SOUTHERN HOUSING FINANCE PLC
(previously OPTIVO FINANCE PLC)

Annual Report for the year ended 31 March 2026

Company number 07933814

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DIRECTORS, OFFICERS, ADVISORS AND BANKERS

Directors	Paul Hackett Tom Paul Alex Ashby – Appointed 25 March 2026 Sarah Smith – Resigned 31 July 2025 Michelle Dovey – Resigned 28 January 2026
Secretary	Puneet Rajput
Registered office	Fleet House 59-61 Clerkenwell Road London EC1M 5LA
Auditor	BDO LLP 2 City Place Gatwick RH6 0PA
Principal solicitor	Devonshires 30 Finsbury Circus London EC2M 7DT
Principal banker	Barclays Bank Plc 1 Churchill Place Canary Wharf London E14 5HP

DIRECTORS' REPORT

Management present their annual report together with the financial statements of the Southern Housing Finance plc (the Company) for the year ended 31 March 2026.

Directors and their interests

The Directors who served during the year are as set out on page 1. None of the Directors held a beneficial interest in shares of the Company as at 31 March 2026.

Dividends

No dividends were recommended by the Directors during the current or prior year. Profits are distributed to the parent by means of a qualifying charitable donation.

Going concern

The Company has net assets of £13k (2025: £13k) at the balance sheet date. After reviewing the Company's budget for 2026/27 and cash forecasts for the next 12 months from the date the financial statements are approved, the Directors have a reasonable expectation the Company has adequate resources to continue in operational existence for the foreseeable future.

Current economic conditions have been factored into the budget and parent company's long term financial plan. Mitigations for Southern Housing (Southern Housing Finance plc's parent and sister companies) include changing tenure types, changes to the development programme and obtaining further borrowing. The going concern risk for the Company is further mitigated because the on lent funding to Southern Housing is under a secured loan agreement, backed by housing assets owned by Southern Housing. If payments are not made to Southern Housing Finance, it has the right to enforce the security under the loan.

In making this assessment the Board have evaluated the impact of the current economic environment on the cashflows of the whole Group over the next 12 month period. The Board are confident our viability can be maintained having assessed our plans, liquidity levels and mitigating actions available. There is reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months. For these reasons, they continue to adopt a going concern basis for the preparation of the Financial Statements.

Statement of the Board's financial responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS102). Under company law 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 of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the Directors are required to;

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on Southern Housing's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Existence of branches of the company outside of the United Kingdom

The company has no branches outside of the United Kingdom.

Qualifying third party indemnity provisions
Southern Housing the parent company holds qualifying Directors and Officers liability insurance that covers the directors of Southern Housing Finance Plc as a subsidiary of the group.

Disclosure of information to auditors

Each Director of the Company has confirmed in fulfilling their duties as a Director;

- they have taken all the necessary steps in order to make themselves aware of any information relevant to the audit and to establish that the auditors are aware of that information; and
- so far as they are aware, there is no relevant audit information of which the auditors have not been made aware.

Auditors

A resolution to re-appoint BDO LLP as the auditors was passed by the Southern Housing Board on 23 April 2026.

Approval

The Directors' Report was approved by the Board on 31 July 2026 and signed on its behalf by:



Alex Ashby

STRATEGIC REPORT

Principal activities

Southern Housing Finance Plc is a wholly owned subsidiary of Southern Housing. The Company is a special purpose funding vehicle, used to raise capital markets funding for Southern Housing. The Company obtains finance directly from capital markets and on-lends net proceeds to Southern Housing. Southern Housing is a registered society under the Cooperative and Community Benefit Societies Act 2014 with registration number 8983.

Business Review

The Statement of comprehensive income shows no profit for the year (2025: £nil). The interest costs of issued bonds were fully recovered from Southern Housing as interest income on the bond on-lend loans.

On 31 March 2026 Southern Housing Finance plc had a total of £1.13 billion bonds in issue (2025: £1.13 billion). There are no retained bonds (2025: nil retained)

Bond 2043 was issued on 13 March 2012 for £150 million. The value as at 31 March 2026 was £400 million.

