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AVENUE SERVICES (NW) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2026

Company Number: 08002607

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Company Information

Directors
Sherin Akhtar
Kathryn Fox-Rogers
William Hogg
Sarah Kirkup
Sheila Little
Sarah Orme
Nigel Pell-Ilderton
Alan Smith

Company Secretary
Nicole Seymour

Registered office
Sanctuary House
Chamber Court
Castle Street
Worcester
WR1 3ZQ

Registered number
Company Number: 08002607

Independent statutory auditor
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Internal auditor
PricewaterhouseCoopers LLP
One Chamberlain Square
Birmingham
B3 3AT

Banker
Barclays Bank PLC
Barclays Corporate
Social Housing Team
Level 27
1 Churchill Place
London
E14 5HP

Legal advisor
Gowling WLG (UK) LLP
Two Snowhill
Birmingham
B4 6WR

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Directors' Report for the year ended 31 March 2026

The Directors present the annual report and audited financial statements for the year ended 31 March 2026.

Directors and their interests

The Board of Directors includes community members, which ensures that the needs of the community are met by the Company.

Directors who held office during the year and to the date of the financial statements being approved were:

Sherin Akhtar	(appointed 10 June 2026)
Kathryn Fox-Rogers	(appointed 25 March 2026)
William Hogg	(Chair)
Sarah Kirkup	(community member)
Sheila Little	(Vice Chair)
Sarah Orme	
Margaret Parker	(resigned 20 January 2026)
Nigel Pell-Ilderton	(community member)
Alan Smith	
Robert Watkins	(resigned 25 March 2026)

Company Secretary

Nicole Seymour

Principal activities

Avenue Services (NW) Limited (the Company) was registered on 22 March 2012 under the Companies Act 2006 (number 08002607), with the purpose of being a major facilitator of social and economic change by means of providing regeneration projects and a wide range of services and social facilities to the residents of Blacon and the wider borough of Cheshire West and Chester.

The Company is set up as a private company limited by guarantee without share capital; any surplus funds are used for the benefit of Blacon and its residents.

The Company was originally established with two members, Chester and District Housing Trust Limited (the Trust) and Cheshire West and Chester Council (the Council). Sanctuary Housing Association (the Association) replaced the Trust as a member following a transfer of engagements of the Trust to the Association on 31 March 2015.

Going Concern

The Company's principal activities, together with factors likely to affect its future performance, are set on pages 3 and 4.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared a going concern assessment, based on consideration of cash flow forecasts, for a period of at least 12 months from the date of approval of these financial statements (the going concern assessment period), taking account of a number of severe but plausible downside scenarios. In forming their view the Directors have taken into consideration that Sanctuary Housing Association, the Company's ultimate parent, has provided a letter of support to the Directors of the Company to confirm that it intends, should the need arise, to provide financial and or other support to the Company, including, if required, not seeking repayment of amounts currently made available (note 9 - £124,000 at 31 March 2026 (2025: £160,000)), for the period covered by the forecasts.

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Directors' Report for the year ended 31 March 2026 (continued)

Going Concern (continued)

Based on these considerations it has been concluded that the Company will have sufficient funds to meet its liabilities as they fall due for the period of assessment.

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

Review of business and future developments

In 2025/2026, the Company continued to deliver a broad range of community, environmental, and asset management services across Blacon, maintaining its commitment to customer-centred service delivery, sustainable growth, and high-performing teams. The year was characterised by prudent financial management, strategic planning for long-term sustainability, and meaningful investment in the local community.

Community investment and project delivery remained a priority, with over £85,000 of internally and externally funded initiatives ring-fenced during the year. In addition, a minimum of £40,000 has been committed to the 2026/2027 Community Support Fund. This will be complemented by investment in several key capital projects, including the refurbishment of Cairns Crescent play area and the installation of accessible equipment at at least one further site. These works will be funded through the capital receipt from the sale of the former Blacon Library site on Western Avenue.

Community consultation, alongside partnership working with the Council's Total Environment Team, has ensured that these projects are aligned with identified local needs and priorities. The Community Support Fund has continued to support initiatives focused on employment, health, environmental improvement, and financial inclusion.

