

PROGRESS HOUSING GROUP LIMITED

Consolidated and Company financial statements for the year ended 31 March 2024

Co-operative and Community Benefit Society (FCA) No: 28685R

Regulator of Social Housing Registration No: LH4189

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

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Members of the board and executive officers

Members of the board (all of whom are non-executive directors):

Nicola Bevan	Retired 17 October 2023
Gavin Cawthra	
Adam Dennett	
Yasmin Fearon	Deputy Group Chair
Nigel Ingram	
Penny Fell	Appointed 4 September 2023
Elaine Johnstone	
Maggie Shannon	
James Sinclair Taylor	Retired 4 September 2023
Neil Townsend	
Anna Urbanowicz	
Samantha Veal	
Nigel Wright	Group Chair

The following serve as independent members of the Group's committees and are not members of the board:

Nicola Bevan	Group Audit and Risk Committee (from 17 October 2023)
Kylie Blackham	Group Remuneration and Nominations Committee
Suzanne Horrill	Group Audit and Risk Committee (retired 4 September 2023)
Ruth Lowry	Group Audit and Risk Committee
Jennifer McGuinness	RWP Committee (from 1 February 2024)
Mahua Nandi	RWP Committee Group Audit and Risk Committee (retired 21 April 2024)
James Shutt	RWP Committee (from 4 September 2023)

Company Secretary Deborah Atherton, ACCA

Registered office Sumner House, 21 King Street, Leyland, PR25 2LW

Executive officers	Jacqui De-Rose	Group Chief Executive
	BSc, MCIH	
	Deborah Atherton	Executive Director (Governance, People & Communications)
	ACCA	
	Tammy Bradley	Executive Director (Operations, Services & Support)
	BA (Hons), MCIH	
	Andy Speer	Executive Director (Finance & Corporate Services)
	MBA, ACMA, BA (Hons)	
	Les Warren	Executive Director (RWP & Development)
	FCA, MBA	Appointed 1 July 2023

Auditors Beever and Struthers, One Express, 1 George Leigh Street, Manchester, M4 5DL

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Five year consolidated financial highlights

for the financial years ended 31 March	2024 £000's	2023 £000's	2022 £000's	2021 £000's	2020 £000's
Statement of Comprehensive Income					
Turnover	121,648	115,934	99,840	86,171	79,892
Operating surplus	15,042	16,741	13,806	17,016	17,087
Underlying surplus after tax	8,576	9,308	7,543	10,248	9,331
Gain on gift of subsidiary	-	-	19,368	-	-
Surplus after tax	8,576	9,308	26,911	10,248	9,331
Statement of Cashflows					
Cash inflow from operating activities	29,802	29,636	25,180	30,340	24,372
Cash outflow from investing activities	(41,757)	(34,208)	(34,816)	(22,161)	(19,465)
Cash inflow/(outflow) from financing activities	9,205	8,048	9,503	(11,855)	(3,634)
Net debt	(275,216)	(255,852)	(244,293)	(228,057)	(229,673)
Statement of Financial Position					
Tangible fixed assets	637,266	603,101	576,597	538,003	527,010
Net current assets	7,588	10,566	9,492	1,208	4,415
Debt due after more than one year	304,355	256,918	241,905	226,676	232,367
Pension liabilities	1,708	1,512	9,502	19,402	11,228
Net assets	340,294	332,653	312,861	274,475	271,453
Key financial ratios and indicators					
Operating margin	12.2%	13.9%	13.6%	19.7%	21.2%
Interest cover	159%	202%	179%	263%	227%

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Report of the board

The board presents its report and the audited consolidated financial statements of Progress Housing Group Limited and its subsidiary undertakings (the “Group”) for the year ended 31 March 2024.

Strategic report

Strategy and objectives

The Group’s vision is to ensure everyone has a place to call home and the opportunity to live their best life. The Group Strategic Plan and Business Priorities covers the period 2024 to 2029 (the “Strategic Plan”) and sets out the Group’s vision and priorities for the next five years to 2029, highlights the priority issues for it to address, and shows how it will measure its successes. Business priorities are identified across three strategic aims as follows:

Homes

- Invest in existing homes and neighbourhoods to meet tenant expectations and high standards and embed the Group’s Environmental and Asset Management Strategies
- Development of new affordable supported, general needs, independent living for people over 55 and Extra Care accommodation to meet future tenants’ needs
- A continued focus on keeping tenants safe in their homes by investing in property compliance and keeping them informed and engaged.

Independence

- Providing high-quality services and efficiencies
- Understanding the Group’s tenants and their needs
- Improving the Group’s independent living offer
- A greater voice for all tenants
- Being a leading national TECS provider ensuring a positive contribution to social housing

Opportunities

- Supporting access to education, training and employment
- Encouraging tenant involvement in the management and scrutiny of the Group’s social housing services
- Active citizenship
- Supporting colleagues to access personal development, training and career development opportunities to develop professionalism and empathy.

The full Strategic Plan can be found on the Group’s website: www.progressgroup.org.uk

Values

The Group’s colleagues and board members are committed to working together to achieve the organisation’s strategic aims. The Group has identified the following values, which underpin everything it does:

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Report of the board (continued)

Values (continued)

- People focused - People are at the heart of the Group's business. By treating everyone fairly and understanding diverse needs and strengths, the Group can serve people better and provide services and opportunities that positively impact the lives of tenants, customers and colleagues.
- Forward thinking - Colleagues work together to search for and implement innovative solutions and ideas that overcome challenges our tenants, customers, communities, partners and colleagues face.
- Expert - Colleagues use their knowledge, expertise and learning to invest in a positive future for all and aim to excel in all they do to provide the best possible standards of service.
- Genuine - Colleagues are open and honest, with a friendly, enthusiastic and energetic way of working, which is true to what the Group stands for.
- Collaborative - Colleagues work in partnership with our tenants, customers, colleagues, local communities and other experts, bringing everyone together to achieve more.

Cross-cutting themes

The Group's cross-cutting themes influence every part of its business and enable the Group to maximise its support for tenants and customers and achieve its business outputs. The cross-cutting themes are:

- to place tenants and customers at the heart of what we do
- to challenge inequality in our society
- to deliver our environmental objectives
- to be a strong organisation;
- to operate and behave as one team.

Governance structure

The Progress Housing Group Limited board has overall responsibility for setting the strategic direction of the Group, alongside maintaining control of the Group's governance and compliance. The legal structure of the Group is as follows:

- Progress Housing Group Limited (the "Parent") is a non-charitable registered provider, a Community Benefit Society, registered with the Financial Conduct Authority.
- Progress Housing Association Limited is a charitable registered provider, a Community Benefit Society, registered with the Financial Conduct Authority. It has a common board of management with Progress Housing Group Limited.
- Reside Housing Association is a charitable registered provider, a Community Benefit Society, registered with the Financial Conduct Authority. It also has a common board of management with Progress Housing Group Limited.
- Key Unlocking Futures Limited is a registered charity, not a registered provider. A Grouping Deed ties Key Unlocking Futures Limited into the Group's governance structure.
- Concert Living Limited (operating under the Concert Homes brand) is a wholly owned company limited by shares and is tied to the Group by a Procedure Agreement.
- New Progress Housing Association Limited – is a dormant company.

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Report of the board (continued)

Governance structure (continued)

The Group has six sub-committees that have delegated authority in a number of areas. Each sub-committee has terms of reference approved by the board. In January 2024, the board approved the establishment of two new tenants representative committees. The composition of each sub-committee and a brief overview of its role is set out below.

Group Audit and Risk Committee

This committee has responsibility for oversight of the financial reporting process, the system of internal control and the internal and external audit process, approval of accounting policies and providing support and assurance to the board with its responsibility regarding to the design and operation of the risk management framework. The committee acts independently of the executive and board, to ensure that stakeholder interests are properly protected in relation to financial reporting and internal control.

Group Remuneration and Nominations Committee

This committee is responsible for setting the remuneration policy for employees and the board members and other policies as delegated by the board. In addition, the committee oversees the appraisal of the Group Chief Executive and recommends their remuneration to the board for approval. The committee also oversees the process of non-executive director appraisal and makes recommendations for appointments to the board and committees.

RWP Committee

This committee was originally established as part of the merger with Reside Housing Association Limited in order to monitor completion of activities identified as part of the due diligence process. This committee is responsible for enabling RWP to achieve its aim of being the leading specialist housing provider for people with a learning disability or autism in the country. In addition, the committee provides strategic proposals for the direction of RWP and scrutinises the quality and performance of all RWP services. The board has approved revised terms of reference for this committee that will commence in the autumn of 2024 and form one of the new tenant representative committees.

Executive Board

This board consists of the Executive Leadership Team. It receives operational performance and management information, oversees operational risk management and compliance and acts as the development sub-committee for the registered providers.

Financial Appraisal Team

This is a sub-committee of the Executive Team, which appraises housing development and acquisitions on behalf of the Group's registered providers.

Tenants' Voice – Improving Services Group

This group completes reviews on different areas of the organisation. It identifies what the Group does well and recommends improvements. Tenant members carry out various activities as part of this group, including interviewing employees, considering performance information and tenant survey results, mapping out processes from the tenants' perspective and benchmarking against other housing providers.

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Report of the board (continued)

Business model

The Group operates its business model across business streams. Each is defined from the point of view of its tenants and customers, and each serves a discrete group of tenants and customers and provides a distinctive set of services. The Strategic Plan sets out the Group's overarching strategic aims. Each business stream then has a business plan to support these aims.

Progress Housing Group

The Group is a leading provider of affordable housing and housing for people over 55, especially in the Central Lancashire and Fylde Coast areas. It is expanding throughout the region and into West Yorkshire.

RWP

RWP is a national leader in providing supported living accommodation largely for people with a learning disability, and/or autism, acquired brain injury or enduring mental health conditions.

Progress Lifeline

Progress Lifeline is a national leader in Technology Enabled Care Services (TECS), supporting over 65,000 people to maintain independence in their own homes.

Key Unlocking Futures

Key Unlocking Futures is a specialist charity in Lancashire providing support to individuals and families, including people experiencing homelessness and women fleeing domestic abuse.

Progress Living

Progress Living supports the health service by providing with high-quality keyworker accommodation in Lincolnshire.

Concert Living Limited trading as Concert Homes

Concert Homes provides high quality homes for market sale across the North West.

How the Group manages performance

The Group has a performance management framework, including key performance indicators (KPIs) and value for money (VFM) metrics, that underpins the vision and strategic aims identified within its Strategic Plan. KPIs are set by the board and assess performance against financial, customer and community, learning and growth and operating process targets.

The performance management framework ensures a robust process is in place to capture and report on all KPIs and VFM.

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Report of the board (continued)

Review of risk

In the Strategic Plan, the Group has set its priorities, related measures and targets under its three strategic aims. As part of this, business planning and risk assessment are complementary. It is vital the board assesses the risks that affect the Group’s ability to meet its key objectives in line with its risk appetite. The Group has a Risk Management Strategy, which defines the Group’s risk management framework and board risk appetite.

The continued importance of housing in the political agenda exposes the Group to political, statutory and regulatory risks. Along with UK and Global economic risks, the board continuously monitors these risks and how they will impact the financial position of the Group and hence the delivery of services to tenants and customers.

Risk is considered at each board meeting and an updated strategic risk register is presented and discussed on a quarterly basis with board and Group audit and Risk committee. The board and the Group Audit and Risk Committee undertake periodic deep dives into the Group’s strategic risks and an assurance map is in place for each.

The Group undertakes extensive stress testing annually (as part of the long-term financial plan update) and when the need arises throughout the year. Specific mitigating strategies have been developed to ensure the Group is best placed to respond to a risk should it crystallise. The Group’s long-term financial plans contain a number of assumptions, such as inflation, interest rates and unit sales based on current information and validated by a third-party review where possible.

The table below details the current risks the board considers the Group face and how it mitigates and controls them.

Strategic objective/cross-cutting theme	Risk	Mitigation and controls
Developing a stronger organisation	Economic impact - the Group could suffer a significant reduction in operating surplus or financial pressures requiring a change in priorities due to increasing costs or a reduction in income affecting both the reinvestment in existing stock and provision of tenant and customer services, as well as the supply of new homes.	The Group has a wide range of tools that help constantly monitor internal performance and the risk and impact of external influences. These include budgetary control, business plan flexibility, review of long-term financial plan assumptions, stress testing, golden rules, mitigation strategies, treasury strategy, contract management, monitoring of unsold property, and arrears management with sufficient bad debt provisions.

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Report of the board (continued)

Review of risk (continued)

Strategic objective/cross-cutting theme	Risk	Mitigation and controls
Developing a stronger organisation	Health and safety - if the Group does not have adequate arrangements to comply with statutory health and safety requirements, it could lead to property compliance or health and safety breaches, putting people at risk of harm. This includes poor data quality or inadequate property compliance and health and safety management systems.	The Group has a Health & Safety Policy, property compliance policies and compliance and monitoring mechanisms reporting to the board. Any actions arising are tracked through to implementation. In addition, it undertakes mandatory employee training sessions and employee and board awareness sessions and has in-house expertise. The Group's Data Assurance Framework includes health and safety data approved by the board.
Developing a stronger organisation	Cyber security breaches lead to financial loss, issues with business continuity and/or reputational damage.	The Group has controls and preventative measures including antivirus/malware software, breach monitoring systems, threat management systems, multifactor authentication, cloud-based disaster recovery, penetration testing and internal expertise. In addition, cyber risk awareness is a key factor in the culture of the organisation backed up with a tested business continuity plan in place and other risk transfer arrangements.
Customers at the heart	Customer voice - if the Group fails to hear the tenant/customer voice and deliver quality and timely services, this could result in dissatisfied tenants, leading to reputational and regulatory consequences.	The Group has various tools to help monitor tenant and customer positioning. These include service standards, customer insight (consultation/research) and engagement activities. The Group also operates a complaints framework in accordance with the Housing Ombudsman Code.
Providing more and better homes	Poor data quality or an inadequate strategic asset management framework could lead to a decline in the quality of the Group's existing housing stock, which could result in reputational, financial and regulatory consequences.	The Group has an asset management programme and sufficient provision for stock investment within its long-term financial plan. Significant monitoring and reporting on disrepair cases and compliance with the Decent Homes Standard exist. An asset register is regularly updated and the board has approved a data assurance protocol. The Group closely monitors and responds to complaints in a timely manner, ensuring they are dealt with satisfactorily.