- £50 million was repurchased on the same day and retained for future sale.
- During 2013/14 the retained £50 million was sold.
- On 17 September 2020 Southern Housing Finance plc entered into agreements to increase the size of this bond to £300 million in total and to sell £100 million of these on a deferred settlement basis for completion on 30 March 2022. £50 million was repurchased and retained for future sale.
- On 25 July 2022 Southern Housing Finance plc sold the £50 million retained.
- The Bond was increased by a further £100m on 13 September 2023, with £50 million sold on the same day, and the remaining £50 million initially retained and then sold on 29 September 2023.

Bond 2048 was issued on 22 March 2018 for £250 million. The value as at 31 March 2026 was £380 million.

- £100 million was repurchased on the same day and retained for future sale.
- During 2019/20 the retained £100 million was sold.
- The 2048 Bond was increased by £150m on 29 September 2023 and retained for sale.
- The entire £150 million retained bond was sold on 24 November 2023.
- In February 2025, we purchased and then cancelled £20 million giving a total outstanding bond £380 million.

Bond 2035 was issued on 7 April 2020 for £250 million. The value as at 31 March 2026 was £350 million.

- £100 million was repurchased on the same day and retained for future sale. The retained £100 million was sold on 18 August 2021.
- On 24 June 2022 £100 million was issued and repurchased for future sale.
- On 10 August 2022 £16.5 million retained bonds were sold and on 18 August 2022 a further £15 million retained bonds were sold.
- The remaining £68.5 million unsold retained Bond was sold on 15 August 2023.

Net proceeds of all bond issues were on-lent to Southern Housing for its general corporate purposes including, but not limited to, financing, refinancing investments in new social and affordable housing and improving the energy efficiency and environmental sustainability of Southern Housing’s homes.

Principal risks and uncertainties

As Southern Housing Finance on-lends to Southern Housing, the main risk facing the Company is Southern Housing being unable to make its interest or principal payments when they fall due. The risk is mitigated because the on lent funding to Southern Housing is under a secured loan agreement, backed by housing assets owned by Southern Housing. If there are any payments not made to the Company, it has the right to enforce the security under the loan.

A contribution to the assessment of the scale of risk is Southern Housing's credit ratings. Moody's Investor Services credit rating was A3 (stable outlook) and Fitch Ratings credit rating was A- (stable outlook) in August 2025.

The Company employs external advisors to ensure it is compliant with all relevant tax legislation.

Value for money

The parent entity, Southern Housing, uses the Regulator of Social Housing's Value for Money metrics to assess performance and inform targeted actions, as disclosed in Southern Housing's Annual Report.

Political and charitable contributions

The Company made no political contributions in the current and prior year.
Taxable profits are normally distributed to its parent Company by payment of qualifying charitable donations.

Section 172 statement

The company was formed for the sole purpose of raising debt finance for Southern Housing. It is a wholly owned subsidiary and does not have any employees. The directors, accordingly, do not consider that the interests of the company's employees, the impact of the company's operations on the community and the environment or the need to act fairly between members of the company are relevant to the proper discharge of their duty under section 172. Each of these factors is considered by the wider group. Given the purpose of the company the relevant stakeholder groups are therefore the investors in the listed debt and the parent entity, Southern Housing.

The Board of Southern Housing Finance Plc consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of those stakeholders, and in doing so have regard (amongst other matters) to:

i. the likely consequences of any decision in the long term;
ii. the need to foster the company's business relationships with suppliers, customers and others; and
iii. the desirability of the company maintaining a reputation for high standards of business conduct.

As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours. The intention is to nurture our reputation, through both the construction and delivery of our plan, that reflects our responsible behaviour.

The Board considers the following to be the key decisions and considerations it has made during the year to 31 March 2026.

Board decision	Consideration
The Board considered and agreed the long-term strategy.	The need to update long-term business plans. This impacts all stakeholders as a robust strategy is the foundation for maintaining the trust of all our external stakeholders.
Review of Southern Housing group business plan and cash flow forecasts.	The Board have monitored the operating surplus and cash flow forecasts of Southern Housing, and how they have performed against their business plan and covenants.
Engaging with our investors	We believe that communication with our investors is key and publish investor relations reports.