The Company has also maintained a strong focus on long-term sustainability, particularly in relation to the future of Blacon Adventure Playground. During the year, the organisation worked closely with the Local Authority to initiate negotiations for a new five-year Service Level Agreement. In parallel, early-stage discussions commenced to secure a sustainable future for the Playground, including its city farm provision.
The Board has continued to demonstrate strong leadership through effective governance, robust risk management, and adherence to compliance requirements. This has been supported by annual reviews and consistent performance monitoring to ensure the organisation remains well positioned to meet future challenges and opportunities.

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Directors' Report for the year ended 31 March 2026 (continued)

Results

The results of the Company for the year ended 31 March 2026 are set out on page 11. The Company aims to operate on a broadly break-even basis, as the surplus achieved is put back into community investment.

Principal risks

The Company operates a risk mapping process as part of its annual business planning cycle. This process identifies a number of external factors which may affect the Company. The Board reviews and approves the risk map at its quarterly meetings.

The principal risks for the Company covered by the risk map and considered by the Board during 2025/2026 are:

- Failure to adequately monitor and review operational performance to ensure high quality service delivery;
- A reduction in contract values or challenges obtaining funding from other sources;
- Failure to monitor and review financial performance targets, income and expenditure;
- Failure to recruit directors with appropriate skills, or board member training and review is inadequate; and
- Breaches of regulatory or legislative compliance.

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Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of information to independent auditor

In the case of each Director in office at the date the Directors' Report is approved:

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

Independent Auditor

KPMG LLP has indicated its willingness to continue in office and a resolution concerning the appointment of the auditor will be proposed at the next Annual General Meeting.

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

By order of the Board

Signed by:
William Hogg
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William Hogg
Chairperson

1 September 2026

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Independent Auditor's Report To The Members Of Avenue Services (NW) Limited

Opinion

We have audited the financial statements of Avenue Services (NW) Limited ("the Company") for the year ended 31 March 2026 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

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;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

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Fraud and breaches of laws and regulations – ability to detect (continued)

- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition given the nature of the Company's revenue streams being simple, non-complex transactions and do not contain significant judgements or estimates. Furthermore, there is no history of significant or a high number of audit misstatements in relation to revenue and management is not incentivised on revenue directly.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with management (as required by auditing standards) and discussed with management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, distributable profits legislation, taxation legislation, and pension legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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Directors' Report

The Directors are responsible for the Directors' Report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' Report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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 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; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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Independent Auditor's Report To The Members Of Avenue Services (NW) Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

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.



Salmaan Khan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

2 September 2026

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Profit and Loss Account for the year ended 31 March 2026

	Notes	2026 £'000	2025 £'000
Revenue	2	2,179	2,389
Cost of sales		(2,023)	(2,237)
Gross profit		**156**	**152**
Operating expenses		(192)	(206)
Operating loss	3	**(36)**	**(54)**
Interest payable		(5)	(5)
Interest receivable		41	49
Profit/(loss) before taxation		**-**	**(10)**
Tax credit on profit/(loss)	6	1	11
Profit for the financial year		**1**	**1**

The result for the current and prior year relates wholly to continuing activities.

There are no recognised gains and losses other than those included in the Profit and Loss Account above and therefore no separate Statement of Other Comprehensive Income has been presented.

The notes on pages 14 to 23 form part of these financial statements.

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Balance Sheet as at 31 March 2026

	Notes	2026 £'000	2025 £'000
Fixed assets			
Tangible assets	7	523	606
Current assets			
Debtors	8	26	23
Cash at bank and in hand		1,047	1,082
		1,073	1,105
Current liabilities			
Creditors: amounts falling due within one year	9	(377)	(430)
Net current assets		**696**	**675**
Total assets less current liabilities		**1,219**	**1,281**
Creditors: amounts falling due after more than one year	10	(474)	(519)
Provisions	11	(440)	(458)
Net assets		**305**	**304**
Capital and reserves			
Profit and loss account		305	304
Total members' funds		**305**	**304**

The financial statements were approved and authorised by the Board of Directors on 1 September 2026 and signed on its behalf by:

Signed by:
William Hogg
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William Hogg
Chairperson

The notes on pages 14 to 23 form part of these financial statements.

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Statement of Changes in Equity for the year ended 31 March 2026

	Profit and loss account £'000	Total members' funds £'000
At 1 April 2024	303	303
Profit for the year	1	1
Total comprehensive income	**1**	**1**
At 31 March 2025	**304**	**304**
At 1 April 2025	304	304
Profit for the year	1	1
Total comprehensive income	**1**	**1**
At 31 March 2026	**305**	**305**

The notes on pages 14 to 23 form part of these financial statements.

