deferred income in the Balance Sheet and released to the Statement of Comprehensive Income on a systematic basis over the useful economic life of the asset for which it was received, usually a housing property's fabric.

When a Grant funded property is sold, any attributable Grant becomes recyclable and is transferred to a recycled capital grant fund (RCGF) or disposal proceeds fund (DPF for right to acquire units) until it is reinvested in a replacement property. The related Grant amortisation is charged to the Income and Expenditure Account.

CDS administers grant funding on behalf of the GLA as part of its London Hub activity to support "early stage" Community Led Housing projects. This funding is released to the Statement of comprehensive income to match the costs of providing this support, including direct grants awarded to projects. Unallocated grant is shown in other creditors and accruals falling due within one year.

Recycled capital grant fund

The Grant element on the net sale receipts of Grant funded properties, typically right to buy or shared ownership staircasing but not right to acquire, are required to be credited to a recycled capital grant fund under the terms of the SHG originally paid on such properties. Within the terms defined by the Homes and Communities Agency (HCA) the fund is to be used to provide replacement properties for rent, land acquisition and works to existing stocks or if unused within three years, is repayable to the HCA.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Pension costs

CDS participates in the Social Housing Pension Scheme (SHPS), which is a defined benefit scheme in relation to certain employees and past employees. The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation less the fair value of the plan assets at the reporting date.

The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high-quality corporate bond rates.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on the net defined benefit liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as remeasurement of net defined benefit liability. Further details are shown in note 21.

Provisions

CDS only makes provision for any contractual and constructive liabilities existing at the balance sheet date.

Leased assets

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

Taxation

Since 8 August 2019, CDS has been a charitable Community Benefit Society. It also has exempt tax status, effective the same date and does not therefore pay Corporation Tax on surpluses generated from its Charitable activities. In the prior year the charge for taxation is based upon the surplus generated prior to conversion and includes current tax and deferred tax.

Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the Society anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Any assets and liabilities recognised have not been discounted.

Deferred tax is measured at the tax rates expected to apply in the periods when the timing differences are expected to reverse, based on tax rate and law enacted or substantially enacted at the balance sheet date.

2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with FRS 102 requires that management exercise its judgement in the process of applying the Society's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Determining whether an impairment review is required

Annually housing properties are assessed for impairment indicators and, in particular, factors that could impact on ability to let the property. These include the condition of the properties, current experience of void periods, including short term effects such as letting delays and demand for properties in the local area. We also consider any property specific factors such as upcoming works that might indicate the need to impair or dispose existing components and any recent valuations obtained. No indicators were identified that required a full impairment review and no impairment losses have been recognised in the year.

(b) Key accounting estimates and assumptions

Preparation of the financial statements requires management to make significant judgement and estimates. The areas in the financial statements where these have been made include impairment, capitalisation and any areas where there is estimation or uncertainty.

(i) Useful economic lives of tangible fixed assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets including any components. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components.

(ii) Impairment of debtors

The Society makes an estimate of the recoverable value of tenant and other debtors. When assessing impairment of tenant and other debtors, management considers factors including the ageing profile of debtors and historical experience. We make a provision of 35% against current tenant arrears and 100% against former tenant arrears. We have considered this level of provision in light of current experience of income collection and consider it to be adequate. For other, non-tenant debtors we consider the recoverability of balances on a case by case basis and make provision as required.

2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)

(iii) Defined benefit obligation

The estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Management has adopted the assumptions proposed by the SHPs scheme actuaries. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 22). The net defined benefit pension liability at 31 March 2026 was £720k.