Approval

The Strategic Report was approved by the Board on 31 July 2026 and signed on its behalf by:



Alex Ashby

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHERN HOUSING FINANCE PLC

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2026 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Southern Housing Finance Plc for the year ended 31 March 2026 which comprise of the following:

- statement of comprehensive income
- statement of changes in reserves
- statement of financial position
- Notes 1 to 9 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Company 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 as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining management's assessment that supports the Director's conclusions with respect to the disclosures provided around going concern;
- consideration of the forecasts prepared by the parent entity and challenge of the key assumptions based on our knowledge of that business, including availability of financing facilities and covenant compliance calculations through to March 2028 (due to the Company's going concern being dependent on the parent entity's ability to make its interest and principal loan payments).

- reviewing the wording of the going concern disclosures and assessing its consistency with management's forecasts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company'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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

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

Overview

Key audit matters		2026	2025
	The recoverable amount of the related party debtor is materially misstated	✓	✓
Materiality	*Financial statements as a whole* £14.7m (2025: £14.0m) based on 1.3% (2025: 1.3%) of total assets.		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, the applicable financial reporting framework and the system of internal control. We identified and assessed the risks of material misstatement in the financial statements. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Key audit matters

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

Key audit matter		**How the scope of our audit addressed the key audit matter**
The recoverable amount of the related party debtor is materially misstated As disclosed in note 1, as the entity on-lends to its ultimate parent (Southern Housing) the principal risk facing the entity is that the parent will be unable to make its interest or principal payments when they fall due. Recoverability of these balances is intrinsically linked to the future viability of the parent entity and needs to be reviewed at each reporting date. The related party receivable balance is disclosed in note 6.	The assessment of the recoverability of the related party debtor involves several subjective judgements including the impact of additional downside scenarios for Southern Housing with potential increased running and development costs, increased voids and bad debts and falling house prices, which in turn will affect interest receipts to the Company. We have therefore spent significant audit effort in assessing the appropriateness of the assumptions involved, and as such this has been identified as a Key Audit Matter.	Our audit response involved the following: • Assessment of management's review of the recoverability of related party debtor including their review of the parent entity's assessment of its going concern status. • Consideration of the forecasts prepared by the parent entity and challenge of the key assumptions based on our knowledge of that business, including availability of financing facilities and covenant compliance calculations through to March 2028. • Assessing scenarios modelled by the ultimate parent entity including a stress test to analyse the current estimates of rent collection, property sales and maintenance and development spend that could be sustained without breaching banking covenants. We challenged the assumptions used and mitigating actions included within this scenario and reviewed the reverse stress test calculations. • Consideration of the adequacy of the disclosures in the financial statements against the requirements of the accounting standards. Key observations: We noted no material exceptions through performing these procedures.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements	
	2026 £m	2025 £m
Materiality	14.7	14.0
Basis for determining materiality	1.3% of total assets	1.3% of total assets
Rationale for the benchmark applied	Total assets aligns with the areas of interest of users of the financial statements (the total assets represent the level of secured assets that underpin the funds raised in the capital markets).	
Performance materiality	11.0	11.2
Basis for determining performance materiality	75% of materiality	80% of materiality
Rationale for the percentage applied for performance materiality	We have determined that 75% of materiality is an appropriate basis for performance materiality based on our previous experience of the audit and factors such as the low levels of misstatements previously identified and the limited areas of the financial statements subject to estimation uncertainty.	

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £735,000 (2025: £700,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the *Annual Report* other than the financial statements and our auditor's report thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of the Board's financial responsibilities, the Directors are 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 Directors 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 Directors are responsible for assessing the Company'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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations.

we considered the significant laws and regulations to be the applicable accounting framework, Companies Act 2006 and UK tax legislation.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be data protection legislation and health and safety legislation.

Our procedures in respect of the above included:

- Enquires of management whether there were any litigations and claims;
- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance, Audit and Risk Committee and internal audit regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management's assessment of the recoverability of the related party debtor and management override in relation to the posting of journals.
Our procedures in respect of the above included:

- Testing all journal entries that met defined risk criteria, as well as a random sample from the non-risky population, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias in particular in relation to the recoverability of the related party debtor (see key audit matter).

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Other matters which we are required to address

Following the recommendation of the Audit and Risk Committee, we were appointed by Board on 7 November 2023 to audit the financial statements for the year ended 31 March 2024 and subsequent financial periods.