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Notes to the Financial statements for the year ended 31 March 2026

1. Principal accounting policies

Statutory information

Avenue Services (NW) Limited (the Company) is a company limited by guarantee, incorporated in England and Wales and domiciled in the UK. The address of the registered office and registered number are given within the information on page 2, Company Information.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards (IFRS) but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's parent undertaking, Sanctuary Housing Association, includes the Company in its consolidated financial statements. The consolidated financial statements of Sanctuary Housing Association are prepared in accordance with International Financial Reporting Standards, are available to the public and may be obtained from Sanctuary Housing Association, Chamber Court, Castle Street, Worcester WR1 3ZQ.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- the effects of new but not yet effective IFRSs;
- comparative period reconciliation for property, plant and equipment;
- disclosures in respect of the compensation of Key Management Personnel;
- certain disclosures required by IFRS 15 and IFRS 16.

As the consolidated financial statements of Sanctuary Housing Association include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are presented in pounds sterling, which is the Company's functional currency. Unless otherwise stated, amounts are denominated in thousands (£'000) rounded to the nearest thousand.

Going concern

The Company's principal activities, together with factors likely to affect its future performance, are set on pages 3 and 4.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

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Notes to the Financial statements for the year ended 31 March 2026 (continued)

1. Principal accounting policies (continued)

Going concern (continued)

The Directors have prepared a going concern assessment, based on consideration of cash flow forecasts, for a period of at least 12 months from the date of approval of these financial statements (the going concern assessment period), taking account of a number of severe but plausible downside scenarios. In forming their view the Directors have taken into consideration that Sanctuary Housing Association, the Company's ultimate parent, has provided a letter of support to the Directors of the Company to confirm that it intends, should the need arise, to provide financial and/or other support to the Company, including, if required, not seeking repayment of amounts currently made available (note 9 - £124,000 at 31 March 2026 (2025: £160,000)), for the period covered by the forecasts.

Based on these considerations it has been concluded that the Company will have sufficient funds to meet its liabilities as they fall due for the period of assessment.

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

Critical accounting estimates and judgements

The Directors have not identified any significant judgements or estimation uncertainties requiring separate disclosure under IAS 1.

Other accounting estimates and judgements

The Directors have established a lifecycle maintenance provision. The provision reflects obligations of the Company with regards to the Parade Enterprise Centre which it manages on behalf of Sanctuary Housing Association; the provision is increased each year to reflect the additional maintenance obligations accrued. The Directors do not consider any other individual estimate or judgement to be material to the financial statements.

Revenue

Revenue represents income received for services and the provision of facilities for the Council, Association and the residents of Blacon. Revenue is measured based on the consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer. As customers consume benefits of performance simultaneously with the Company performing all revenue is recognised over time. The majority of the Company's turnover is intra-Group; however certain activities are subject to VAT and give rise to VAT recovery.

Costs

Costs directly relating to the provision of services are shown as cost of sales whilst general overheads are shown as operating expenses. Where appropriate, costs are stated including irrecoverable VAT.

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Notes to the Financial statements for the year ended 31 March 2026 (continued)

1. Principal accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current tax and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Provisions for liabilities and charges

A provision is recognised in the Balance Sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

Tangible fixed assets

Assets are stated at cost (this includes the original purchase price of the asset and the costs attributable to bringing the asset into its working condition for its intended use) less accumulated depreciation, which is charged on a straight-line basis to write off assets over their expected economic useful lives as follows:

Leasehold land and buildings	Over the period of the lease
Plant and equipment	4 to 10 years
Vehicles	4 to 7 years

Government grants

Where a grant is received from government bodies as a contribution towards the cost of a capital asset, it is initially held as deferred income on the balance sheet. Subsequently the grant is recognised as income on a systematic basis over the expected useful life of the asset.

Where assets are transferred from government bodies without payment of consideration, they are treated as a government grant of non-monetary assets and both an asset and a deferred grant liability are recognised at the fair value of the non-monetary asset transferred. Subsequently the asset is depreciated and grant amortised in accordance with the policies detailed above.