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	Turnover £	Other Income £	Operating costs £	2026 Operating surplus/ (deficit) £	Turnover £	Other Income £	Operating costs £	2025 Operating surplus/ (deficit) £
Social housing lettings (note 4)								
General needs accommodation	5,463,698	37,098	(5,569,127)	(68,331)	5,382,012	-	(4,946,748)	435,264
Shared ownership accommodation	338,530	6,752	(184,194)	161,088	383,915	-	(141,855)	242,060
Total social housing lettings	**5,802,228**	**43,850**	**(5,753,321)**	**92,757**	**5,765,927**	**-**	**(5,088,602)**	**677,324**
Other social housing activities								
Leasehold services	245,838	360	(342,247)	(96,049)	208,562	-	(374,302)	(165,740)
Promoter activities	109,718	-	(246,553)	(136,835)	393,870	-	(432,023)	(38,153)
Total other social housing activities	**355,556**	**360**	**(588,800)**	**(232,884)**	**602,432**	**-**	**(806,324)**	**(203,893)**
Activities other than social housing activities								
Fees from managed associations	1,497,943	-	(1,734,304)	(236,361)	1,568,089	-	(1,408,087)	160,002
Commercial letting	37,676	-	(9,411)	28,265	476,879	-	-	476,879
Other income	6,561	131,482		138,043	-	-	(352,642)	(82,044)
Total non-social housing activities	**1,542,180**	**131,482**	**(1,743,715)**	**(70,053)**	**2,044,968**	**-**	**(1,760,729)**	**284,239**
Surplus on disposal of housing properties	-	1,713,622	-	1,713,622	-	792,578		792,578
Total	**7,699,964**	**1,889,314**	**(8,085,836)**	**1,503,442**	**8,413,327**	**792,578**	**(7,655,656)**	**1,550,248**

4. INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	General needs properties £	Shared ownership properties £	Total 2026 £	General needs properties £	Shared ownership properties £	Total 2025 £
Income						
Rents receivable	**4,794,909**	**279,325**	**5,074,234**	4,760,251	285,018	5,045,269
Service charges receivable	**382,600**	**83,431**	**466,031**	333,388	85,072	418,460
Amortised government grants	**286,189**	**(24,226)**	**261,963**	288,373	13,825	302,198
Turnover from social housing lettings	**5,463,698**	**338,530**	**5,802,228**	**5,382,012**	**383,915**	**5,765,927**
Expenditure						
Management	**(1,016,387)**	**(63,694)**	**(1,080,082)**	(706,476)	(32,641)	(739,117)
Service charge costs	**(471,594)**	**(41,028)**	**(512,623)**	(530,252)	(46,609)	(576,861)
Routine maintenance	**(2,096,517)**	**(47,447)**	**(2,143,965)**	(1,908,853)	(33,051)	(1,941,904)
Planned maintenance	**(939,567)**	**(33,200)**	**(972,767)**	(853,049)	(16,562)	(869,611)
Major repairs	**(60,955)**	**(1,787)**	**(62,742)**	-	-	-
Bad debts	**(9,042)**	**15,570**	**6,527**	(15,563)	1,209	(14,354)
Depreciation of housing properties						
-annual charge	**(857,235)**	**(12,606)**	**(869,840)**	(852,903)	(14,201)	(867,104)
-accelerated on disposal of components	**(117,829)**	**-**	**(117,829)**	(79,652)	-	(79,652)
Operating expenditure on social housing lettings	**(5,569,127)**	**(184,194)**	**(5,753,321)**	**(4,946,748)**	**(141,855)**	**(5,088,603)**
Operational surplus / (deficit) on social housing lettings	**(105,429)**	**154,336**	**48,907**	435,264	242,060	677,324
Void losses	**(46,845)**	**-**	**(46,845)**	**(38,840)**	**-**	**(38,840)**

5. SURPLUS ON SALE OF HOUSING PROPERTIES

	Note	2026 £	2025 £
Sale proceeds		2,361,377	1,010,774
Costs of sale transferred from fixed assets	13	(571,266)	(200,495)
Incidentals		(76,489)	(17,701)
Surplus for the year		**1,713,622**	**792,578**

6. INTEREST RECEIVABLE

	2026 £	2025 £
Other	98,286	104,115
	98,286	**104,115**

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2026 £	2025 £
On loans	148,662	161,732
On Recycled Capital Grant Fund	3,473	1,888
On sinking fund	7,719	13,820
Loan fee amortisation	5,000	5,000
Net Interest on defined benefit pension liability	49,000	61,000
	213,854	**243,440**

8. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAX

	2,026 £	2,025 £
Is stated after charging / (crediting):		
Depreciation	896,389	894,824
Loss on disposal of components	117,829	79,652
Surplus on sale of fixed assets	(1,713,622)	(792,578)
Operating lease rentals: land and buildings	48,252	57,373
Auditors' remuneration (excluding VAT):		
- for their audit of the financial statements	46,320	37,485

9. EMPLOYEE INFORMATION

	2026 £	2025 £
Average number of employees The average monthly number of employees (including the Chief Executive) expressed in full time equivalents during the year	47	39

	2026 £	2025 £
Staff costs were as follows:		
Wages and salaries	2,425,222	2,426,128
Social security costs	318,299	258,774
Other pension costs	122,202	105,932
Restructuring costs	297,724	-
	3,163,447	**2,790,834**

10. BOARD MEMBERS AND KEY MANAGEMENT PERSONNEL

The aggregate remuneration for key management personnel, which includes the executive directors and other members of the senior management team, charged in the year is:

	2026 £	Re-stated 2025 £
Aggregate emoluments payable to directors (including pension contributions and benefits in kind)	593,092	560,700
Emoluments payable to the highest paid director (excluding pension contributions but including benefits in kind)	150,769	132,283

The figures include the cost of Employer's pension contributions (except were stated otherwise) and also include amounts paid in respect of previous year's bonus and this year's bonus accrual. The Chief Executive served for 12 months of the year.

10. BOARD MEMBERS AND KEY MANAGEMENT PERSONNEL (continued)

The number of staff, including directors, who received emoluments, excluding pension contributions, greater than £60,000.

	2026	2025
	£	£
£60,001 - £70,000	5	6
£70,001 - £80,000	4	1
£80,001 - £90,000	2	3
£90,001 - £100,000	1	1
£100,001 - £110,000	-	1
£110,001 - £120,000	2	1
£140,001 - £150,000	-	1
£150,001 - £160,000	1	-
	15	14

The Chief Executive is a member of the Social Housing Pension Scheme. He is an ordinary member of the pension scheme, and no enhanced or special terms apply. The society does not make any further contribution to an individual pension arrangement for the Chief Executive.

During the year, the aggregate compensation for loss of office of key management personnel was £nil (2025: £nil).

Payments to members of the Board of Management, excluding the Chief Executive, were:

	2026	2025
	£	£
B Anim-Antwi	2,447	2,441
A Bush	1,427	2,441
S Charlick	3,672	3,654
M Creasey	3,059	3,269
R Farrar	2,917	2,500
R Fitzgerald	2,446	2,441
S Jassal	3,059	3,052
L Jeanne	2,447	2,441
J Lack	11,561	10,780
R Robson	2,467	2,441
R Southern	1,019	2,441
Y Carter	1,224	-
K Tomsett	1,224	-
	38,969	37,901

10. BOARD MEMBERS AND KEY MANAGEMENT PERSONNEL (continued)

Total expenses payments paid to members of the Board of Management, excluding the Chief Executive were £648 paid to five members and comprised reimbursement of accommodation, travel costs and membership fees.

11. TAXATION

	2026 £	2025 £
Tax on profit on ordinary activities	-	-

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

12. TANGIBLE FIXED ASSETS – Housing properties

	Completed housing properties held for letting £	Shared ownership properties £	Total £
Cost			
At 1 April 2025	49,282,282	2,469,001	51,751,283
Additions - components	1,082,461	-	1,082,461
Disposals - properties	(3,067,204)	(68,007)	(3,135,211)
Disposals - components	(527,917)	-	(527,917)
At 31 March 2026	46,769,622	2,400,994	49,170,616
Accumulated depreciation			
At 1 April 2025	16,670,988	540,095	17,211,083
Charge for the year	857,235	12,606	869,840
Disposals - properties	(1,454,369)	(29,074)	(1,483,443)
Disposals - components	(410,933)	-	(410,933)
At 31 March 2026	15,662,921	523,627	16,186,548
Net Book Value			
At 31 March 2026	31,106,701	1,877,367	32,984,068
At 31 March 2025	**32,611,294**	**1,928,906**	**34,540,200**