The period of total uninterrupted engagement including retenders and reappointments is 13 years, covering the years ended 2014 to 2026.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.15R - 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

DocuSigned by:
Philip Cliftlands
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Philip Cliftlands (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, *UK*
31 July 2026

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2026

	Notes	2026 £000	2025 £000
Revenue	3	42,866	44,932
Operating profit	3	**42,866**	**44,932**
Interest and financing costs	4	(42,866)	(44,932)
Profit before taxation		**-**	**-**
Taxation	5	-	-
Profit for the year		**-**	**-**

All the Company's activities are continuing. The Company has no recognised profits or losses other than those above and therefore no separate statement of other comprehensive income has been presented.

STATEMENT OF CHANGES IN RESERVES
for the year ended 31 March 2026

	General reserve
	£'000
Balance as at 1 April 2024	781
Qualifying charitable donation	(781)
Profit for the year	-
Balance as at 1 April 2025	**-**
Profit for the year	-
Balance as at 31 March 2026	**-**

STATEMENT OF FINANCIAL POSITION
at 31 March 2026

Company number: 07933814

	Notes	2026 £000	2025 £000
CURRENT ASSETS			
Debtors: amounts falling due within one year	6	6,140	6,140
Debtors: amounts falling due after one year	6	1,119,737	1,120,017
Cash and cash equivalents		12	12
Total current assets		**1,125,889**	**1,126,169**
Creditors: amounts falling due within one year	7	(6,140)	(6,139)
Net current assets		**1,119,749**	**1,120,030**
Total assets less current liabilities		**1,119,749**	**1,120,030**
Creditors: amounts falling due after more than one year	7	(1,119,736)	(1,120,017)
Net assets		**13**	**13**
CAPITAL AND RESERVES			
Share capital	8	13	13
General reserves		-	-
Total reserves		**13**	**13**

The financial statements were approved and authorised for issue by the Board on 31 July 2026 and signed on its behalf by:



Alex Ashby
Director



Puneet Rajput
Secretary

The accompanying accounting policies and notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation of financial statements
Southern Housing Finance plc is a public company limited by shares and incorporated in the UK (company number 07933814).

The accounts have been prepared in accordance with applicable laws and UK accounting standards including FRS102 “the Financial Reporting Standard Applicable in the United Kingdom and the Republic of Ireland”. Financial statements disclose the company's utilisation of concessionary loans with a public benefit entity, Southern Housing, under FRS 102.

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Registered address: Fleet House, 59-61 Clerkenwell Road, London, EC1M 5LA.

Cash flow statement
As a consolidated cash flow statement is prepared by the Company’s parent Southern Housing, the Company has taken advantage of the exemption provided by FRS102 not to report a separate statement of cash flows.

Going concern
The Company has net assets of £13k (2025: £13k) at the balance sheet date. After reviewing the Company’s budget for 2026/27 and cash forecasts for the next 12 months from the date the financial statements are approved, the Directors have a reasonable expectation the Company has adequate resources to continue in operational existence for the foreseeable future.

Current economic conditions have been factored into the budget and parent company’s long term financial plan. Mitigations for Southern Housing (Southern Housing Finance plc’s parent and sister companies) include changing tenure types, changes to the development programme and obtaining further borrowing. The going concern risk for the Company is further mitigated because the on lent funding to Southern Housing is under a secured loan agreement, backed by housing assets owned by Southern Housing. If payments are not made to Southern Housing Finance, it has the right to enforce the security under the loan.

In making this assessment the Board have evaluated the impact of the current economic environment on the cashflows of the whole Group over the next 12 month period. The Board are confident our viability can be maintained having assessed our plans, liquidity levels and mitigating actions available. There is reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months. For these reasons, they continue to adopt a going concern basis for the preparation of the Financial Statements.

Financial Instruments
The Company has applied the requirements of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS102. In accordance with the FRS, the Financial Instruments of the company have been assessed and have been classified as basic financial instruments. They are initially recorded at transaction price. On subsequent measurement of the financial instrument it will be measured at amortised cost using the effective interest method. The discount and premium on issue are therefore amortised over the life of the instrument.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Sources of estimation uncertainty:

- The on lent funding to Southern Housing is under a secured loan agreement, backed by housing assets owned by Southern Housing. There is judgement about recoverability due to the wider economic environment which links to the performance of Southern Housing. This is further considered in the Going Concern section.