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Report of the board (continued)

Review of risk (continued)

Strategic objective/cross-cutting theme	Risk	Mitigation and controls
Stronger organisation	Oversight and compliance with regulation – poor board oversight and decision making or failing to respond to changing regulation could result in regulatory, reputational and financial consequences.	The Group has adopted the National Housing Federation (NHF) Code of Governance. The governance structure is regularly reviewed and training and development plans are in place for board members. Continuous monitoring of the regulatory horizon takes place as well as engagement with the NHF.

Treasury management

The Group has an internal treasury management function led by the Executive Director (Finance and Corporate Services), which manages treasury activities in line with the Group’s Treasury Management Policy and annual Treasury Management Strategy. Advice is also received from the Group’s financial and corporate advisers, who review the Treasury Management Policy and strategy annually.

The primary objective of the Group’s treasury management activity is to provide the financial resources necessary to achieve the Group’s purpose and to manage the financial and operational risks, that might threaten its ability to do so. The treasury management function is not a profit centre however it is committed to achieving value for money in treasury management and employing suitable measurement techniques within the context of effective risk management.

The Group funds its activities using operating cash flows, grants on new developments and external debt. Debt is secured against the Group’s housing properties which are independently valued at least once every five years.

The Group borrows money at both fixed and floating rates of interest as well as entering into standalone interest rate hedging products. Managing interest rate risk is a key element of the Group’s Treasury Strategy which is updated annually to ensure it remains relevant and effective.

Debt providers require compliance with both financial and non-financial covenants. The Group’s actual and forecast compliance with these covenants is regularly monitored and reported to board quarterly. Compliance is also tested when setting budgets and updating the Group’s long-term financial plans.

Corporate governance

The Group has adopted the National Housing Federation’s Code of Governance (published in 2020) and seeks to comply with both this and best practice with regards to corporate governance. In line with the Group’s governance arrangements, compliance against the Code is reviewed on an annual basis and reported to the Group Remuneration and Nominations Committee.

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Report of the board (continued)

Corporate governance (continued)

The Regulator of Social Housing’s Governance and Financial Viability Standard requires that the Group adopts an appropriate Code of Governance and reports any variation on a “comply or explain” basis; this statement, therefore, forms part of the Group’s regulatory compliance. A review of compliance against the NHF 2020 Code of Governance has concluded that the Group remains compliant with the provisions of the Code. In addition, a review of compliance against the Regulator of Social Housing’s Regulatory Standards has confirmed the Group’s compliance with the Governance and Financial Viability Standard.

The Group was subject to an in depth assessment during the financial year. The Regulator of Social Housing confirmed in March 2024 that the Group has retained its G1 rating”.

Statement of internal control

The board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. This applies for all subsidiaries within the Group.

The board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk within the board’s risk appetite and provide reasonable assurance that key business objectives and expected outcomes will be achieved, that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The board has delegated authority to the Group Audit and Risk Committee for oversight of the Group’s internal audit provision. This includes the approval of a risk-based annual plan of internal audit work, the approval of management actions and reviewing progress to implement agreed internal audit recommendations. A series of deep dives help the Group Audit and Risk Committee gain an in-depth understanding of areas linked to strategic risks and help provide the committee with confidence that appropriate controls and assurance mechanisms are in place.

In meeting its responsibilities, the board has adopted a risk-based approach to internal controls, which are embedded within management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed and is consistent with best practice. The key features of the Group’s system of internal controls include:

Governance

- Corporate governance arrangements including the adoption of the National Housing Federation’s Code of Governance (2020). The Code is built around the key values of accountability, integrity, openness, equality, diversity, and inclusion. It has robust frameworks for board and committee recruitment, performance management and succession planning.
- Key Unlocking Futures Limited operate to the Charity Governance Code for larger charities, and Concert Living Limited operates to the UK Corporate Governance Code.
- A framework of delegation consisting of the Constitution, Intra-group Agreement, Standing Orders and Scheme of Delegation including terms of reference, Financial Regulations and strategic and operational policies and procedures.
- The Group has appointed employees, consultants, Non-Executive Directors and Independents, with the required specialist skills to undertake specific business activities.

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Report of the board (continued)

Statement of internal control (continued)

- The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues and new investment projects. The Board has adopted and disseminated the Group's Code of Conduct to all employees. This sets out the Group's policies with regard to the quality, integrity and ethics of its employees, including non-executive directors and independents as well as involved customers. It is supported by a framework of policies and procedures with which employees must comply.

Financial management:

- A robust framework of financial planning, scenario modelling and stress testing is in place to assess and mitigate strategic risks. The Board maintains and monitors annually against its updated 'Golden Rules' reflecting requirements from the Regulator of Social Housing, current funders, and the Board Risk Appetite. The framework is also used to assess risks associated with potential new areas of business.
- The Group has appointed Beever and Struthers as their external auditors. Beever and Struthers has not identified any significant control weaknesses during their external audit work in respect of 2023/24.
- Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board. The Board reviews the management accounts each quarter, which highlights and explains any significant budget variances. The Board also signs off the long-term financial plan (annually) and regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

Performance management:

- The Board has implemented a framework of self-assessment and performance management.
- All staff are appointed on the basis of robust selection and recruitment processes, with comprehensive induction and training programmes.
- The Group's appraisal process has continued to guide and assist staff and managers on how to effectively manage performance.
- The Board has continued to receive a quarterly compliance statement (which identifies areas of non-compliance in the areas of legal, regulation, finance, health and safety, policies and property compliance) throughout the year.
- The Group monitors individual service areas to ensure they are sufficiently resourced to deliver their operational plans and business strategies.

Risk management:

- The Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group. This process has been in place throughout the year under review and the Board approved and updated its risk appetite statement in September 2023 and again in January 2024.
- The strategic risks, controls and sources of third-party assurance are attributed to risk owners and are actively monitored on a quarterly basis by the Group Board, its subsidiary boards, and the Group Audit and Risk Committee.
- Operational risk registers and controls are owned and monitored at transactional level and form part of the internal audit scope on each assignment.

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Report of the board (continued)

Statement of internal control (continued)

- All decisions being made by the Board are supported with an analysis of the risks involved and within the context of the Board Risk Appetite and any impact on Golden Rules.
- The Group has in place a Raising Concerns at Work policy, as well as a dedicated whistleblowing page on its website. Details of identified frauds are maintained in a Group Fraud Register which is reviewed quarterly by the Group Audit and Risk Committee on behalf of the Board, prior to being submitted to the Regulator of Social Housing, through the annual return process. No material loss has been identified this year as a result of fraud.
- The Group's insurance portfolio has been subject to its annual review the Senior Leadership Team (overseen by the Insurance Manager and Director (Business Assurance)) to confirm that cover remains up to date and fit for purpose.

Strategy:

- The Board has an approved Strategic Plan and Business Priorities for 2022 to 2027 which is reviewed and monitored annually.
- An Equality, Diversity & Inclusion framework, including a strategy and action plan, captures the Group's legal requirements and its commitment to being a responsible social landlord and to challenge inequality in society. This activity contributes to the Group meeting the equality and legal requirements under the Equality Act 2010.
- The Group's Value for Money Strategy and annual position statement are aligned to the Strategic Plan's objectives.
- Asset Management and Development Strategies outline the Group's approach to maintaining quality homes and growth and are both linked to the Strategic Plan.
- The Environmental Sustainability Strategy has specific provision within the budget and long-term financial plan together with performance measures.

Health and Safety Management:

- A comprehensive health and safety framework is in place to prevent staff, tenants and other stakeholders from harm. The Framework is supported by assurance mechanisms and Board scrutiny and reporting processes.

Regulatory Compliance:

- In March 2024, the Regulator of Social Housing confirmed of the Group's top G1 V1 rating following an In Depth Assessment.
- The Board receives an annual assessment against the regulatory standards and considers that the Group is compliant with all aspects of them.

The Group Chief Executive has reviewed the internal control and assurance arrangements by reference to the above and has reported to the board that she is satisfied with the effectiveness of the control systems. The Group Audit and Risk Committee has also expressed its satisfaction with these arrangements in its review of the effectiveness of internal control systems (assisted by the Internal Audit Annual assurance Statement). Through the work undertaken by the committee, it can confirm that, to the best of its knowledge, there have been no significant weaknesses in controls resulting in material losses, contingencies or uncertainties, which would have required disclosure in the financial statements.

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Report of the board (continued)

Directors

The names of the non-executive directors and the independent committee members who have served during the year are shown on page 3.

Environmental, employee, social and community matters

Environment

The Group has undertaken several initiatives to help reduce its long-term environmental impact and help tackle fuel poverty for tenants following the aims laid out in its Environmental Sustainability Strategy. Activities included:

- Delivering the first year of a two-year social housing decarbonisation fund (SHDF) retrofit project, installing energy efficiency measures ranging from external wall insulation to air source heat pumps in 46 properties across Lancashire and Cumbria with the aim of bring all properties to EPC rating C or better.
- Continuing to upgrade the energy efficiency of properties through an investment programme covering insulation, energy efficient windows and doors, and fuel-efficient heating systems.
- Upgrading the heating systems to improve energy efficiency at two multi-tenanted schemes (and beginning work on a third) which included remotely accessible building management systems and improved controls in flats.
- Delivering three communal LED lighting upgrades with estimated energy savings of up to 70%
- Increasing the percentage of properties with an Energy Performance Certificate (EPC) from 71% to 80%.
- Decreasing the percentage of properties rated EPC D or below from 32% to 27%.
- Working with United Utilities on a fully funded scheme to fit water saving devices at 453 properties.

People

The Group recognises that a strong colleague experience can drive a strong customer experience. Work has to be meaningful and purposeful, and colleagues must feel empowered to deliver - and know their contribution is valued. Colleagues are the Group's greatest resource and by working together as one team the Group will be stronger, achieve more and deliver what tenants and customers want and need.

The Group has a board approved People Strategy in place, which aligns with the Strategic Plan and supports the delivery of its vision and values. It is underpinned by the core HR processes of attracting, engaging, rewarding, developing and retaining colleagues.

The Group's most recent engagement survey had a response rate of 71% with an Engagement Index Score of 82% and an Employee Net Promoter Score (how likely employees were to recommend the organisation) of +24. The Group's focus going forward is on employee wellbeing, empowering line managers to help their teams achieve a better work-life balance and reviewing processes and systems.

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Report of the board (continued)

Diversity and inclusion

To be an employer of choice, the Group's culture must be considered enabling, inclusive and valuing diversity. The Group's EDI Strategy and action plan demonstrate a commitment to promoting equality and diversity and a desire to embed a culture that actively values difference.

The Group's gender pay gap position is reported annually. Outside of the regulatory reporting requirement, the Group continues to use a number of data sets to inform its equality and diversity agenda.

In January 2024, the Group welcomed cohort three of the Project SEARCH internship programme, helping young people with learning disabilities and autism to access high-quality work-related learning, leading to a much-improved opportunity to access long-term, full-time paid employment.

In addition to the Group's People Forum, there are several network groups, including Roots, Pride at Progress, Carers Together and Meno Movers. These network groups are run by colleagues for colleagues, encouraging discussion, promoting better understanding and providing a space to support each other.

The Group is an accredited Living Wage Employer.

Customer Voice

Placing tenants and customers at the heart of what the Group does is a cross-cutting theme influencing every part of the business. The Group wants tenants to be able to influence or make those decisions that affect them the most. The Group aims to deliver excellent results for tenants and customers and is committed to involving tenants in shaping services. The Group focuses on gaining insight into what matters most to tenants via community engagement, scrutiny activity, Tenant Satisfaction Measures surveys and transaction and perception satisfaction surveys.

With reference to the Tenant Satisfaction Measures, results for 2023/24 showed overall satisfaction at 75% and how residents are treated fairly and with respect at 79% which is an improvement on the

previous year's results. There has been general improvement in a number of measures, including complaints handling, which has been a key area of focus for the Group over the past year.

A customer insight working group has been established to look at key themes for improvements across all services including value for money and cost of living.

The Group continues to report on the Customer Promises which were designed with customers in August 2022. These include the following themes:

- Homes – the Group promises to keep your homes well maintained and safe.
- Communities/neighbourhoods – the Group promises to work with you and other agencies to keep your community / neighbourhood safe and well maintained.
- Culture – the Group promises to be respectful and supportive at all times and involve you in improving services.

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Report of the board (continued)

Customer Voice (continued)

Each customer promise has a number of measures agreed upon with tenants which are monitored regularly.