All housing properties are held as freehold. Loans are secured against a number of these properties. There is no capitalised interest included in housing properties (2025: nil)

Improvement to properties

	2026 £	2025 £
Replacement of components	1,082,461	1,137,320
Improvements expensed	349,911	207,281
	1,432,372	1,344,601

13. TANGIBLE FIXED ASSETS – Other

	Community buildings £	Office furniture and equipment £	Computer equipment and software £	Tenant services equipment £	Total £
Cost					
At 1 April 2025	155,418	14,812	1,032,119	121,927	1,324,276
Additions	-	-	8,130	-	8,130
Disposal	-	-	(564,551)	-	(564,551)
At 31 March 2026	**155,418**	**14,812**	**475,698**	**121,927**	**767,855**
Accumulated depreciation					
At 1 April 2025	20,722	14,812	987,093	119,785	1,142,412
Charge for the year	2,590	-	22,887	1,071	26,549
Disposal	-	-	(564,551)	-	(564,551)
At 31 March 2026	**23,312**	**14,812**	**445,430**	**120,856**	**604,410**
Net Book Value					
At 31 March 2026	**132,106**	**-**	**30,269**	**1,071**	**163,445**
At 1 April 2025	**134,696**	**-**	**45,026**	**2,142**	**181,864**

14. FIXED ASSET INVESTMENT

	£
At 1 April 2025	24,046
Interest charged for the year	722
At 31 March 2026	**24,768**

The fixed asset investment is a holding in the loan stock of Bunker Housing Co-operative Ltd.

15. DEBTORS

	2026	2025
	£	£
Rent and service charges in arrears	228,229	178,002
Less: provision for bad debts	(116,889)	(94,729)
	111,340	83,273
Amounts due from clients for monies paid on their behalf	9,294	67
Loans to staff	-	-
Other debtors and prepayments	265,694	612,421
	386,327	695,761

16. CONTINGENT ASSET

The Society has pursued a legal case to recover funds in relation to a historic fraud perpetrated against them. The judgement hearing took place on 3rd April 2025 with the judgement ordered in favour of the Society. The Society has recovered, through its insurance £380,590 following this judgement.

17. CREDITORS: amounts falling due within one year

	Note	2026	2025
		£	£
Housing loans	18	206,270	215,685
Recycled capital grant fund (RCGF)	19	51,618	121,712
Trade Creditors		230,385	62,491
Loan Interest accrued		22,450	23,830
Capital expenditure on housing properties		-	-
Other taxation and social security payable		208,345	116,680
Rent and service charges received in advance		325,968	309,444
Amounts due to clients for monies received on their behalf		1,306,541	1,588,313
Leaseholder sinking funds		876,894	799,027
GLA grants not paid out		55,062	202,163
Other creditors and accruals		1,051,541	688,368
Deferred social housing grant	20	253,838	302,198
		4,588,912	4,429,911

18. CREDITORS: amounts due after one year

	Note	2026 £	2025 £
Housing loans	18	2,889,052	3,201,334
Recycled capital grant fund	19	158,524	96,299
Deferred social housing grant	20	15,400,690	16,746,412
		18,448,265	20,044,045

19. HOUSING LOANS

Housing loans are secured by specific charges on the Society's housing properties.
Interest rates and maturities of the loans are disclosed at note 30.

Repayment profile of financial liabilities	2026 £	2025 £
All repayable by instalments		
Repayable in one year	206,270	215,685
Repayable in two to five years	974,665	951,771
Repayable in more than five years	1,914,387	2,249,563
	3,095,322	**3,417,019**

20. RECYCLED CAPITAL GRANT FUND

	2026 £	2025 £
At 1 April 2025	218,011	196,844
Grants recycled	51,618	121,712
Simple interest	-	-
Interest accrued	3,473	1,888
Withdrawals	(62,960)	(102,433)
At 31 March 2026	**210,142**	**218,011**

During the year £51,618 (2025: £121,712) of SHG including simple interest was recycled into the fund disposal of a property that was staircasing. Of the total £18,516 (2025: £81,477) is repayable within one year.
The notional interest charged to the fund was £3,473 (2025: £1,888).