2. EMPLOYEE AND DIRECTOR INFORMATION

No member of the Board received any remuneration for their role as member of the Board of the Company during the current and prior year. No expenses were reimbursed to members of the Board during the current year and prior year.

The Group Chief Executive and the senior management team are employed by Southern Housing, with whom administration costs are shared; the relevant emoluments are dealt with in the financial statements of that organisation.

No staff were directly employed by the Company in the current or prior year.

3. PROFITS FOR THE YEAR

Revenue
The revenue shown in the Statement of comprehensive income represents interest receivable on loans to Southern Housing. Interest receivable is recognised on an accruals basis.

During the current and prior years the Company recharged interest paid on loans to Southern Housing.

The audit of these financial statements has been conducted, and the associated fee for 2026 is borne by the parent company.

4. INTEREST PAYABLE

	2026 £000	2025 £000
Interest payable on the bond	43,475	43,940
Bond premium amortisation	(3,614)	(4,142)
Bond discount amortisation	3,005	5,134
	42,866	**44,932**

5. TAXATION

The Company is liable to corporation tax, and the charge is based on the Profits for the year taking into account differences between certain items for taxation and accounting purposes.

Taxable profits are normally distributed to its parent Company by payment of qualifying charitable donations. The tax effect of these payments relating to the period are recognised when a payment within 9 months of the year end is probable.

The Company is separately registered for Value Added Tax purposes, and therefore does not form part of the Group's VAT registration. Costs are shown inclusive of VAT where it is not recoverable.

Tax charges

The rate of corporation tax in the UK remained at 25% on profits over £250k and 19% on profits under £50k with marginal relief applied for profits between the two limits.

	2026 £000	2025 £000
Current Tax		
Current tax on income for the period	-	-
Total current tax	**-**	**-**

Reconciliation of tax recognised in income and expenditure	**2026** **£000**	**2025** **£000**
Current tax reconciliation		
Profit on ordinary activities before taxation	-	-
Corporation tax charged at 19% (2025: 19%)	-	-
Effects of		
Qualifying charitable donations paid or to be paid within 9 months of the year end	-	-
Total tax charge (see above)	**-**	**-**

6. DEBTORS

Concessionary loan

Per FRS102 accounting policy choice, concessionary loans are initially measured at the amounts paid and the carrying value in subsequent years is adjusted for accrued interest receivable and any impairment losses.

On 31 March 2018, a concessionary loan of £4.2 million was made to the parent. The loan bears no interest and is repayable by annual instalments. On 31 March 2022 an additional £50.7 million and on 31 March 2023 an additional £6.4 million was loaned to the parent. The loan is available until 13 March **2043**.

On 31 March 2020, a concessionary loan of £13.9 million was made to the parent. The loan bears no interest and is repayable by annual instalments. On 20 February 2025 the loan was reduced by £0.6 million due to premium write off resulting from the £20 million bond buy-back and subsequent cancellation. The loan is available until 22 March **2048**.

On 26 August 2021 a concessionary loan of £13.3 million was made to the parent. The loan bears no interest and is repayable by annual instalments. The loan is available until 7 October **2035**.

On 31 March 2026, three concessionary loans were outstanding:

Maturity date	07 October **2035**	22 March **2048**	13 March **2043**
Size	£8.7m	£10.9m	£51.4m

Long term loans receivable carry interest from the date of the initial advance payable in arrears. £350 million is due to be repaid in 2035, £400 million in 2043 and £380 million in 2048.

Concessionary loans bear no interest, are repaid in instalments and will be fully repaid by 2048. Long term loan receivables from Parent include discount on issue of £76.3 million (2025: £79.3 million). Loan premium is on-lent to Southern Housing and has been included in the Concessionary loan.