Tenants' Voice – improving services is a tenant-led group that supports the work of the Group by carrying out scrutiny reviews on specific service areas. The scrutiny reviews focus on the tenant perspective and the customer experience of the service, culminating in a report making recommendations to improve performance and customer experience. The Tenants' Voice group is supported by an independent mentor, helping volunteer tenants to develop skills and confidence in their scrutiny activities. This year the Group has completed three reviews with a total of 29 recommendations to deliver service improvements in periodic electrical testing, scrutiny benchmarking and community safety. These resulted in the following services improvements:

- Improved communication and information for electrical testing process
- Identifying specific needs of tenants when making appointments
- Annual impact statement to demonstrate the difference made by the work of involved tenants promoted on the Group's website
- You said – we did approach adopted for scrutiny and engagement activities
- Wider promotion of community safety services at community activities including community chats
- Improved communication and information on community safety services through letters, website, testimonials and communication plans for anyone reporting anti-social behaviour

Scrutiny activity is further supported by volunteer tenants who provide feedback on their experience when contacting the Group. Volunteer tenants also carry out community checks on the area where they live, providing information on key areas, including grounds maintenance and the general appearance of their community. This valuable information is used to identify what works well and what could be improved.

The Group's Progress Futures initiative creates training, education and employment opportunities for all customers. It is a free service that adopts a person-centred approach to work with individual tenants and their family members to help them achieve their personal goal of entering training, education, volunteering or employment.

Business performance

Financial performance for the year

The Group's financial performance for the year remained robust despite continuing challenges in the broader economic environment and some specific challenges faced by its non-social housing business streams. Turnover increased by £5.7m or 4.9% due to annual rental increases and a strong shared ownership sales performance, offset by reductions in outright sales and income from Progress Lifeline as described below. Operating costs increased by £8.1m or 9% mainly driven by repairs and maintenance and service costs. Operating surplus, prior to gain on disposal of property, plant and equipment, has therefore reduced slightly to £15.0m compared to £16.1m last year. The surplus after tax also decreased by £0.7m to £8.6m.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Report of the board (continued)

Financial performance for the year (continued)

The Group’s outright sales subsidiary, Concert Living Limited, has faced continued challenges in the year due to the downturn in the UK private residential housing market resulting in a fall in income of £4.2m. In October 2023, the shareholders of Concert Living Limited made the decision to exit the private residential housing market due to the prevailing economic conditions. The assets of Concert Living Limited are therefore being marketed for sale.

Progress Lifeline has seen a reduction in its income of £1.1m in the year due to a significant reduction in its largest revenue contract. Over the course of the year, Progress Lifeline has restructured its business to respond to this change and has a business plan in place to deliver profitability and growth in the future

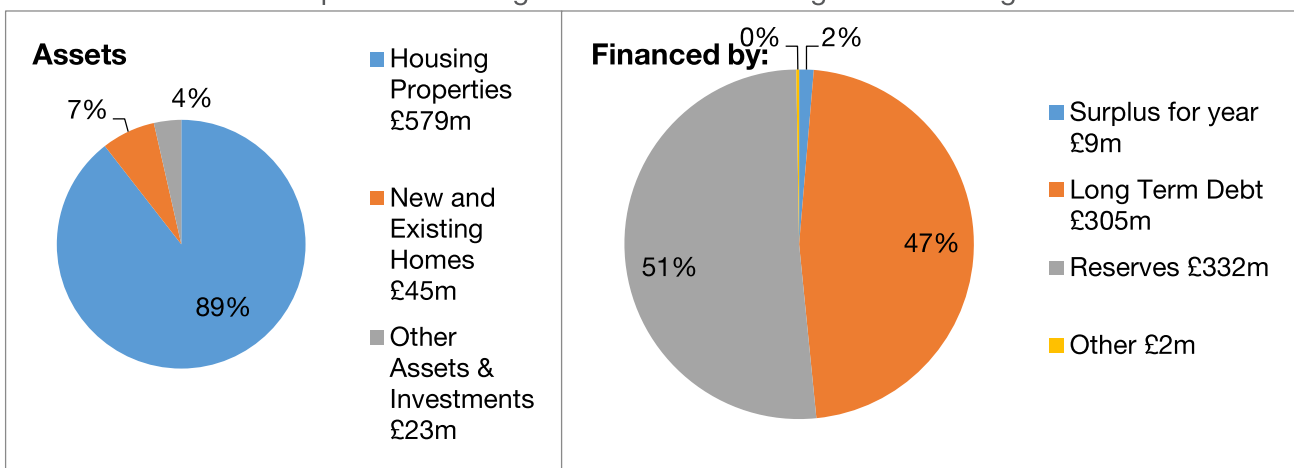
The Group has continued to see an increase in repairs and maintenance spend in the past 12 months, driven by a combination of factors, including increasing demand, continued price inflation and the implementation of a proactive healthy homes survey team to address damp and mould. Service costs have also increased due to the continued impact of higher energy prices. The Group has secured new contracts for the supply of electricity and gas that should mitigate these cost increases in future years.

Total fixed assets increased by £34.0m to £638.9m. Capital spend on new homes was £39.7m for the year, with capital grant of £7.0m being secured to support the delivery programme. 176 new homes were completed, slightly below the target of 200. Inflationary pressure persists across the Group’s capital development programme. During the year, a total of 59 first tranche shared ownership property sales were achieved.

A strong future pipeline has been identified to deliver a development programme in line with the board approved Development Strategy and meet the Group’s commitments under the Homes England Strategic Partnership 2021-26.

Reserves increased by £7.6m to £340.3m due to the surplus made in the year and movements in pension liabilities through other comprehensive income. The Group’s share of the Social Housing Pension Scheme (SHPS) pension fund deficit is £1.7m.

The Group is not for profit, and therefore the entire surplus for the year has been, or will be, reinvested along with external debt to build new homes, maintain existing homes and manage its liabilities. An overview of the financial picture showing total investment along with financing can be seen below:



Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Report of the board (continued)

Key performance indicators (KPIs) and Value for Money (VFM) – 2023/24 review

The Group’s underlying financial performance demonstrates its financial strength and resilience. The Group is compliant with all loan covenants and indicators including interest cover and gearing show a strong position over time. For a full list of the Group’s KPIs and current performance against target please visit the Group’s website: www.progressgroup.org.uk

The board has conducted a comprehensive assessment of VFM for the year, which is also available on the Group’s website. This VFM position statement gives stakeholders a full and honest assessment of how the Group performed against its VFM targets for 2023/24, its progress since last year and its forward-looking targets that demonstrate a continuing commitment to VFM. A summary of VFM performance is included below – the board is confident that the Group has fully complied with the VFM Standard 2018.

In addition to ensuring that business activity delivers VFM for the Group, the aim is to provide value to the broader community and the public purse. One example is Progress Lifeline’s work with adult social care commissioners using technology to increase the quality of life and reduce the cost of social care for thousands of older people.

The Group’s strategic targets aim to deliver VFM and are ambitious and stretching. Examples are included below with commentary on the 2023/24 performance.

Strategic target	2023/24 performance
Provide new homes over the next five years in line with the capital capacity identified within the long term financial plan, to help reduce the massive shortage of good quality, low cost housing and supported housing.	£40m was spent on new developments, only slightly below the target of £41m. 164 new homes were delivered consisting of 76 general needs and 59 shared ownership properties, and 29 supported living properties. An additional 15 general needs properties were also new stock into management.
Approved investment of £69.7m over five years to deliver on average 2,100 new components each year (e.g. bathrooms and kitchens).	£10.1m was spent in the year (£9.7m on 1,880 replacements and £0.4m on compartmentation works) against a target of £10.6m.
Operating margin is set to increase steadily by 3.9% over the next five years due to contributions from shared ownership sales, growth in Progress Lifeline and rental income increases.	The Group achieved an operating margin of 12.3% against a target of 14.6%, a decrease of 1.6% compared to the prior year due to challenges in Concert Living Limited and Progress Lifeline.
VFM is considered part of all procurement activity.	The Group re-procured contracts totalling £41.9m in the year, resulting in £0.6m of savings and improved services for tenants.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Report of the board (continued)

Key performance indicators (KPIs) and Value for Money (VFM) – 2023/24 review (continued)

Strategic target	2023/24 performance
<p>Maximise income by managing arrears and minimising losses from voids.</p>	<p>The Group exceeded its overall target of 4.7% for current tenant arrears by 0.1%.</p> <p>There has been an increase in void rent loss which was expected and was better than the 7.2% target at 7.0%. The Group’s void rent loss performance is adversely affected by the nature of its supported living accommodation which takes longer on average to re-let than other forms of social housing.</p>
<p>Social housing cost per unit is a key focus, with a target for overall headline cost per unit for 2023/24 of £7,326 split between supported living (£11,417) and general needs/independent living (£4,755).</p>	<p>Actual overall headline cost per unit for 2023/24 was behind target at £7,511, with supported living £789 behind target at £12,206 and general needs/independent living £128 ahead of target at £4,627.</p> <p>For 2024/25, this target is increasing to £7,836 overall (£12,597 for supported living and £5,056 for general needs/independent living) reflecting inflation and increased investment in existing stock, including property compliance.</p>

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Report of the board (continued)*Key performance indicators (KPIs) and Value for Money (VFM) – 2023/24 review (continued)**Performance against the VFM Standard*

The table below shows how the Group has performed across the nine prescribed VFM metrics and its anticipated performance compared to the sector median, based on the latest available information.

		Peers Global Accounts	ACTUAL		TARGET
No	Metric	2022 / 23	2022 / 23	2023 / 24	2024 / 25
1	Reinvestment %	6.7%	6.6%	7.2%	9.0%
2a	New supply delivered (social housing units)	1.3%	1.3%	1.5%	1.7%
2b	New supply delivered (non-social housing units)	0.0%	0.3%	0.5%	0.0%
3	Gearing %	45%	43%	44%	44%
4	EBITDA MRI % of interest (cash surplus)	128%	219%	216%	197%
5	Headline social housing cost per unit	£4,586	£6,834	£7,511	£7,836
5a	Headline social housing cost per unit (general needs and independent living)	£4,475	£4,155	£4,627	£5,056
5b	Headline social housing cost per unit (supported housing)	£9,221	£10,881	£12,206	£12,597
6a	Operating margin (social housing lettings only)	19.8%	15.1%	15.6%	18.3%
6b	Operating margin (overall)	18.2%	13.9%	12.3%	16.4%
7	Return on capital	2.8%	2.7%	2.3%	3.4%

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Report of the board (continued)

Key performance indicators (KPIs) and Value for Money (VFM) – 2023/24 review (continued)

Performance against the Group’s additional VFM metrics

The table below shows how the Group has performed across its additional VFM metrics and its anticipated performance compared to the sector median, based on the latest available information.

			PEERS	ACTUAL		TARGET
No	Indicator	Peer source	2022 / 23	2022 / 23	2023 / 24	2024 / 25
8	% of overall tenant satisfaction	Tenant satisfaction measures	72.7%	69.4%	75.2%	77%
9	% of current tenant arrears	Global Accounts	3.7%	5.0%	4.6%	6.0%
10	% of former tenant arrears	Global Accounts	1.2%	0.8%	0.8%	0.9%
11	% of rent collected	Housemark	100%	99.2%	99.9%	99.5%
12	Responsive repairs completed within target timescale**	Tenant satisfaction measures	84.2%	82.2%	83.2%	92.0%
13	Rent lost due to vacant properties	Global Accounts	1.3%	6.9%	7.0%	6.7%
14	% of vacant social housing stock at 31/03	Statistical Data Return	0.8%	4.6%	5.0%	3.5%
15	% of time lost due to employee sickness	Office of National Statistics	2.6%	4.2%	4.4%	4%
16	% of employees leaving the Group – voluntary	Housemark	16.5%	11.0%	9.9%	>10% and <12%

** Indicators taken from the tenant satisfaction measures of the Consumer Standard.

Regulation

The registered provider companies (Progress Housing Group Limited, Progress Housing Association Limited and Reside Housing Association Limited) are regulated by the Regulator of Social Housing (RSH). Following a recent In Depth Assessment, the Group’s top G1/V1 rating has been confirmed. The board monitors its ongoing compliance with both the economic and consumer Regulatory Standards and compliance is reported to the board annually with any changes or implications arising within the year being reported on an ad hoc basis.

Donations

The Group has made no charitable donations during the year (2023: £nil).

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Report of the board (continued)

Going concern

For the Group and Company, after making appropriate enquiries, the board is satisfied that no significant risks or exposures exist other than those disclosed in the financial statements and the Group is well placed to understand and manage the challenges and business risks ahead.

The board has approved a budget for each Group subsidiary for the coming year and also the Group's long-term financial plans. The long-term financial plans reflect ongoing compliance and include net zero carbon commitments, new development programmes and also the delivery of the Group's planned maintenance programmes.

The long-term financial plans show that the Group has sufficient funding to deliver the Strategic Plan and support its business activities. It can service its debt facilities whilst complying with lenders' covenants. Sensitivities have been put through the long-term financial plans for the Group to test going concern and assure the board that it has a resilient plan in place.

For these reasons, the board considers it has a reasonable expectation that the Group and Company will be able to continue in operation and meet their liabilities as they fall due for a period of at least 12 months following the signing of the accounts. The board therefore continues to adopt the going concern basis in the financial statements.

Statement of compliance

This strategic report has been prepared in accordance with best practice guidance and the board, in approving the financial statements, is also approving the associated Group strategic report.

Statement of disclosure to the auditor

At the time of approval of this report:

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

Annual General Meeting

The Annual General Meeting of the Group will be held on 2 September 2024.