21. DEFERRED SOCIAL HOUSING GRANT

	Housing properties held for letting £	Shared ownership housing properties £	Total £
Cost			
At 1 April 2025	26,155,002	1,382,555	27,537,557
Transferred to recycled capital grant fund	-	(51,618)	(51,618)
Grant liability transferred on disposal	(2,573,276)	-	(2,573,276)
At 31 March 2026	**23,581,726**	**1,330,937**	**24,912,663**
Accumulated depreciation			
At 1 April 2025	10,038,266	450,681	10,488,947
Adjustment to prior year amortization	45,588	(37,535)	8,053
Amortisation credit for the year	240,601	13,309	253,910
Released on disposal	-	(18,242)	(18,242)
Derecognition of amortised accumulated grant on disposal	(1,474,532)	-	(1,474,532)
At 31 March 2026	**8,849,923**	**408,213**	**9,258,136**
Net Book Value			
At 31 March 2026	**14,731,803**	**922,724**	**15,654,527**
At 1 April 2025	**16,116,736**	**931,874**	**17,048,610**

	2,026 £	2,025 £
Amount to be amortised within one year	253,838	302,198
Amount to be amortised after one year	15,400,690	16,746,412
	15,654,527	**17,048,610**

22. DEFINED BENEFIT PENSION LIABILITY

The society participates in SHPS, a multi-employer pension scheme which provides benefits to non-associated participating employers. The scheme is classed as a defined benefit scheme in the UK. The scheme is classified as a 'last man standing' arrangement. Therefore, the society is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

22. DEFINED BENEFIT PENSION LIABILITY (CONTINUED)

For the year ended 31 March 2026, sufficient information is available for the society in respect of SHPS to account for its obligation on a defined benefit basis. The most recent formal actuarial valuation was completed as at 30 September 2020 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2026 by a qualified independent actuary.

Under the defined benefit pension accounting approach, the SHPS net deficit as at 31 March 2026 is £720k (2025: £1,001k).

Fair value of plan assets, present value of defined benefit obligation, and defined benefit asset

	31 March 2026 £000s	31 March 2025 £000s
Fair value of plan assets	6,040	5,809
Present value of defined benefit obligation	6,760	6,810
Deficit in plan	(720)	(1,001)
Defined benefit liability to be recognised	**(720)**	**(1,001)**

Reconciliation of opening and closing balances of the defined benefit obligation

	Period from 31 March 2025 to 31 March 2026 £000s	Period from 31 March 2024 to 31 March 2025 £000s
Defined benefit obligation at start of period	6,810	7,307
Expenses	9	7
Interest expense	389	351
Actuarial losses (gains) due to scheme experience	(223)	254
Actuarial losses (gains) due to changes in demographic assumptions	55	-
Actuarial losses (gains) due to changes in financial assumptions	(29)	(811)
Benefits paid and expenses	(251)	(291)
Defined benefit obligation at end of period	**6,760**	**6,817**

22. DEFINED BENEFIT PENSION LIABILITY (CONTINUED)

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

	Period from 31 March 2025 to 31 March 2026 £000s	Period from 31 March 2024 to 31 March 2025 £000s
Fair value of plan assets at start of period	5,809	5,902
Interest income	340	290
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(177)	(412)
Employer contributions	319	320
Benefits paid and expenses	(251)	(291)
Fair value of plan assets at end of period 6,040	**6,040**	**5,809**

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2026 was £163,000.