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Notes to the Financial statements for the year ended 31 March 2026 (continued)

1. Principal accounting policies (continued)

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. if the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used, the Company has the right to direct the use of the asset if either;
    - the Company has the right to operate the asset; or
    - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component the Company allocated the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

As a Lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the initial rate implicit in the lease. The Company uses a single discount rate for each portfolio of leases with reasonably similar characteristics.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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Notes to the Financial statements for the year ended 31 March 2026 (continued)

1. Principal accounting policies (continued)

Leases (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment or whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'creditor' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term and low value assets. The Company recognises the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

Impairment testing – property

When an impairment indicator is identified, an impairment review is performed at an individual CGU level and compared against its recoverable amount, which is defined as the higher of:

- fair value less selling costs, or
- value in use (VIU).

Should the net book value of the CGU exceed the higher of these measures, it is impaired to this value, with the movement going through the profit and loss account.

Fair value is deemed to be the market value of the property. VIU is calculated using an assessment of future discounted cash flows.

2. Revenue

	2026 £'000	2025 £'000
Revenue from the rendering of services	2,176	2,386
Grant income/amortisation	3	3
	2,179	2,389

3. Operating loss

Operating loss is stated after charging/(crediting):	2026 £'000	2025 £'000
Lifecycle maintenance provision (Note 11)	(18)	64
Depreciation (Note 7)	50	49

Auditor's remuneration for audit services to the Company amounting to £7,000 (2025: £2,000) was borne by the ultimate parent undertaking, Sanctuary Housing Association and was not recharged. There were no non-audit fees paid to the Company's auditors.

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Notes to the Financial statements for the year ended 31 March 2026 (continued)

4. Directors' emoluments

The Members of the Board who served during the year are set out on page 3. Certain members of the Board received salaries in their capacity as employees of the parent undertaking, Sanctuary Housing Association, and their costs were not recharged as they were incidental to their services provided to other Sanctuary Group Companies. Expenses borne by Sanctuary Housing Association were negligible.

5. Employee information

Employees of the Company:	2026 £'000	2025 £'000
Wages and salaries	38	46
Social security costs	5	3
Other pension costs	9	9
	52	58

The average monthly number of persons employed during the year expressed in full-time equivalents was:	2026 Number	2025 Number
Site based staff	2	2

Full-time equivalents have been calculated based on hours worked compared to the standard level of working hours per week for an equivalent employee in the same business area.

Additionally, employees of the Sanctuary Housing Association performed services on behalf of the Company and the relevant costs, including any social security and pension costs, were recharged to the Company.

Employee costs recharged to the Company by the Association:	2026 £'000	2025 £'000
Employee costs recharged	1,467	1,588

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Notes to the Financial statements for the year ended 31 March 2026 (continued)

6. Tax on profit

(a) Analysis of tax credit for the year

	2026 £'000	2025 £'000
Current tax:		
Tax on profit for the year	-	-
Total of current tax	-	-
Deferred tax:		
Increase in deferred tax asset	(1)	-
Adjustments in respect of prior years	-	(11)
Total of deferred tax	(1)	(11)
Total tax credit for the year	**(1)**	**(11)**

(b) Factors affecting the tax credit in the year

The tax credit for the year differs (2025: higher than) from the amount that would result from applying the standard rate of corporation tax in the UK of 25% (2025: 25%) to the profit/(loss) before tax. The differences are explained below:

	2026 £'000	2025 £'000
Profit/(loss) before tax	-	(10)
Profit/(loss) before tax multiplied by main company rate of corporation tax in the UK of 25% (2025: 25%)	-	(3)
Non-deductible expenses	12	12
Allowances	(12)	(11)
Increase in deferred tax asset	(1)	-
Losses surrendered for nil consideration	-	2
Adjustment in respect of prior years	-	(11)
Total tax credit for the year	**(1)**	**(11)**

(c) Factors affecting future tax charge

The rate of corporation tax has remained at the main rate of 25% (2025: 25%).

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Notes to the Financial statements for the year ended 31 March 2026 (continued)

7. Tangible assets

	Land and buildings £'000	Plant and equipment £'000	Vehicles £'000	Total £'000
Cost:				
At 1 April 2025	453	39	376	868
Additions	2	-	-	2
Disposals	(35)	-	-	(35)
At 31 March 2026	420	39	376	835
Depreciation				
At 1 April 2025	52	39	171	262
Charge for the year	6	-	44	50
At 31 March 2026	58	39	215	312
Net book value				
At 31 March 2026	**362**	**-**	**161**	**523**
At 31 March 2025	**401**	**-**	**205**	**606**

Impairment

The Company annually reviews properties for indicators of potential impairment. Assets that reveal indicators are then subjected to further impairment tests using the methods described in note 1 and below. The Company has determined that for the purposes of impairment testing, each property is a cash-generating unit.