The report of the board was approved by order of the board and signed on its behalf by:

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Deborah Atherton

Company Secretary

29 July 2024

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Statement of boards' responsibilities

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

Co-operative and Community Benefit Society law and social housing legislation requires the board to prepare financial statements for each financial year. Under these regulations, the board has elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and Company and of the income and expenditure of the Group and Company for the period stated.

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

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

The board is responsible for keeping appropriate accounting records that are sufficient to demonstrate and explain the Group and Company's transactions, and disclose with reasonable accuracy at any time the financial position of the Group and Company, enabling the board to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The board, responsible for safeguarding the assets of the Group and Company, is expected to take reasonable steps to prevent and detect fraud and other irregularities.

Financial statements are published on the Group'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 corporate and financial data held on the Group's website is the responsibility of the board.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Independent auditor's report to the members of Progress Housing Group Limited

Opinion

We have audited the financial statements of Progress Housing Group Limited (the 'Association') and its subsidiaries (the 'Group') for the year ended 31 March 2024 which comprise the Consolidated and Association Statement of Comprehensive Income, the Consolidated and Association Statement of Financial Position, the Consolidated and Association Statement of Changes in Reserves, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2024 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

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

Other information

The other information comprises the information included in the Report of the Board, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

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

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 24, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

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


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

- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

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

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:

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Beever and Struthers

Statutory Auditor

One Express

1 George Leigh Street

Manchester

M4 5DL

Date: 09-09-2024

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Consolidated and Company Statement of Comprehensive Income**For the year ended 31 March 2024**

	Note	Group		Company	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
Turnover	2	121,648	115,934	13,867	12,916
Operating expenditure	2	(98,834)	(90,700)	(13,591)	(12,444)
Cost of sales	2	(7,793)	(9,170)	-	-
		15,021	16,064	276	472
(Loss)/gain on disposal of property, plant and equipment	6	21	677	-	-
Operating surplus	2	15,042	16,741	276	472
Movement in fair value of investment properties	12	(4)	107	-	-
Movement in fair value of derivative financial instruments	24	(64)	-	-	-
Interest receivable	7	1,209	393	444	83
Interest payable and financing costs	8	(7,964)	(8,021)	(35)	(65)
Share of joint venture profit	15	89	122	-	-
Debt forgiveness	17	-	-	(900)	-
Surplus/(deficit) before tax		8,308	9,342	(215)	490
Tax on surplus on ordinary activities	9	268	(34)	(311)	(21)
Surplus/(deficit) after tax	5	8,576	9,308	(526)	469
Actuarial (loss)/gain on pension schemes	32	(1,404)	8,402	(663)	1,643
UK deferred tax attributable to other comprehensive income		166	(411)	166	(411)
Revaluation on tangible fixed assets	11	-	318	-	-
Movement in fair value of hedged financial instruments	24	426	-	-	-
Movement in joint venture hedge reserve	15	(123)	2,175	-	-
Total comprehensive income / (loss) for the year		7,641	19,792	(1,023)	1,701

The notes on pages 34 to 73 form an integral part of the financial statements.

The financial statements were approved by the board on 29 July 2024.

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Nigel Wright

Board member

DocuSigned by:

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Yasmin Fearon

Board member

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Deborah Atherton

Company Secretary

Co-operative and Community Benefit Society (FCA) No: 28685R

Regulator of Social Housing No: LH4189

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Consolidated and Company Statement of Financial Position**As at 31 March 2024**

	Note	Group		Company	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
Fixed assets					
Housing properties at cost	10	623,677	590,052	-	-
Other tangible fixed assets	11	9,448	9,897	3,169	3,489
Investment property	12	4,141	3,152	1,110	-
Intangible fixed assets	14	-	158	-	-
Investment in joint venture	15	1,673	1,707	-	-
Fixed asset investments	13	-	-	-	500
Total fixed assets		638,939	604,966	4,279	3,989
Current assets					
Stock	18	15,863	15,082	-	-
Debtors	19	11,751	11,234	2,710	3,627
Investments	20	270	245	-	-
Cash and cash equivalents		6,309	9,059	2,276	2,155
Total current assets		34,193	35,620	4,986	5,782
Less: Creditors amounts falling due within one year	21	(26,605)	(25,054)	(2,365)	(1,897)
Net current assets		7,588	10,566	2,621	3,885
Total assets less current liabilities		646,527	615,532	6,900	7,874
Creditors					
Amounts falling due after more than one year	23	(304,512)	(281,322)	(29)	(80)
Provisions for liabilities					
Pension liabilities	32	(1,708)	(1,512)	(953)	(853)
Other provisions	16	(13)	(45)	-	-
		(1,721)	(1,557)	(953)	(853)
Net assets		340,294	332,653	5,918	6,941
Reserves					
Share capital	25	-	-	-	-
Revaluation reserves		147,174	148,765	698	714
Designated reserves		676	782	-	-
Restricted reserves		6	11	-	-
Cashflow hedge reserve	24	426	-	-	-
Income and expenditure reserves		192,012	183,095	5,220	6,227
		340,294	332,653	5,918	6,941

The notes on pages 34 to 73 form an integral part of the financial statements.

The financial statements were approved by the board on 29 July 2024.

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Nigel Wright

Board member

DocuSigned by:

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Yasmin Fearn

Board member

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Deborah Atherton

Company Secretary

Co-operative and Community Benefit Society (FCA) No: 28685R

Regulator of Social Housing No: LH4189

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Consolidated Statement of Changes in Reserves

For the year ended 31 March 2024 Group	Revaluation reserves £'000	Designated reserves £'000	Restricted reserves £'000	Cashflow hedge reserves £'000	Income & expenditure reserves £'000	Total £'000
At 1 April 2023	148,765	782	11	-	183,095	332,653
Surplus for the year	-	-	-	-	8,576	8,576
(decrease) on joint venture hedge reserve	-	-	-	-	(123)	(123)
Increase on cashflow hedge	-	-	-	426	-	426
Net actuarial (loss) on pension schemes	-	-	-	-	(1,238)	(1,238)
Total comprehensive income for the year				426	7,215	7,641
Reserve transfers:						
Designated reserves	-	(106)	-	-	106	-
Restricted reserves	-	-	(5)	-	5	-
Realisation of revaluation reserve in respect of:						
-Disposals of housing property	(193)	-	-	-	193	-
-Depreciation on revalued housing property	(1,398)	-	-	-	1,398	-
As at 31 March 2024	147,174	676	6	426	192,012	340,294

Group	Revaluation reserves £'000	Designated reserves £'000	Restricted reserves £'000	Income & expenditure reserves £'000	Total £'000
At 1 April 2022	150,657	637	7	161,560	312,861
Surplus for the year	-	-	-	9,308	9,308
Increase on joint venture hedge reserve	-	-	-	2,175	2,175
Net actuarial gain on pension schemes	-	-	-	7,991	7,991
Revaluation for the year of tangible fixed assets	-	-	-	318	318
Total comprehensive income for the year	-	-	-	19,792	19,792
Reserve transfers:					
Designated reserves	-	145	-	(145)	-
Restricted reserves	-	-	4	(4)	-
Realisation of revaluation reserve in respect of:					
-Disposals of housing property	(638)	-	-	638	-
-Depreciation on revalued housing property	(1,391)	-	-	1,391	-
-Impairment on revalued housing property	(181)	-	-	181	-
Revaluation of tangible fixed assets	318	-	-	(318)	-
As at 31 March 2023	148,765	782	11	183,095	332,653

The notes on pages 34 to 73 form an integral part of the financial statements.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Company Statement of Changes in Reserves

For the year ended 31 March 2024	Revaluation reserves	Income & expenditure reserves	Total
Company	£'000	£'000	£'000
At 1 April 2023	714	6,227	6,941
(Deficit) for the year	-	(526)	(526)
Net actuarial (loss) on pension schemes	-	(497)	(497)
Total comprehensive loss for the year	-	(1,023)	(1,023)
Reserve transfers:			
Realisation of revaluation reserve in respect of depreciation on revalued housing property	(16)	16	-
As at 31 March 2024	698	5,220	5,918
Company	Revaluation reserves	Income & expenditure reserves	Total
At 1 April 2022	£'000	£'000	£'000
Surplus for the year	-	469	469
Net actuarial gain on pension schemes	-	1,232	1,232
Total comprehensive income for the year	-	1,701	1,701
Reserve transfers:			
Realisation of revaluation reserve in respect of depreciation on revalued housing property	(17)	17	-
As at 31 March 2023	714	6,227	6,941

The notes on pages 34 to 73 form an integral part of the financial statements.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)**For the year ended 31 March 2024**

	Note	Group 2024 £'000	2023 £'000
Cashflow from operating activities (see below)		29,802	29,636
Purchase of housing properties and components		(50,095)	(41,981)
Government grants received		8,227	5,510
Purchase of other tangible fixed assets	11	(1,100)	(1,412)
Impairment of intangible fixed assets	14	116	-
Proceeds from the sale of tangible fixed assets	6	1,095	3,675
Cashflow from investing activities		(41,757)	(34,208)
Interest received	7	429	393
Interest paid		(9,346)	(7,602)
Advances of existing borrowings		36,288	62,056
Repayments of existing borrowings		(18,092)	(46,745)
Investments placed		(24)	(4)
Capital element of finance lease rental payments		(50)	(50)
Cashflow from financing activities		9,205	8,048
Net change in cash and cash equivalents		(2,750)	3,476
Cash and cash equivalents at 1 April		9,059	5,583
Cash and cash equivalents at 31 March		6,309	9,059
Operating surplus		15,042	16,741
Increase in stock		(781)	(5,042)
Depreciation of tangible property fixed assets	5	12,823	12,070
Impairment of housing	5	(250)	576
Impairment of intangible fixed assets	5	116	-
Impairment of land	5	583	-
Amortisation of intangible fixed assets	5	(290)	(266)
Pension costs less contributions paid		(332)	159
Share of operating surplus in joint venture	15	89	122
Development for sale proceeds	2	3,665	2,249
Surplus on development for sale	2	(987)	(579)
Adjustment for investing activities - disposal of tangible fixed assets	6	(21)	(677)
Taxation paid		380	(41)
(Increase)decrease in trade and other debtors	19	(1,343)	769
Increase/(decrease) in trade and other creditors	21	1,108	3,555
Cashflow from operating activities		29,802	29,636
<i>Reconciliation of net cashflow to movement in net debt</i>			
Increase / (decrease) in cash in the period		(2,747)	3,476
Investments realised	29	24	4
Change in loans - principal repaid (borrowed)	29	(18,140)	(15,348)
Change in loans - amortisation	29	1,508	222
Change in loans - amortisation of borrowing costs	29	(56)	37
Cash (used in) / generated by repaying finance lease capital	29	50	50
(Increase) in net debt		(19,361)	(11,559)
Net debt at 1 April		(255,852)	(244,293)
Net debt 31 March	29	(275,213)	(255,852)

The notes on pages 34 to 73 form an integral part of the financial statements.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

1 Accounting policies

(1) Basis of accounting

Basis of preparation

The financial statements of the Group and Company are prepared in accordance with Financial Reporting Standard 102 (FRS 102) – the applicable financial reporting standard in the UK and Republic of Ireland and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2018 (SORP) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

The presentation currency of these financial statements is GBP sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Going concern

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

On this basis, the board has a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Basis of consolidation

The consolidated accounts incorporate the financial statements of Progress Housing Group Limited and its subsidiaries and also its share of the joint venture, Leeds Independent Living Accommodation Company Holdings Limited (LiLAC). Further details of the subsidiaries are disclosed in note 29. Intra-group transactions are eliminated on consolidation. Subsidiaries' financial statements are made up to 31 March and the LiLAC joint venture has financial statements made up to 31 December.

(2) Turnover

Turnover comprises rental income and service charges receivable net of voids, fees and revenue grants from local authorities and Homes England, social housing grant amortisation, income from first tranche shared ownership sales, income from properties built for sale and income receivable from other sources. Company turnover is mainly comprised of corporate recharges to Group companies.

Rental income is recognised on the basis of the amount receivable for the year. Rental income received in advance is disclosed within creditors in the Statement of Financial Position.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

(2) Turnover (continued)

The Group operates both fixed and variable service charge regimes depending on the scheme and tenure of property. Service charges under both regimes are initially budgeted based on estimates of the costs of service charge goods and services to be supplied.

Under the variable service charge regime, a reconciliation of the actual service charge goods and services carried out, versus the budget, is carried out in September each year, for the previous financial years' service charges, with any under or over recovery on a scheme-by-scheme basis apportioned and then debited or credited to each variable service charge property, and thus reflected as a debtor or creditor accordingly.

Service charge income is thus recognised on the basis of the amount receivable for the year based on estimated service charges, as well as the variable service charge adjustment for the previous year.

An element of the variable service charges for leaseholders relates to the replacement of components and major repairs for their block, which is held within sinking funds ring-fenced specifically for this use. These sinking funds are shown as creditors on the Statement of Financial Position.

Revenue grants are recognised within income in the same period as the related expenditure, provided that the conditions for its receipt have been satisfied and there is reasonable assurance that the grant will be received. Government grants received for housing properties are recognised in income over the useful life of the housing property structure under the accruals model.

Income from first tranche sales and properties built for open market sale is recognised when legal completion occurs.

(3) Housing properties

Housing properties completed prior to 1 April 2014 are stated at 'deemed cost' as permitted by the transitional arrangements of FRS 102 para 35.10d and are accounted for under the cost model. The valuation in place at the transition date, 1 April 2014, was deemed cost. This value is then depreciated each year, and stated at net book value which is equivalent to cost less depreciation. All housing properties acquired after 1 April 2014 are accounted for at cost, and then subsequently depreciated.