Defined benefit costs recognised in statement of comprehensive income (SOCI)

	Period from 31 March 2025 to 31 March 2026 £000s	Period from 31 March 2024 to 31 March 2025 £000s
Expenses	9	7
Net interest expense	49	61
Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)	**58**	**68**

22. DEFINED BENEFIT PENSION LIABILITY (CONTINUED)

Defined benefit costs recognised in other comprehensive income (Oci)

	Period from 31 March 2025 to 31 March 2026 £000s	Period from 31 March 2024 to 31 March 2025 £000s
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(177)	(412)
Experience gains and losses arising on the plan liabilities - gain (loss)	223	(247)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(55)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	29	811
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	-	-
Total amount recognised in Other Comprehensive Income – gain (loss)	**20**	**152**

Assets

	31 March 2026 £000s	31 March 2025 £000s
Global Equity	669	651
Liquid Alternatives	1,076	1,077
Insurance-Linked Securities	9	18
Property	295	291
Infrastructure	-	1
Private Equity	13	5
Real Assets	569	695
Private Credit	729	711
Credit	240	222
Investment Grade Credit	355	179
Cash	1	79
Long Lease Property	-	2
Secure Income	183	97
Liability Driven Investment	1,842	1,759
Currency Hedging	-	9
Net Current Assets	59	13
Total assets	**6,040**	**5,809**

22. DEFINED BENEFIT PENSION LIABILITY (CONTINUED)

Principal actuarial assumptions: Financial assumptions

	31 March 2026 % per annum	31 March 2025 % per annum
Discount Rate	6.02%	5.82%
Inflation (RPI)	3.33%	3.10%
Inflation (CPI)	3.02%	2.79%
Salary Growth	4.02%	3.79%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

Mortality assumptions

The mortality assumptions adopted at 31 March 2026 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2026	20.9
Female retiring in 2026	23.2
Male retiring in 2046	22.2
Female retiring in 2046	24.6

23. NON-EQUITY SHARE CAPITAL

Ordinary shares of £1 each issued and fully paid	2026 £	2025 £
At 1 April 2025	9	10
Issued during the year	-	-
Cancelled during the year	1	(1)
At 31 March 2026	**10**	**9**

Each non-executive member of the Board of Management holds one £1 share in the Society.

24. NOTES TO THE CASH FLOW STATEMENT

		2026	2025
		£	£
Surplus for the financial year	**SOCR**	1,354,858	1,410,922
Surplus on sale of housing properties	5	(1,713,622)	(792,578)
Interest receivable and similar income	6	(98,286)	(104,115)
Interest payable and similar charges	7	213,854	243,440
Operating Surplus		**(243,196)**	**757,669**
Depreciation		896,389	894,824
Grant amortisation		(261,963)	(302,198)
Other capital adjustments - disposals		116,985	79,652
Pension deficit payment		(310,510)	(312,716)
Decrease/(Increase) in Debtors		309,434	(368,508)
Increase in creditors		1,136,493	(507,447)
Net cash inflow from operating activities		**1,643,634**	**241,276**

25. NET DEBT

	At 1 April 2025	Cash Flows	Other non-cash Movements	**At 31 March 2026**
	£	£	£	£
Cash	**7,587,168**	**1,540,180**	**-**	**9,127,348**
Bank loans due with one year	(215,685)	321,697	(312,282)	(206,270)
Bank loans due greater than one year	(3,201,334)	-	312,282	(2,889,052)
	(3,417,019)	321,697	-	(3,095,322)
Net Debt	**4,170,149**	**1,861,877**	**-**	**6,032,026**

26. OPERATING LEASES

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

	2026 £	2025 £
Not later than 1 year	10,098	18,360
In 2 years	-	-
In 2 - 5 years	-	-
Total	**10,098**	**18,360**

27. CONTINGENT LIABILITIES

There were no contingent liabilities (2025: nil).

28. UNITS AND BED SPACES IN MANAGEMENT

Units in management owned	2026 Number	2025 Number
Units for rent	731	750
Shared ownership units	69	73
Leasehold	167	164
Total owned	**967**	**987**
Units managed on behalf of others		
Units for rent	1,318	1,382
Shared ownership units	48	68
Leasehold	70	67
Total units managed on behalf of others	**1,436**	**1,517**
Total	**2,403**	**2,504**

29. ACCUMULATED SOCIAL HOUSING GRANT

	Treated as a capital grant (see note 21) £	Treated as revenue income £	Total 2026 £	Total 2025 £
At 1 April 2025	27,537,557	1,504,267	29,041,824	29,621,226
Recycled in year	(51,618)	-	(51,618)	-
Grant transferred on disposal	(2,573,276)	-	(2,573,276)	-
At 31 March 2026	**24,912,663**	**1,504,267**	**26,416,930**	**29,621,226**

30. FINANCIAL ASSETS AND LIABILITIES

The board policy on financial instruments is explained in the board report as are references to financial risks.