	2026 £000	2025 £000
Due within one year		
Amounts due from parent company	6,140	6,140
	6,140	**6,140**
Due after more than one year		
Long term loan receivable (2043) from Parent	400,000	400,000
Long term loan receivable (2048) from Parent	380,000	380,000
Long term loan receivable (2035) from Parent	350,000	350,000
Bond Discount	(76,255)	(79,260)
Concessionary loan made to parent company	70,973	74,587
Bond setup costs	(4,981)	(5,310)
	1,119,737	**1,120,017**
Total debtors	**1,125,877**	**1,126,157**
Amounts are receivable as follows:		
Two to five years	88	411
More than 5 years	1,119,649	1,119,606
	1,119,737	**1,120,017**

7. CREDITORS

	2026 £000	2025 £000
Amounts falling due in less than one year:		
Interest payable	6,140	6,139
	6,140	**6,139**
Amounts falling due after more than one year measured at amortised cost:		
Fixed rate Bond payable 2043	400,000	400,000
Fixed rate Bond payable 2048	380,000	380,000
Fixed rate Bond payable 2035	350,000	350,000
Bond setup costs	(4,981)	(5,310)
Bond discount on issue	(76,256)	(79,260)
Bond premium on issue	70,973	74,587
	1,119,736	**1,120,017**
Loans are repayable, otherwise than by instalments as follows:		
Two to five years	88	411
More than 5 years	1,119,648	1,119,606
	1,119,736	**1,120,017**

Each Bond has incurred a premium or discount upon sale of a retained element. The setup costs and discount on issue costs are being borne by Southern Housing over the term of the Bond. Loans are secured by fixed charges on housing properties owned by the parent.

An independent valuation of affordable housing units owned by Southern Housing relating to the issue of each secured Bond is obtained annually. At 31 March 2026, the security valuations were:

	2035	2043	2048
Maturity date	07 October 2035	13 March 2043	22 March 2048
Issue size (£m)	350	400	380
Remaining retained	-	-	-
Valuation date	May 2025	Jul 2025	May 2025
Valuation before asset cover (£m)	504	473	525
Valuation after asset cover (£m)	445	415	459
Coupon	2.86%	5.25%	3.28%

Interest Rate Risk/Hedging

The Company currently borrows funds on a fixed rate basis from the capital markets and then on-lends to Southern Housing on the same fixed rate. As such the Company does not bear any interest rate risk, apart from the underlying credit risk with Southern Housing, which is discussed below. The Company does not undertake any hedging activities and it does not have any derivatives.

Risk Management Objectives and Policies

Southern Housing's treasury function is responsible for the management of the funds and control of the associated risks. Its activities are governed by the Group's Board and Treasury Committee is responsible for all the treasury issues in all of the Group's legal entities including the Company.

Credit Risks and Uncertainties

The Company on-lends to Southern Housing, the main risk facing the Company is that Southern Housing will be unable to make its interest payments when they fall due. The risk is mitigated in a number of ways:

- The on lent funding to Southern Housing is under a secured loan agreement and is backed by housing assets owned by Southern Housing. If there are any payments which are not made to Southern Housing Finance Plc, then it has the right to enforce the security under the loan
- Southern Housing's credit ratings, from Moody's Investor Services credit rating was A3 (stable outlook) and Fitch Ratings credit rating was A- (stable outlook) in August 2025.

The carrying amount of assets and liabilities best represents the maximum exposure to credit risk.

8. SHARE CAPITAL

Allotted and issued 50,000 ordinary shares of £1 each.	
At 31 March 2026 and 31 March 2025	50,000
Paid up share capital	12,500

The capital of Southern Housing Finance Plc consists solely of ordinary share capital and an accumulated reserve representing the undistributed profits of the company. The Company's capital is not subject to externally imposed capital requirements except for those imposed by loan covenants in relation to the net asset position. The Company has complied with all capital requirements during the period.

Southern Housing Finance has not made a call for the remaining £37,500 share capital to be paid up.

9. CONTROLLING PARTIES

The Company is a subsidiary of Southern Housing which is the ultimate parent incorporated in the UK and registered in England as a Co-operative and Community Benefit Society. Southern Housing is the ultimate parent undertaking by virtue of holding all shares in the Company.

All intra-group transactions have taken place in the normal course of business and all intragroup lending, with the exception of the concessionary loan, is at the market rate. The Company has taken advantage of the exemption provided by FRS102 not to disclose transactions with the parent or other wholly owned subsidiaries within the group.

The largest and smallest group in which the results of the Company are consolidated is that headed by Southern Housing, incorporated in England. The consolidated accounts of this Group are available to the public and may be obtained from Fleet House, 59-61 Clerkenwell Road, London, EC1M 5LA or from Southern Housing website www.southernhousing.org.uk. No other group accounts include the results of the Company.