Completed housing properties are split between their land and structure costs and a specific set of major components that require periodic replacement. Refurbishment or replacement of such a component is capitalised and then depreciated on a straight line basis over the estimated useful economic life of the component as detailed in accounting policy 27.

A small number of staff flats included within property, plant and equipment are held at historic cost net book value as these units do not generate any rental cash flows.

Freehold land is not depreciated.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

(3) Housing properties (continued)

Housing properties in the course of construction are stated at cost and are transferred to housing properties held for letting when completed. Development costs which arise directly from the construction or acquisition of a property are capitalised to housing properties in the course of construction.

(4) Social housing grant and other capital grants

Social housing grant (SHG) can be recycled by the Group under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met.

The net SHG received and not spent is included in current liabilities, taking into account all properties under construction. SHG allocated to lease properties is included in current liabilities and amortised over the lease term.

In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt. Other capital grants are also repayable under certain conditions and may be secured by first legal charge on the housing property.

Social housing grants received in the year are recognised in current and non-current liabilities based on the accrual model and are amortised over their useful life which is generally 80 years unless specific conditions apply.

(5) Capitalisation of interest and development overheads

Interest is capitalised on loans financing schemes in development up to the point of practical completion. This is calculated by reference to the Group's cost of borrowing and relevant development costs. Administration costs relating to development activities are capitalised based on an apportionment of the support costs directly incurred on this activity.

(6) Other tangible fixed assets and depreciation

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis, at rates considered appropriate to write off the assets over their effective working lives as detailed in accounting policy 29.

- Fixtures and fittings: Straight line basis over 3-15 years
- Commercial properties: Straight line basis over 30 years
- TECS equipment: Straight line basis over 3-5 years
- Computer equipment: Straight line basis over 3-5 years
- Office freehold properties: Straight line bases over 50-80 years

(7) Investment properties

Investment properties are properties which are not social housing properties, which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

(7) *Investment properties (continued)*

Investment property includes commercial and other properties not held for the social benefit of the Group. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and derived from current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive income.

(8) *Pension scheme accounting*

The Group participates in the Lancashire County Council's Superannuation Fund and the Social Housing Pension Scheme defined benefit schemes. For current service, mandatory contributions to the defined benefit pension schemes are calculated as a percentage of the pensionable salaries of employees, determined in accordance with actuarial advice. The cost of providing pensions is charged to the period over which the Group benefits from the employee's service, in accordance with FRS102.

The valuation of defined benefit pension scheme obligations has a number of critical underlying assumptions, including standard rates of inflation, mortality, discount rates and anticipation of future salaries. Variation in these assumptions may significantly impact the net asset/liability and the annual expense.

Both schemes' assumptions and calculations are based on independent actuarial reviews. The board is satisfied that these assumptions are appropriate.

(9) *Major repairs and improvements*

Expenditure incurred relating to improvements, defined as an increase in the net rental stream or the life of a property in the SORP, is capitalised as components. The carrying amount of components replaced is written off to operating expenditure.

Expenditure incurred on other major repairs, cyclical and day-to-day repairs to housing properties is charged to the Statement of Comprehensive Income in the period in which it is incurred.

(10) *Taxation*

The Group is liable to United Kingdom Corporation Tax. Where applicable, taxation is provided for at the rates prevailing at the Statement of Financial Position date and comprises of current and deferred tax.

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

Provision is made for deferred tax in respect of timing differences that have originated but not reversed at the Statement of Financial Position date where an event has occurred that results in an obligation to pay more or less tax in future. Deferred tax is measured at the average tax rates that are expected to

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

(10) Taxation (continued)

reverse, based on tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

(11) Value Added Tax (VAT)

The Group is registered for VAT. A large proportion of its income, including rents, is exempt from VAT. Most of its expenditure is therefore subject to VAT which cannot be reclaimed and expenditure is therefore shown inclusive of VAT. Any VAT recovered under the partial exemption calculation is credited to the Statement of Comprehensive Income.

(12) Stock

Stock represents the share of unsold completed shared ownership properties, completed properties for outright sale, land held for development and for sale, van stock and work in progress on development in Concert Living Limited.

Shared ownership stock consists of both completed properties to be sold and work in progress. These elements are split between fixed assets and current assets, according to the proportion of the property that will be sold at first tranche.

Stock of properties for sale is held at the lower of cost and net realisable value.

(13) Bad and doubtful debts

The Group provides against rent arrears of current and former tenants and other trade debtors to the extent that they are considered to be irrecoverable.

(14) Operating leases

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

(15) Interest payable and finance costs

Interest, agency fees, non-utilisation fees and consent fees are expensed within the financial year. Amortisation relates to loan arrangement fees which are written off over the period of the loan.

Interest is capitalised on loans financing schemes in the course of development as explained in accounting policy 5.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

(15) Interest payable and finance costs (continued)

Also included within finance costs is interest in respect of the defined benefit pension schemes. A pension interest charge is included in respect of scheme liabilities.

(16) Housing loans

Housing loans are classified as creditors and are held at amortised cost using the effective rate of interest.

(17) Service charges and sinking funds

Where periodic expenditure is required a provision may be built up over the years, in consultation with residents. Until these costs are incurred this liability is held in the Statement of Financial Position within creditors. A separate bank account is used to hold these funds separately from the Group's bank accounts.

(18) First tranche shared ownership sales

The Group has adopted the accounting treatment in the SORP such that:

- shared ownership properties are split proportionally between current and fixed assets based on the first tranche sale proportion;
- first tranche sale proportions are accounted for as current assets and the related sales proceeds shown in turnover; and
- the remaining element of the shared ownership property is accounted for as a fixed asset so that any subsequent sale is treated as a part disposal of a fixed asset.

(19) Designated reserves

The designated reserves are in respect of Key Unlocking Futures Limited, a charitable subsidiary. The designated funds cover redundancy, sickness and running costs for a level of three to six months in accordance with its reserves policy.

(20) Properties managed on behalf of others

All income and expenditure relating to the management of properties for other agencies is included in the Statement of Comprehensive Income. The assets and liabilities relating to this income and expenditure are included in the Statement of Financial Position.

(21) Properties managed by agents

Where the Group carries the majority of the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the Statement of Comprehensive Income. Where the agency carries the majority of the financial risk, the Statement of Comprehensive Income includes only that income and expenditure which relates solely to the Group.

In both cases, the assets and associated liabilities are included in the Statement of Financial Position.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

(22) Supporting People

Supporting People (SP) contract income is received from Administering Authorities, plus support charges to individual tenants. When accounted for as part of rent, the income is shown as “charges for support services” in income from social housing lettings. The related costs are shown as “support expenditure” in expenditure from social housing lettings.

If the charges to individuals are not dealt with as part of rent, the income and related costs are shown as “other supporting people income” in other social housing activities.

SP contract income received from Administering Authorities and not dealt with as part of rent is shown as “charges for support services” in other social housing activities.

(23) Impairment of fixed assets

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset’s remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in the Statement of Comprehensive Income.

(24) Joint venture accounting

The Group includes a third share of LiLAC, which is a joint venture contracted through a PFI arrangement. To account for this, a third share of LiLAC’s assets and liabilities are recognised as an investment balance in the Group consolidated financial statements.

(25) Service concession arrangements

The Group elected to take the ‘first time adopter’ exemption permitted by para 35.10(i) of FRS 102 to continue to account for Service Concession Arrangements that were in existence at the date of transition, under the pre 1 April 2014 UK GAAP methodology.

(26) Financial instruments

All financial instruments other than the interest rates swaps meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 and are accounted for in the statement of financial

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

(26) Financial instruments (continued)

position at gross proceeds less the cost of raising funds that are amortised over the life of the loan.

These include bank loans and other capital debt.

Hedging

The Group's interest rate swaps meet the criteria of non-basic financial instruments as defined in section 12 of FRS 102. They are recognised on the Statement of Financial Position and are measured at fair value at each reporting date.

The Group has designated some of its interest rate swaps as hedges against existing drawn floating rate debt. To the extent the hedge is effective movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any movements in fair value relating to ineffectiveness are recognised in income and expenditure.

Any interest rate swaps that do not have a documented economic relationship against existing drawn floating rate debt are not eligible for hedge accounting and therefore fair value movements are recognised in income and expenditure.

(27) Depreciation of housing properties – components

Components of housing properties are depreciated on a straight line basis over their useful economic lives at the following rates, determined by the length of time the individual component will be used before it is replaced:

Structure:	shorter of 80 years or the remaining length of the lease
Rewires:	40 years
Kitchen:	10-20 years
Bathrooms:	15-30 years
Boilers:	15 years
Heating system:	30 years
Windows and doors:	30 years
Lifts:	25 years
Photo voltaic installations:	25 years
Unadopted roads:	80 years
Septic Tanks	30 years
External Wall Insulation	30 years

The useful lives are determined by reviewing stock condition survey data and component replacement cycles, and also through regular benchmarking of the industry.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

(28) Intangible fixed assets and amortisation

Purchased goodwill arising on business combinations is capitalised. Positive goodwill is amortised to nil on a straight line basis over an estimated useful life of 5 years.

(29) Significant judgements and estimates

In preparing these financial statements, key judgements have been made in respect of the following:

- Whether there are indicators of impairment of the Group's tangible assets. Factors taken into consideration include the economic viability and expected future financial performance of the asset, and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- The measurement basis to determine the recoverable amount of assets where there are indicators of impairment. Factors taken into consideration include the value of the asset in use and the depreciated replacement cost.
- The anticipated costs to complete development schemes. These are based on anticipated construction costs, the effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, the recoverability of the cost of properties developed for outright sale and/or land held for sale, is determined. This judgement is also based on the best estimate of sales value based on economic conditions within the area of development.
- The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation, such as standard rates of inflation, mortality, discount rate and anticipated future salary increases.
- Whether leases entered into by the Group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- The appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership between current and fixed assets.
- The basis of the bad debt provision, which has been reviewed in the year to consider the age of the debts.

Other key sources of estimation and assumptions

- Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed periodically and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)**2 Turnover, operating expenditure and operating surplus**

Group Consolidated	2024			
	Turnover	Cost of sales	Operating expenditure	Operating surplus / (deficit)
	£'000	£'000	£'000	£'000
Social housing lettings (note 3a)	98,846	-	(83,429)	15,417
Other social housing activities				
Charges for support services (note 3b)	518	-	(657)	(139)
First tranche shared ownership sales	3,665	(2,679)	-	986
Activities other than social housing (note 3c)				
Lettings	5,089	-	(4,391)	698
Progress Lifeline services	6,701	-	(8,015)	(1,314)
Development for outright sale	5,421	(5,114)	(1,707)	(1,400)
Other	1,408	-	(635)	773
Total	121,648	(7,793)	(98,834)	15,021
(Loss) on disposal of property, plant and equipment (note 6)				21
Total				15,042

	2023			
	Turnover	Cost of sales	Operating expenditure	Operating surplus/(deficit)
	£'000	£'000	£'000	£'000
Social housing lettings (note 3a)	89,587	-	(76,061)	13,526
Other social housing activities				
Charges for support services (note 3b)	535	-	(633)	(98)
First tranche shared ownership sales	2,249	(1,670)	-	579
Activities other than social housing (note 3c)				
Lettings	4,787	-	(3,976)	811
Progress Lifeline services	7,845	-	(7,510)	335
Development for outright sale	9,593	(7,500)	(1,056)	1,037
Other	1,338	-	(1,464)	(126)
Total	115,934	(9,170)	(90,700)	16,064
Gain on disposal of property, plant and equipment (note 6)				677
Total				16,741

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

2 Turnover, operating expenditure and operating surplus (continued)

Company	2024		
	Turnover	Operating expenditure	Operating surplus
	£'000	£'000	£'000
Activities other than social housing (note 3c)			
Other	13,867	(13,591)	276
			<hr/>
Loss on disposal of property, plant and equipment (note 6)			-
Total			<hr/> <hr/> 276

	2023		
	Turnover	Operating expenditure	Operating surplus
	£'000	£'000	£'000
Activities other than social housing (note 3c)			
Other	12,916	(12,444)	472
	<hr/>	<hr/>	<hr/>
	12,916	(12,444)	472
			<hr/>
Loss on disposal of property, plant and equipment (note 6)			-
Total			<hr/> <hr/> 472

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

3(a) Income and expenditure from social housing lettings

Group consolidated	General needs	Housing for older people	Supported housing	Shared ownership	Total 2024	Total 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Rent receivable net of identifiable service charges	28,205	5,956	47,205	1,134	82,500	75,644
Service charge income	724	1,868	11,213	118	13,923	11,471
Charges for support services	-	286	15	-	301	261
Amortised government grants	253	-	53	27	333	308
Void guarantee and revenue grants	13	-	1,486	-	1,499	1,501
Other income	92	21	175	2	290	402
Turnover from social housing lettings	29,287	8,131	60,147	1,281	98,846	89,587
Expenditure						
Management costs	(4,379)	(768)	(8,099)	(211)	(13,457)	(13,062)
Service charge and support costs	(858)	(2,300)	(12,488)	(56)	(15,702)	(13,213)
Routine maintenance	(5,812)	(1,494)	(7,474)	(40)	(14,820)	(11,806)
Planned maintenance	(1,951)	(486)	(1,347)	(13)	(3,797)	(3,240)
Major repairs expenditure	(2,763)	(681)	(3,578)	(10)	(7,032)	(6,433)
Bad debts	-	(40)	(595)	(5)	(640)	(397)
Property operating lease charges	-	-	(12,916)	-	(12,916)	(13,121)
Depreciation of housing properties	(5,213)	(1,139)	(3,775)	(207)	(10,334)	(9,559)
Impairment released / (charged) on housing properties	(17)	-	267	-	250	(863)
Other costs	(1,407)	(265)	(3,309)	-	(4,981)	(4,367)
Operating costs on social housing lettings	(22,400)	(7,173)	(53,314)	(542)	(83,429)	(76,061)
Operating surplus on social housing lettings	6,887	958	6,833	739	15,417	13,526
Void losses (included within turnover)	(214)	(54)	(6,653)	-	(6,921)	(6,310)

Other costs include £2.7m of development costs that cannot be capitalised (2023: £2.4m) and £1.3m of council tax costs (2023: £1.1m).