Categories of financial assets and financial liabilities

	2,026 £	2,025 £
Financial liabilities measured at amortised cost	3,095,322	3,417,019
Total	3,095,322	3,417,019

Financial assets

Other than short-term debtors, financial assets held are equity instruments in other entities, cash deposits placed on money markets at call and cash at bank. They are sterling denominated and the interest rate profile at 31 March was:

	2026 £	2025 £
Floating rate on money market deposits	5,725,313	5,301,653
Fixed rate investments	24,767	24,046
Financial assets on which on interest is earned	3,377,268	2,285,515
Total	9,127,348	7,611,214

The fixed rate investment is a trade investment in the loan stock of another entity. The financial assets on which no interest is earned comprise cash balances in non-interest-bearing accounts. The remaining financial assets are floating rate, attracting interest at rates that vary with bank rates.

30. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Financial liabilities excluding trade creditors – interest rate risk profile

The group's financial liabilities are sterling denominated. The interest rate profile of the group's financial liabilities at 31 March was:

		2026	2025
Financial liabilities measured at amortised cost		**£**	**£**
Fixed Rate Instruments	**Rate**		
Maturity			
Bilateral bank loan	4.54%		
2037		1,787,797	1,900,449
Bilateral bank loan	11.32%		
2037		73,833	88,567
		1,861,630	1,989,016
	Margin over		
Variable Rate Instruments	**LIBOR**		
Maturity			
Bilateral bank loans	0.375%-0.4%		
2037		1,262,575	1,461,886
		1,262,575	1,461,886
Amortised loan issue costs		(28,883)	(33,883)
Total		3,095,322	3,417,019

31. RELATED PARTY TRANSACTIONS

One member of the Society's Board of Management is also a committee member of a fully mutual co-operative to which the Society has provided landlord and business management services during the year (Mr Tony Bush, Shorncliffe Co-op in Folkestone). All transactions between the Society and the fully mutual co-operative were conducted with the co-op's management committee on the Society's normal trading terms. The total value of fees receivable from this cooperative was £22,095 inclusive of VAT (2025: £21,865 inclusive of VAT) and the net balance due to the co-operative at 31 March 2026 was £25,667 (2025: £25,667).

One of our Executive Directors, Levent Kerimol, is also on the Board of Directors of Collective Ownership. Collective Ownership is a not-for-profit social purpose alternative to private sector renting. During the year, grant funding of £82,998 from the Greater London Authority's (GLA) CHF funding had been transferred to this operation. This decision was wholly taken by the GLA.

32. LEGISLATIVE PROVISIONS

The Society is incorporated under the Co-operative and Community Benefit Societies Act 2014 with registration number 17107R and is a Registered Provider registered with the Regulator of Social Housing, with number LH0170 under the Housing Act 1996.

33. SUBSIDIARY INVESTMENT

During the year, the company incorporated CDS Housing Solutions Company Limited, a wholly owned subsidiary. At the reporting date, the subsidiary was dormant and had not commenced trading activities.

The parent company holds 100% of the ordinary share capital of the subsidiary. The registered office of the subsidiary is Unit A Arc House, 82, Tanner Street, London, United Kingdom, SE1 3GN and its principal activity is intended to be a procurement solution.

34. POST BALANCE SHEET EVENT (PBSE)

Subsequent to the balance sheet date, the Co-operative Development Society Ltd has fully repaid all outstanding loan balances. As of the date of approval of these financial statements, the organisation has no remaining borrowings. This event is considered a non-adjusting post balance sheet event, as it does not relate to conditions existing at the balance sheet date. However, the information is disclosed to provide relevant insight into the organisations financial position and liquidity.