Properties are considered to have indicators of impairment when there has been a significant decline in performance, if there has been a significant decline in market value; or if significant reinvestment works are required.

Impairment is recognised when the carrying amount exceeds the recoverable amount. Recoverable amounts are the higher of fair value less costs of disposal, and value-in-use.

For the year ended 31 March 2026 no properties (2025: nil) were identified as having indicators of potential impairment and so no further tests were carried out for these assets.

Consequently, no impairment was recognised within the Company during the year (2025: £nil).

Assets pledged as security

No assets have been pledged to secure borrowings.

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Notes to the Financial statements for the year ended 31 March 2026 (continued)

8. Debtors

	2026 £'000	2025 £'000
Trade debtors	9	3
Amounts owed by fellow group undertakings	-	5
Other debtors	4	3
Deferred tax asset	13	12
	26	**23**

Amounts owed by fellow group undertakings are repayable on demand, trading in nature and do not bear interest.

The deferred tax asset recognised arises from brought forward trading losses and capital allowances. The increase recorded in the year is primarily attributable to an increase in the losses available for carry forward and the associated capital allowance timing differences.

9. Creditors: amounts falling due within one year

	2026 £'000	2025 £'000
Trade creditors	47	42
Amounts owed to parent undertaking	115	159
Amounts owed to fellow group undertakings	9	1
Other taxation, social security, and other creditors	25	14
Accruals	137	164
Deferred income	-	7
Deferred grant	3	-
Lease liability	41	43
	377	**430**

Amounts owed to parent undertaking and fellow group undertakings are repayable on demand, trading in nature and do not bear interest.

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

	2026 £'000	2025 £'000
Deferred grant	269	275
Lease liability	205	244
	474	**519**

11. Provisions

	2026 £'000	2025 £'000
1 April	458	394
Provided in the year	-	64
Released in the year	(18)	-
31 March	**440**	**458**

Provisions at 31 March 2026 comprise a £440,000 (2025: £458,000) lifecycle maintenance provision. The lifecycle maintenance provision reflects obligations of the Company with regards to the Parade Enterprise Centre, along with other sites in the Blacon area, which it manages on behalf of Sanctuary Housing Association and is expected to be settled within 32 years.

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Notes to the Financial statements for the year ended 31 March 2026 (continued)

12. Share capital

The Company is limited by guarantee and has no share capital. The Members of the Company guarantee to contribute £1 in the event of winding up.

13. Related party transactions

During the year the Company provided services to the Association to the value of £1,602,000 (2025: £1,744,000) and was recharged costs by the Association totalling £1,849,000 (2025: £1,959,000); these recharges included £1,467,000 of staff costs (2025: £1,588,000). At the year end the Company owed £115,000 to the Association (2025: £160,000).

During the year Sanctuary Maintenance Contractors Limited (SMCL), a fellow member of the Sanctuary Group, provided services to the Company to the value of £129,000 (2025: £28,000) the Company provided services to SMCL to the value of £3,000 (2025: £77,000). At the year end the Company owed £9,000 to SMCL (2025: was due £5,000).

During the year the Company provided services to the Council to the value of £440,000 (2025: £634,000). At the year end, the Council owed the Company nil (2025: nil). The Company was invoiced a total of £15,000 (2025: £39,000) by the Council during the year, relating to rent, rates and other costs. At the year end the Company owed the Council £nil (2025: £nil).

14. Post balance sheet events

No matters have arisen since the year end that require disclosure in the financial statements.

15. Ultimate parent undertaking and controlling party

The Company has two members: Sanctuary Housing Association (the Association) and Cheshire West and Chester Council (the Council).

On any resolution in general meeting 100 votes shall be available of which:

(a) The Council shall be entitled to cast 49 votes
(b) The Association shall be entitled to cast 51 votes

The Company is therefore deemed to be under the control of the Association.

The ultimate parent undertaking and controlling party is Sanctuary Housing Association being the smallest and largest group to consolidate these financial statements, registered in England as a Registered Society (Number 19059R) and with the Regulator of Social Housing (Number L0247). A copy of the Group Financial statements can be obtained from Sanctuary Housing Association, Sanctuary House, Chamber Court, Castle Street, Worcester WR1 3ZQ.