A number of the void losses above are subject to agreements where the Group is compensated for its losses, either by way of charges to third parties or by deductions in lease rent payable. These amounts, which are not included in the void losses above, totalled £2.7m (2023: £2.6m).

Impairment charges include impairment of previously revalued housing properties. There has been no transfer from revaluation reserves this year (2023: £0.1m). The impairment on a historic cost basis is a credit value of £0.3m (2023: £0.4m) due to the reversal of prior impairment charges that are no longer deemed necessary upon review.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)**3(b) Turnover from other social housing activities**

	Group	
	2024	2023
	£'000	£'000
Other		
Support services contract income	518	535
Total	518	535

3(c) Turnover from non-social housing activities

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Lettings				
Key worker accommodation	4,647	4,340	-	-
Other rented	371	334	-	-
Commercial properties	71	113	-	-
	5,089	4,787	-	-
Other				
Progress Lifeline services	6,701	7,845	-	-
Support services for young people	945	839	-	-
Corporate services provided to other group companies	-	-	13,512	12,548
Lease income	233	239	-	-
Development for outright sale	5,421	9,593	-	-
Other	230	260	355	368
	13,530	18,776	13,867	12,916

4 Accommodation in management**Group consolidated**

	General needs - social rent	General needs - affordable rent	Low cost home ownership	Supported housing	Intermediate rent	Other	Total
	No.	No.	No.	No.	No.	No.	No.
Opening unit numbers	4,276	840	327	5,514	54	836	11,847
New stock acquired	9	67	59	29	-	-	164
New stock into management	-	15	-	-	-	-	15
Other gains	1	-	-	17	-	1	19
Sales to open market	-	-	-	(2)	-	-	(2)
Sales to tenants freehold	(8)	-	(2)	-	-	-	(10)
Other losses	-	-	-	(80)	-	(1)	(81)
Movement within categories	3	1	-	(12)	-	-	(8)
Net change to stock	5	83	57	(48)	-	-	97
Closing units numbers	4,281	923	384	5,466	54	836	11,944

Supported housing units represent the number of tenancies, rather than the number of properties, as some properties are shared by multiple tenants.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)**5 Surplus for the year**

		Group		Company	
	Note	2024	2023	2024	2023
		£'000	£'000	£'000	£'000
Is stated after charging/(crediting):					
Auditor's remuneration (excluding VAT)					
In their capacity as auditors		115	82	22	14
In respect of other services		4	3	-	-
Depreciation of tangible fixed assets					
- Housing properties		11,216	10,432	-	-
- Other fixed assets		1,607	1,636	690	712
Amortisation of intangible fixed assets	14	42	42	-	-
Impairment of tangible fixed assets					
- Impairment of housing properties		(250)	576	-	-
- Impairment on housing properties on historic cost basis		17	395	-	-
- Impairment on previously revalued amounts		-	181	-	-
- Reversal of impairment of housing properties		(267)	-	-	-
Impairment of intangible fixed assets					
- Impairment of goodwill	14	116	-	-	-
Impairment of current assets					
- Impairment of land and work in progress		583	-	-	-
Hire of other assets - operating leases					
- Housing properties		12,916	13,121	-	-
- Other fixed assets vehicles		1,068	766	-	-

6 Gain/(loss) on disposal of property, plant and equipment

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Sale proceeds	1,095	3,675	-	-
Cost of disposals	(863)	(2,014)	-	-
Operating costs associated with sales	(211)	(984)	-	-
(Loss)/gain on disposals	21	677	-	-

Impairment charges of £0.2m (2023: £0.6m) have been released in the year on housing property disposals.

The gain on disposal is split between housing properties of £19k (2023: £676k) and other assets £2k (2023: £1k).

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

7 Interest receivable

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Bank interest receivable	165	186	57	21
Interest received on derivative financial instruments	85	-	-	-
Interest receivable on loans to group companies	-	-	68	62
Interest on loan to joint venture company	207	207	-	-
Pension scheme finance credit	752	-	319	-
	1,209	393	444	83

8 Interest payable and financing costs

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Bank loans	7,291	6,104	-	-
Other loans	2,643	2,360	-	-
Amortisation of loan issue costs	155	125	-	-
Pension scheme finance cost	62	253	35	65
Recycled capital grant fund	4	-	-	-
Loan remeasurement	(1,508)	(222)	-	-
	8,647	8,620	35	65
Less : interest capitalised	(683)	(599)	-	-
	7,964	8,021	35	65

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)**9 Taxation on surplus on ordinary activities****(a) Analysis of the charge in the period**

The tax charge on the surplus/(deficit) on ordinary activities for the year was as follows:

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Current tax:				
UK corporation tax charge for the year	(15)	88	147	74
Total current tax	(15)	88	147	74
Deferred tax:				
Origination and reversal of timing differences	(253)	(54)	164	(53)
Tax on surplus/(deficit) on ordinary activities	(268)	34	311	21

(b) Factors affecting tax charge for the period

Surplus/(deficit) on ordinary activities before tax	8,308	9,342	(215)	490
Surplus/(deficit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023: 19%)	2,077	1,775	(54)	93
Effects of:				
Profits arising in charitable activities	(2,631)	(1,746)	-	-
Items not allowable for tax purposes	8	27	8	27
Other timing differences	-	(25)	-	(25)
Change in tax rates	-	6	-	6
Movement in fair value of housing properties	-	7	-	7
Non-taxable adjustments arising on consolidation	146	73	-	-
Adjustments in respect of prior periods	7	(88)	7	(87)
Joint venture results accounted for as profit after tax	-	5	-	-
Impairment on investments	125	-	125	-
Intercompany write off	-	-	225	-
	(268)	34	311	21

(c) Factors that may affect future tax changes

A deferred tax liability has been recognised on the Group's fixed assets, primarily IT assets, pensions, and other temporary timing differences including provisions.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

10 Tangible fixed assets – housing properties

	Housing properties completed £'000'	Housing properties under £'000'	Shared ownership completed £'000'	Shared ownership under £'000'	Total £'000
Cost					
At 1 April 2023	691,292	20,413	18,978	3,915	734,598
Additions	10,027	29,673	40	5,315	45,055
Transferred on completion	18,568	(18,568)	4,943	(4,943)	-
Disposals	(2,900)	-	(132)	-	(3,032)
As at 31 March 2024	716,987	31,518	23,829	4,287	776,621
Depreciation					
At 1 April 2023	143,625	58	863	-	144,546
Charge for the year	10,593	-	207	-	10,800
Depreciation on disposals	(1,926)	-	(4)	-	(1,930)
Impairment charge for the year	(250)	-	-	-	(250)
Impairment released on disposals	(164)	(58)	-	-	(222)
As at 31 March 2024	151,878	-	1,066	-	152,944
NBV					
As at 1 April 2023	547,667	20,355	18,115	3,915	590,052
As at 31 March 2024	565,109	31,518	22,763	4,287	623,677

The value of secured properties (including charged to third parties) £521.0m (2023: £500.8m). Completed housing properties above includes £21.4m of assets (2023: £21.9m) which are not considered to be social housing properties. These assets consist of key worker accommodation £18.3m (2023: £19.0m) and other rented £3.1m (2023: £2.9m). The related rental income of these properties is presented as 'non-social housing income' as the rent falls outside of the usual rent setting. They are not however investment properties as the nature of their arrangements still fits the definition of social benefit and therefore it is appropriate to account for these assets at historic cost.

Department for Energy Security and Net Zero (DESNZ) social housing decarbonisation fund (SHDF) grant income received in the year relating to capital components totalled £82k from Westmorland & Furness Council.

The above cost in respect of housing properties and shared ownership completed comprises:

	Housing properties completed		Shared ownership completed	
	£'000	£'000	£'000	£'000
Freehold properties	512,335	494,236	22,096	17,460
Long-leasehold properties	52,625	53,316	667	655
Short-leasehold properties	149	115	-	-
Total	565,109	547,667	22,763	18,115

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

10 Tangible fixed assets – housing properties (continued)

	2024	2023
	£'000	£'000
Most recent Existing Use Value for Social Housing (EUV-SH) as at 31 March 24	<u>666,558</u>	<u>645,852</u>

The above EUV-SH valuation figure includes key worker accommodation at £29.7m (2023: £29.7m) and other rented at £3.9m (2023: £3.9m).

Capital additions include £683k (2023: £599k) of interest capitalised at an average of 3.75% in the year (2023: 3.91%). Property costs include an apportionment of development staff time directly spent on the administration of development activities amounting to £812k (2023: £584k) and on in-house legal costs amounting to £87k (2023: £60k).

Major repairs, renewals and improvements

	2024	2023
	£'000	£'000
Capitalised components	10,068	9,375
Charged to revenue	7,291	6,579
Total major repairs revenue and capital	<u>17,359</u>	<u>15,954</u>

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)**11 Tangible fixed assets - other****Group consolidated**

	Commercial and office properties		Fixtures & fittings	Computer hardware & software	Plant & machinery	Motor vehicles	Total
	Leasehold	Freehold					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2023	1,782	4,192	5,085	6,865	330	40	18,294
Additions	23	226	487	353	-	-	1,089
Disposals	-	-	(369)	(927)	-	-	(1,296)
Reclassification of assets	-	80	(11)	-	-	-	69
At 31 March 2024	1,805	4,498	5,192	6,291	330	40	18,156
Depreciation							
At 1 April 2023	352	1,025	1,914	4,745	330	31	8,397
Charge for the year	225	64	743	573	-	4	1,609
Depreciation on disposals	-	(2)	(369)	(927)	-	-	(1,298)
At 31 March 2024	577	1,087	2,288	4,391	330	35	8,708
Net book value							
At 1 April 2023	1,430	3,167	3,171	2,120	-	9	9,897
At 31 March 2024	1,228	3,411	2,904	1,900	-	5	9,448

The reclassification of asset relates to a change in use to a community centre. This has been reclassified from Investment Properties to Commercial Properties.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)**11 Tangible fixed assets – other (continued)**

<u>Company</u>	Other equipment	Office properties	Fixtures & fittings	Computer hardware & software	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2023	251	1,289	446	6,857	8,843
Additions	-	55	-	353	408
Transferred to Group Company	-	-	(38)	-	(38)
Disposals	-	-	(19)	(920)	(939)
At 31 March 2024	251	1,344	389	6,290	8,274
Depreciation					
At 1 April 2023	121	369	127	4,737	5,354
Charge for the year	50	25	42	573	690
Depreciation on disposals	-	-	(19)	(920)	(939)
At 31 March 2024	171	394	150	4,390	5,105
Net Book Value					
At 1 April 2023	130	920	319	2,120	3,489
At 31 March 2024	80	950	239	1,900	3,169

Commercial and office properties, fixtures and fittings, computer hardware and software and other equipment are held at cost less accumulated depreciation.

12 Investment properties

	Group	Total	Company	Total
	Investment properties completed	£'000	Investment properties completed	£'000
	£'000	£'000	£'000	£'000
Valuation				
At 1 April 2023	3,152	3,152	-	-
Additions	1,062	1,062	1,110	1,110
Reclassification of Asset	(69)	(69)	-	-
Movement in fair value / Revaluation	(4)	(4)	-	-
At 31 March 2024	4,141	4,141	1,110	1,110

The investment property portfolio has been valued in the year by Garside Waddingham and Parkinson Real Estate (both professional external valuers). The valuations are based on market value and were undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation, Global Standards 2020 (RICS Global Red Book). This involved the assessment of market conditions and movements in market values in similar geographical areas and similar build and structure.

The investment property additions in year relate to 4 market rent units purchased from Concert Living.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

13 Fixed asset investments

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Investments in subsidiaries (Note 31)	-	-	-	500
	-	-	-	500

The fixed asset investment was fully impaired during the year.

14 Intangible fixed assets - goodwill

Group	2024	2023
	£'000	£'000
Cost		
At 1 April	210	210
At 31 March	210	210
Amortisation		
At 1 April	(52)	(10)
For the year	(42)	(42)
Impairment	(116)	-
At 31 March	(210)	(52)
Net book value		
At 1 April	158	200
At 31 March	-	158

Goodwill relates to acquisitions made by the Group's Progress Lifeline business stream. The initial expected life of the goodwill was 5 years from the date of acquisition. The fair value of the Cash Generating Unit (CGU) relating to this goodwill has been remeasured as at 31 March 2024, resulting in a full impairment of the unamortised balance of this goodwill.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

15 Investment in ordinary shares of joint venture

Group	2024 £'000	2023 £'000
Share of net liabilities	(49)	(15)
Subordinated debt loaned to joint venture company	1,722	1,722
Provision for share of assets	1,673	1,707
Share of profit on ordinary activities after tax	89	122
Share of other comprehensive (losses)/income	(123)	2,175

Progress Housing Association Ltd holds 33.3% (£333) of the equity share capital of Leeds Independent Living Accommodation (Holdings) Limited a Private Finance Initiative commissioned by Leeds City Council to fund the re-provision of accommodation for people with learning difficulties and autism to live independently. This is a joint venture with two other shareholders, Civic PFI Investments Limited and Jack Lunn (Properties) Limited, each holding 33.3% of the equity share capital.

The Lilac PFI company is the fixed interest rate payer of free-standing interest rate swap. Due to falls in variable interest rates, that swap is 'out of the money' for Lilac Holdings, so the fair value of the swap is a liability. The Group has recognised an asset for the difference between its investment in Lilac and its share of the fair value of the liability on the swap.

16 Other provisions

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
At the start of the year	45	264	-	-
Released in the year	(30)	(274)	-	-
Transfer (to)/from Statement of Comprehensive Income	(2)	55	-	-
At 31 March	13	45	-	-

At the start of the year the provision is in respect of onerous leases upon three loss making properties, one of which had a void room during the year. Two of these leases were removed from the provision at March 2024 as their rents had increased to now cover their costs. The Transfer from Statement of Comprehensive Income is the total amount added to the provision in the year for any new loss making properties or revision to existing loss making properties. The year end provision represents one leased-in property, where losses are expected to arise in future periods. The lease for the above property is due to expire in 2028.

17 Debt forgiveness (Company)

During the year Progress Housing Group agreed to write off loans to Concert Living to the value of £0.9m (2023: £nil).

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)**18 Stock**

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Property services - van stock	244	251	-	-
Completed properties held for sale	3,558	1,617	-	-
Land held for developments	7,226	7,727	-	-
Work in progress on properties held for sale	4,835	5,487	-	-
	15,863	15,082	-	-

19 Debtors

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Amounts falling due within one year :				
Rent and service charge arrears	5,033	5,294	5	6
Less provision for rental bad debts	(1,262)	(1,191)	(5)	(6)
	3,771	4,103	-	-
Trade debtors	1,990	1,799	19	5
Amounts owed by group companies	-	-	694	715
Loans owed by group companies	-	-	298	1,749
Prepayments and accrued income	5,176	3,518	1,644	1,160
Less provision for sundry bad debts	(444)	(264)	(2)	(2)
Fair value of derivative financial instruments	362	-	-	-
Other debtors	291	707	57	-
Social housing grant	187	1,371	-	-
	7,562	7,131	2,710	3,627
Total debtors excluding deferred tax	11,333	11,234	2,710	3,627
Deferred tax				
Deferred tax - pension asset	-	-	-	-
Deferred tax - fixed asset and other timing differences	418	-	-	-
	11,751	11,234	2,710	3,627

Loans owed by group companies are repayable on demand and interest is charged at a range of 4.5% to 7.3% and paid quarterly in arrears.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

20 Current asset investments

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Deposits held for leasehold schemes	270	245	-	-
	270	245	-	-

21 Creditors: amounts falling due within one year

		Group		Company	
		2024	2023	2024	2023
		£'000	£'000	£'000	£'000
Loans	23	8,413	7,999	-	-
Obligations under finance leases	23	50	50	50	50
Rent and service charge received in advance		1,950	1,874	-	-
Trade creditors		898	2,070	7	278
Accruals and deferred income		12,823	11,054	1,430	819
Government grants relating to assets	23	385	296	-	-
Corporation tax		147	35	147	21
Other current liabilities		542	115	331	361
Recycled capital grant fund	22	46	124	-	-
Employer liabilities		939	861	289	255
Sinking funds for planned maintenance		301	274	-	-
Deferred tax		111	113	111	113
Loan remeasurement	23	-	189	-	-
		26,605	25,054	2,365	1,897

Sinking funds are deposits held in a separate interest bearing account for any planned maintenance required to leasehold properties, collected through service charges.

22 Recycled capital grant fund

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
At 1 April	124	46	-	-
Grants recycled	75	77	-	-
Interest accrued	4	1	-	-
At 31 March	203	124	-	-
Amount of grant due for repayment	-	-	-	-
Due within 1 year	46	124	-	-
Due after 1 year	157	-	-	-

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)**23 Creditors: amounts falling due after more than one year**

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Housing loans	273,300	255,519	-	-
Housing loans remeasurement	-	1,319	-	-
Obligations under finance leases	29	80	29	80
Government grants	31,026	24,404	-	-
Recycled capital grant fund	157	-	-	-
	304,512	281,322	29	80

Maturity of debt

	Group		Group	
	Bank loans		Other loans	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Repayable in instalments:				
Within one year	21	8,413	7,999	-
Between one and two years		8,828	8,413	-
Between two and five years		59,210	31,808	-
After five years		106,424	116,405	100,000
		174,462	156,626	100,000
Less loan issue costs		(688)	(615)	(474)
Amounts falling due after more than one year		173,774	156,011	99,526
Total housing loans		182,187	164,010	99,526

The Company does not hold bank and building society loans or housing loans.

Loan remeasurement

	Note	Group	
		2024	2023
		£'000	£'000
As at 1 April		1,508	1,730
Amortisation	8	(1,508)	(222)
As at 31 March		-	1,508
Due within one year	21	-	189
Due after one year		-	1,319

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

23 Creditors: amounts falling due after more than one year (continued)

The loan remeasurement was de-recognised as a financial liability in the year as the loan facility it related to ended and a new loan facility entered into.

Housing Loans are secured by fixed charges on the individual properties. The loans payable by instalments are repaid annually at fixed or variable rates of interest ranging from 0.91% to 5.79% (2023: 0.91% to 5.54%). The final instalments fall to be repaid in 2037. Loans not repayable by instalments are interest only at varying fixed or variable rates from 2.57% to 6.34% (2023: 2.57% to 5.85%). The principal falls due to be repaid in the period 2028 to 2058.

To manage its interest rate risk, the Group has entered into floating to fixed interest rate swaps with a notional value of £20m (2023: nil). Of these derivative financial instruments, swaps with a notional value of £16.2m (2023: nil) are accounted for as a cash flow hedge – see note 24.

At 31 March 2024 the Group has committed undrawn facilities of £56m (2023: £92.3m).

Reserves in the Statement of Financial Position include £111.2m (£81.2m at transition of FRS102 1 April 2014) of Financial Assistance and Government Grants. £1.7m has been recognised in the Statement of Comprehensive Income since transition to FRS102 (2023: £1.4m).

Obligations under finance leases

	Note	Group		Company	
		2024	2023	2024	2023
		£'000	£'000	£'000	£'000
Repayable in instalments:					
Within one year	21	50	50	50	50
Between one and two years		29	50	29	50
Between two and five years		-	30	-	30
		29	80	29	80
Total lease obligations		79	130	79	130

Government grants relating to housing assets

	Note	Group	
		2024	2023
		£'000	£'000
At 1 April		24,700	21,448
Grants receivable		7,043	3,560
Amortisation to Statement of Comprehensive Income		(332)	(308)
		6,711	3,252
At 31 March		31,411	24,700
Due within one year	21	385	296
Due after one year	23	31,026	24,404

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

23 Creditors: amounts falling due after more than one year (continued)

Grants due after one year includes £4.7m in respect of assets under construction (2023: £1.2m).

Total accumulated social housing grant received or receivable at 31 March

	Note	2024	2023
		£'000	£'000
Recognised in the Statement of Comprehensive Income		1,676	1,344
Held as Deferred Income		31,411	24,700
		<hr/>	<hr/>
At 31 March		33,087	26,044
		<hr/> <hr/>	<hr/> <hr/>

24 Derivative financial instruments

	Note	2024	2023
		£'000	£'000
Debtors			
Derivatives designated as hedges	19	426	-
Derivatives not designated as hedges	19	(64)	-
		<hr/>	<hr/>
At 31 March		362	-
		<hr/> <hr/>	<hr/> <hr/>

The derivative financial asset/debtor relates to two interest rate swaps with an aggregate notional value of £20m, maturing on 22 December 2028. A swap for £16.2m has an economic relationship documented and hedged against a term floating loan, and a swap for £3.8m does not have an economic relationship documented and is not eligible for hedge accounting.

Derivatives not designated as hedges includes (£132k) hedge ineffectiveness on the £16.2m swap recognised at inception and £68k fair value movement on the £3.8m swap.

25 Non-equity share capital

<u>Group consolidated and Company</u>	2024	2023
	£	£
Allotted issued and fully paid:		
At 1st April	10	11
Issued during the year	3	1
Surrendered during the year	(2)	(2)
	<hr/>	<hr/>
At 31st March	11	10
	<hr/> <hr/>	<hr/> <hr/>

The shareholders do not have a right to any dividend or distribution upon winding-up. Each shareholder has full voting rights and £1 non-equity shares.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)**25 Non-equity share capital (continued)**

Two shareholders ceased to hold shares in 2023/24 as they stepped down from their roles as members of the board. Three shares were issued to newly appointed members of the board.

26 Capital commitments

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Capital expenditure contracted but not provided for in the financial statements	37,447	32,641	-	-
Capital expenditure that has been authorised by the board but has not yet been contracted for	6,837	16,651	-	-
	44,284	49,292	-	-
	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Expected to be financed with:				
Grants	7,154	7,069	-	-
Committed loan facilities and free cash flow	37,130	42,223	-	-
	44,284	49,292	-	-

Commitments for payables and receivables in relation to non-cancellable operating leases are analysed below:

	Group		Company	
	Restated		2024	2023
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Housing, land & buildings				
Leased from external bodies				
Not later than 1 year	6,311	6,252	5	12
Later than 1 year and not later than 5 years	7,051	8,819	-	-
More than 5 years	2,945	3,208	-	-
	16,307	18,279	5	12

The 2023 comparator has been restated to be on comparable basis with 2024 taking into account inflation, occupancy levels and earliest break dates.

	Group	
	2024	2023
	£'000	£'000
Leased to external bodies		
Not later than 1 year	304	345
Later than 1 year and not later than 5 years	675	693
More than 5 years	25	118
	1,004	1,156

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

26 Capital commitments (continued)

	Group	
	2024	2023
Other leases		
Leased from external bodies	£'000	£'000
Not later than 1 year	869	753
Later than 1 year and not later than 5 years	1,018	1,640
	1,887	2,393

All leases contain permitted user clauses which limits the use to that permitted by the lease. Under FRS102 20.30c, the Group does not have any significant leasing arrangements or unusual or material restrictions.

27 Emoluments of the board and the directors

Analysis of non-executive director emoluments

	2024	2023
	£'000	£'000
Non-executive director remuneration (including £4k expenses 2023: £2k)	157	143

The Group provides emoluments to non-executive directors. During the year there were no benefits, other than wages and salaries and refreshments as part of the normal course of business payable to non-executive directors. Details on individual non-executive director remuneration can be obtained from the Group's website.

Analysis of directors' emoluments

	2024	2023
	£'000	£'000
The directors of the Group are its members and the executive officers. All emoluments are contained in the Company.		
Emoluments of the Group's directors including pension contributions	836	755
Emoluments of the Group's directors excluding pension contributions	748	672
Emoluments of the Group Chief Executive, who was the highest paid director, excluding pension contributions	225	205

There are no other individual pension arrangements to which the Group makes a contribution on behalf of the Group Chief Executive.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

28 Employee information

	Group		Company	
	2024	2023	2024	2023
	No.	No.	No.	No.
The average number of full time equivalent persons employed during the year was:	724	706	143	136

Full time equivalents are calculated based on a standard working week of 36.25 hours for all employees except for 39 hours for property services employees and 36.5 hours for Key Unlocking Futures Limited employees.

Employee costs (for the above persons)

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Wages & salaries	27,574	25,081	6,909	6,395
Social security costs	2,570	2,404	711	684
Other pension costs	2,087	1,922	610	591
	32,231	29,407	8,230	7,670

Group: wages and salary cost includes £0.2m (2023: £0.1m) of restructuring costs.

The key management personnel comprise the executive and non executive directors. The total employee benefits of the key management personnel were £1.0m (2023: £0.9m).

Remuneration bandings for all employees earning over £60,000

	Group		Company	
	2024	2023	2024	2023
£60,000 - £70,000	19	11	5	6
£70,001 - £80,000	9	5	6	3
£80,001 - £90,000	6	8	3	6
£90,001 - £100,000	3	2	2	1
£100,001 - £110,000	6	3	4	1
£110,001 - £120,000	1	2	-	1
£120,001 - £130,000	-	1	-	1
£130,001 - £140,000	-	1	-	1
£140,001 - £150,000	1	3	1	2
£150,001 - £160,000	2	1	2	1
£160,001 - £170,000	1	1	1	1
£170,001 - £180,000	1	-	1	-

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

28 Employee information (continued)

£180,001 - £190,000	1	-	-	-
£200,001 - £210,000	-	1	-	1
£220,001 - £230,000	1	-	1	-
	51	39	26	25

Remuneration for the above includes salaries, pension, bonuses, benefits in kind and compensation for loss of office. The remuneration bandings for employees earning over £60,000 includes the directors disclosed in note 27.

29 Cash flow statement notes

	Note	31 March 2023 £'000	Cash flow £'000	Other non cash changes £'000	31 March 2024 £'000
Analysis of net debt					
Cash in hand, at bank and overdrafts		9,059	(2,750)	-	6,309
Current asset investments	20	245	25	-	270
Obligations under finance leases	23	(130)	51	-	(79)
Housing loans	23	(265,026)	(18,139)	1,452	(281,713)
Total		(255,852)	(20,813)	1,452	(275,213)

Other changes relate to amortisation of borrowing costs £1.5m (2023: £259k).

30 Related party transactions

The Group adopted the National Housing Federation Model Rules in April 2016, which removed constituency group representation on its boards of management. Therefore, at the end of the financial year there were no members of the boards who are tenants of the Group (2023: nil). The Group does not report any intercompany transactions under the exemption 33.1a of FRS 102. The membership of Concert Living Limited board by the Group Chief Executive and Executive Director (Finance & Corporate Services) does not amount to a disclosable related party transaction under clause 33.4 of FRS102.

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

30 Related party transactions (continued)

During the year the Group and Company had the following intra-group transactions with non-regulated entities:

Purpose	Payment from:	Payment to:	Transactions		Balance owed at year end	
			2024 £'000	2023 £'000	2024 £'000	2023 £'000
Recharge of service costs incurred on behalf of subsidiary companies	Concert Living Ltd	Progress Housing Group Ltd	86	79	14	-
Support (see below)	Key Unlocking Futures Ltd	Progress Housing Group Ltd	40	30	3	3
Loan	Progress Housing Association Ltd	Key Unlocking Futures Ltd	429	318	37	25
Loan repayment and write off	Progress Housing Group Ltd	Concert Living Ltd	449	329	298	749
Interest on loan	Concert Living Ltd	Progress Housing Group Ltd	900	-	-	-
	Concert Living Ltd	Progress Housing Group Ltd	52	32	-	-

Related party transactions between Progress Housing Association Ltd and Key Unlocking Futures Ltd consist of critical tenancy support, a community development project and management fees associated with single homeless schemes, refuges and income collection.

31 Parent undertakings and Group transactions

The Group comprises the following bodies which are 100% wholly owned subsidiaries:	No of shares held	Principal activity
Progress Housing Group Limited	N/A	Provision of corporate services and development
Progress Housing Association Limited	1	Provision of social housing, supported housing, key worker accommodation, property maintenance and Technology Enabled Care Services
Reside Housing Association Limited	1	Provision of supported housing
Key Unlocking Futures Limited	N/A	Charitable entity providing support for families and the homeless
Concert Living Limited	500,000	Development of homes for outright sale

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

31 Parent undertakings and Group transactions (continued)

New Progress Housing Association Limited N/A Dormant company
 (Previously PHA (1) Limited and Progress
 Housing Association Limited)

The Parent company has the ability to appoint and dismiss subsidiary directors.
 Key Unlocking Futures Limited is incorporated as a company limited by guarantee without share capital incorporated under the Companies Act 2006 and is a registered charity under the Charities Act 2011.

32 Pension obligations

The Group participates in two pension schemes, Lancashire County Council's Superannuation Fund (LCC) and the Social Housing Pension Scheme (SHPS) administered by the Pensions Trust. The LGPS is a defined benefit scheme and SHPS has both defined benefit streams and defined contribution streams within its scheme, detailed regulations govern the rates of pension contribution by both employees and the Group. Benefits are normally in the form of a lump sum retirement grant plus an annual pension. As a responsible employer, the Group proactively manages the defined benefit pension schemes whilst ensuring the pension offered is competitive, through closing defined benefit pension schemes to new membership, increasing employer contributions beyond those actuarially assessed and making additional lump sum payments where indicated by actuarial assessment.

LGPS employer's contributions are based on percentages of employees' earnings as recommended by the actuary of the fund in its valuation.

The ability of the pension funds to provide statutory benefits is assessed every three years by an independent professionally qualified actuary, and employer's contributions are reviewed in light of the actuary's report.

The LGPS scheme was in a surplus position as at 31 March 2024, however as Progress Housing Group does not have unconditional rights to the assets nor is there a reduction in contributions, the asset has not been recognised.

	Group	Company	Group	Company
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Net pension liabilities:				
Lancashire County Pension Fund	-	-	-	-
Social Housing Pension Scheme	1,708	953	1,512	853
	1,708	953	1,512	853

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

32 Pension obligations (continued)

Actuarial gains/(losses):

Lancashire County Pension Fund	(837)	(345)	8,919	1,974
Social Housing Pension Scheme	(567)	(318)	(517)	(331)
	(1,404)	(663)	8,402	1,643

Lancashire County Council's Pension Fund

The most recent full actuarial valuation of the fund was as at 31 March 2022, the results of which were:

Valuation method	Projected unit
Value of assets	£10,712 million

The Group's employer's contributions to the fund during the year were 20.9% of pensionable salary in the year, and amounted to £211k. The following table details the numbers of staff who are members of the fund.

	Employers' contributions		No. staff	
	2024	2023	2024	2023
	£'000	£'000	Number	Number
Progress Housing Association	492	454	55	64
Progress Housing Group	211	227	17	19
Total Group	703	681	72	83

Actuarial assumptions	2024	2023
Rate of CPI Inflation	2.70%	2.70%
Rate of increase in salaries	4.20%	4.20%
Rate of increase in pensions	2.80%	2.80%
Discount rate	4.90%	4.80%

Asset information - Group	Market Value at 31 March 2024 £'000	% Split of Assets %	Market Value at 31 March 2023 £'000	% Split of Assets %
Equities	67	0.1%	63	0.1%
Government bonds	-	0.0%	-	0.0%
Other bonds	68	0.1%	127	0.2%
Property	882	1.3%	955	1.5%
Cash/liquidity	1,222	1.8%	510	0.8%
Other (includes credit funds, overseas pooled & private equity funds, infrastructure)	65,616	96.7%	62,010	97.4%
Total market value of assets	67,855	100.0%	63,665	100.0%
Present value of scheme liabilities	48,462		48,344	
Net pension asset	19,393		15,321	
Asset restriction	(19,393)		(15,321)	
Net pension asset/(liability) before tax asset	-		-	

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

32 Pension obligations (continued)

Lancashire County Council's Pension Fund

The following disclosures relate to the Group and Company

Balance Sheet Items as at 31 March 2024	Group 2024 £000's	Company 2024 £000's	Group 2023 £000's	Company 2023 £000's
Present value of funded benefit obligations	48,426	18,696	48,304	18,643
Present value of unfunded benefit obligations	36	-	40	-
Total present value of benefit obligations	48,462	18,696	48,344	18,643
Fair value of plan assets	(67,855)	(26,876)	(63,665)	(25,200)
(Surplus) before deferred tax asset	(19,393)	(8,180)	(15,321)	(6,557)
Components of pension cost for period to 31 March	2024	2024	2023	2023
Current service cost	605	180	1,242	398
Net interest cost	(752)	(319)	220	47
Admin expenses	19	6	20	7
Total pension cost recognised in Income & Expenditure	(128)	(133)	1,482	452

Statement of recognised total recognised surpluses and deficits

	Group 2024 £000's	Company 2024 £000's	Group 2023 £000's	Company 2023 £000's
Statement of Recognised Total Recognised Surpluses and Deficits				
Remeasurements (liabilities & assets) before deferred tax asset	(3,236)	(1,279)	(24,240)	(8,531)
Asset restriction	4,073	1,624	15,321	6,557
Total Remeasurements included in Statement of Comprehensive Income	837	345	(8,919)	(1,974)

Changes in benefit obligation during period to 31 March

	Group 2024 £000's	Group 2024 £000's	Company 2024 £000's	Group 2023 £000's	Group 2023 £000's	Company 2023 £000's
	Unfunded Benefits	All Benefits	All Benefits	Unfunded Benefits	All Benefits	All Benefits
Benefit obligation at beginning of period	40	48,344	18,643	64	70,617	26,256
Current service cost	-	605	180	-	1,242	398
Interest on pension liabilities	2	2,279	881	1	1,960	729
Member contributions	-	219	78	-	239	94
Past service cost	-	-	-	-	-	-
Remeasurements (gain)/loss on assumptions	(1)	(1,026)	(403)	(21)	(24,100)	(8,211)

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)**32 Pension obligations (continued)****Lancashire County Council's Pension Fund**

Transfer between other group

companies	-	-	-	(4)	(623)	(623)
Benefits/transfers paid	(5)	(1,959)	(683)	-	(991)	-
Benefit obligation at end of period	36	48,462	18,696	40	48,344	18,643

Change in plan assets during period to 31 March

	Group 2024 £000's	Group 2024 £000's	Company 2024 £000's	Group 2023 £000's	Group 2023 £000's	Company 2023 £000's
	Unfunded Benefits	All Benefits	All Benefits	Unfunded Benefits	All Benefits	All Benefits
Fair value of plan assets at beginning of period	-	63,665	25,200	-	62,495	24,507
Interest on plan assets	-	3,031	1,200	-	1,740	682
Remeasurements assets	-	2,210	876	-	140	320
Admin expenses	-	(19)	(6)	-	(20)	(7)
Employer contributions	5	708	211	4	685	227
Member contributions		219	78	-	239	94
Benefits/transfers paid	(5)	(1,959)	(683)	(4)	(1,614)	(623)
Fair value of plan assets at end of period	-	67,855	26,876	-	63,665	25,200
(Surplus)/deficit before deferred tax asset	36	(19,393)	(8,180)	40	(15,321)	(6,557)
Actual Return on Plan Assets		5,240	2,075		1,968	771

Post retirement mortality assumptions

Non-retired members SAPS 3 / SAPS 3 middle CMI 22 [1.5%]
(113% Males, 101% Females)

Retired members SAPS 3 / SAPS 3 middle CMI 22 [1.5%]

Life expectancy (108% Males, 101% Females)

of a male (female) future pensioner aged 65 in 20 years time 22.4 (25.3) years
of a male (female) current pensioner aged 65 21.1 (23.5) years

Market value of total fund assets (£ millions) **11,376**

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

32 Pension obligations (continued)

Social Housing Pension Scheme

The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2023. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2024 to 28 February 2025 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT (LIABILITY)

	Group 31 March 2024 £'000	Company 31 March 2024 £'000	Group 31 March 2023 £'000	Company 31 March 2023 £'000
Fair value of plan assets	7,116	3,941	7,352	4,115
Present value of defined benefit obligation	8,824	4,894	8,864	4,968
Total defined benefit (liability)	(1,708)	(953)	(1,512)	(853)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Group 31 March 2024 £'000	Company 31 March 2024 £'000
Defined benefit obligation at start of period	8,864	4,968
Expenses	11	5
Interest expense	422	235
Actuarial gains due to scheme experience	112	70
Actuarial gains due to changes in demographic assumptions	(85)	(47)
Actuarial gains due to changes in financial assumptions	(235)	(135)
Benefits paid and expenses	(265)	(202)
Defined benefit obligation at end of period	8,824	4,894

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

32 Pension obligations (continued)

Social Housing Pension Scheme

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Group 31 March 2024 £'000	Company 31 March 2024 £'000
Fair value of plan assets at start of period	7,352	4,115
Interest income	360	200
Experience on plan assets (excluding amounts included in interest income) - loss	(775)	(430)
Contributions by the employer	444	258
Benefits paid and expenses	(265)	(202)
Total fair value of plan assets at end of period	7,116	3,941

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2024 was (£415,000), Company (£230,000).

Defined benefit costs recognised in the Statement of Comprehensive Income

	Group 31 March 2024 £'000	Company 31 March 2024 £'000
Current service cost	-	-
Expenses	11	5
Net interest expense	62	35
Defined benefit costs	73	40

Defined benefit cost recognised in other comprehensive income

	Group 31 March 2024 £'000	Company 31 March 2024 £'000
Experience on plan assets (excluding amounts included in net interest cost) - loss	(775)	(430)
Experience gains and losses arising on the plan liabilities - gain	(112)	(70)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	85	47
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	235	135
Total amount recognised – loss	(567)	(318)

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

32 Pension obligations (continued)

Social Housing Pension Scheme

Assets

	Group 31 March 2024	Company 31 March 2024	Group 31 March 2023	Company 31 March 2023
	£'000	£'000	£'000	£'000
Global equity	709	393	137	77
Absolute return	278	154	80	45
Distressed opportunities	251	139	223	125
Credit relative value	233	129	277	155
Alternative risk premia	226	125	14	8
Emerging markets debt	92	51	39	22
Risk sharing	417	231	541	303
Insurance-linked securities	36	20	186	104
Property	285	158	316	177
Infrastructure	719	398	840	470
Private Equity	6	3		
Private debt	280	155	327	183
Opportunistic Illiquid credit	278	154	315	176
High yield	1	1	25	14
Cash	141	78	53	30
Long lease property	46	25	222	124
Secured income	213	118	338	189
Liability driven investment	2,896	1,604	3,387	1,895
Currency hedging	(3)	(2)	14	8
Net current assets	12	7	18	10
Total assets	7,116	3,941	7,352	4,115

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Key assumptions

	Group 31 March 2024	Company 31 March 2024	Group 31 March 2023	Company 31 March 2023
	% per annum	% per annum	% per annum	% per annum
Discount rate	4.93%	4.93%	4.83%	4.82%
Inflation (RPI)	3.08%	3.08%	3.16%	3.15%
Inflation (CPI)	2.80%	2.80%	2.82%	2.83%
Salary growth	3.80%	3.80%	3.82%	3.83%
Allowance for commutation of pension for cash at retirement		75% of maximum allowance		75% of maximum allowance

Progress Housing Group Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

32 Pension obligations (continued)

Social Housing Pension Scheme

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

	Group	Company
	Life expectancy at age 65	Life expectancy at age 65
	(Years)	(Years)
Male retiring in 2024	20.5	20.5
Female retiring in 2024	23.0	23.0
Male retiring in 2044	21.8	21.8
Female retiring in 2044	24.4	24.4