

PROGRESS HOUSING ASSOCIATION LIMITED

**Financial statements for the year ended
31 March 2024**

Co-operative and Community Benefit Society (FCA) No: 27792R

Regulator of Social Housing Registration No: LH4032

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Contents

Members of the board of management and executive officers	3
Five year financial highlights	4
Report of the board	5
Statement of the boards' responsibilities	8
Independent auditors' report to the members of Progress Housing Association for the year ended 31 March 2024	9
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Reserves	15
Notes to the financial statements	16

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Members of the board of management 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
Penny Fell	Appointed 4 September 2023
Nigel Ingram	
Elaine Johnstone	
Maggie Shannon	
James Sinclair Taylor	Retired 4 September 2023
Neil Townsend	
Anna Urbanowicz	
Samantha Veal	
Nigel Wright	Group Chair

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 & Support)
	BA (Hons), MCIH	
Executive officers	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

Progress Housing Association Limited**Financial statements for the year ended 31 March 2024****Five year 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	97,710	88,909	86,757	83,096	79,063
Operating surplus	16,364	15,105	12,956	15,845	16,984
Surplus after tax	10,075	8,039	7,286	9,276	9,381
Statement of Financial Position					
Tangible fixed assets	612,042	579,770	555,308	534,504	524,448
Net current assets/(liabilities)	4,229	4,294	2,234	(3,626)	429
Debt due after more than one year	273,457	256,838	240,775	226,496	232,367
Pension liabilities	755	659	7,005	12,359	7,886
Net assets	315,076	305,316	290,518	277,262	272,110
Key financial ratios and indicators					
Operating margin	15.9%	16.2%	14.7%	19.1%	21.2%
Interest cover	189%	204%	206%	262%	238%

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Report of the board

The board presents its report and the audited financial statements of Progress Housing Association Limited (the “Association”) for the year ended 31 March 2024. The Association is a fully owned subsidiary of Progress Housing Group Limited which prepares consolidated financial statements incorporating the Association (the “Group”).

Principal activities

The Association provides high quality homes and housing management for communities across England and Southern Scotland. The Association owns and/or manages over 10,700 properties through its Progress Housing Group and RWP brands including homes for rent, housing for older people, supported living accommodation, key worker accommodation, supported accommodation for people experiencing homelessness, shared ownership and leasehold accommodation.

The Association, through its Progress Lifeline brand, is a national leader in technology enabled care services (TECS). The Association supports over 65,000 people to maintain independence through the delivery of a person-centred service tailored to the needs of the individual. The Association believes that TECS improves the quality of life and should be easily available for all who need it.

The Association, through its Progress Living brand, supports the health service to do its job by providing workers with high-quality accommodation right where it is needed in Lincolnshire. The Association does not use standard accommodation models. It tailors its services to meet the specific needs of health workers.

Strategic report

The Association has not included a strategic report in these financial statements on the basis that a strategic report for the Group has been included in the financial statements of its parent company Progress Housing Group Limited.

Business performance

Financial performance for the year

The surplus after tax for the year ended 31 March 2024 was £10.1m (2023: £8m). The total comprehensive income for the year ended 31 March 2024 was £9.8m (2023: £14.8m). This includes actuarial loss on the defined benefit pension scheme of £0.7m (actuarial gain 2023: £6.8m).

Total fixed assets are £613.8m (2023: £581.6m). The Association’s share of the pension fund deficit in the Social Housing Pension Scheme (SHPS) is £0.8 million. The Association had £315.1m of net assets as at the 31 March 2024 (2023: £305.3m).

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Report of the board (continued)

Key performance indicators and Value for Money (VFM)

The Group has a performance management framework including KPIs and VFM metrics that underpins the vision and strategic aims identified within its Strategic Plan. KPIs are set by the board using a balanced scorecard methodology which assesses performance against financial, customer and communities, learning and growth and operating process targets. For a full list of the Group's KPIs and current performance against target please visit the Group's website: www.progressgroup.org.uk.

To demonstrate VFM, the Group reports on the metrics prescribed by the Regulator of Social Housing (RSH) in its VFM Standard 2018 alongside a number of additional related metrics identified by the board. The board is committed to ensuring that VFM is embedded in both the Group's culture and its decision-making processes.

Regulation

As a registered provider, the Association is 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 on an annual basis with any changes or implications arising within the year being reported on an ad hoc basis. In line with the changes to the Accounting Direction for Private Registered Providers of Social Housing 2022, the board confirms compliance with these standards up until the signing of the accounts.

Going concern

For the Association, 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 Association is well placed to understand and manage the challenges and business risks ahead.

The board has approved a budget for the Association for the coming year and also its long term financial plans. The long term financial plans reflect ongoing compliance, building quality and net zero carbon commitments, new development programmes and also the delivery of the Association's planned maintenance programmes.

The long term financial plans show that the Association has sufficient funding to support its business activities and is able to service its debt facilities whilst continuing to comply with lenders' covenants. Sensitivities have been put through the long term financial plans for the Association in order to test going concern and provide the board with assurance that it has a resilient plan in place.

For these reasons, the board considers it has a reasonable expectation that the Association will be able to continue in operation and meet its 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.

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Report of the board (continued)

Statement of compliance

The Group strategic report has been prepared in accordance with best practice guidance and the board, which operates co-terminously with the board of the parent company, in approving the Group 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 Association'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 Association's auditor is aware of that information.

Annual General Meeting

The Annual General Meeting of the Association 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:

DocuSigned by:

B9A1708E655B4A5...

Deborah Atherton

Company Secretary

29 July 2024

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Statement of the board's responsibilities

The board is responsible for preparing the report of the board 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 for Registered Social Housing Providers (updated 2018) 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 Association will continue in business.

The board is responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them 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 is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Association'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 Association's website is the responsibility of the board. The board's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Independent auditor's report to the members of Progress Housing Association Limited for the year ended 31 March 2024

Opinion

We have audited the financial statements of Progress Housing Association Limited (the 'Association') for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves 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 Association's affairs as at 31 March 2024 and of 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 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 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 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 Association Limited

Financial statements for the year ended 31 March 2024

Independent auditor's report to the members of Progress Housing Association Limited for the year ended 31 March 2024 (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 8, 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 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 Association or to cease operations, or has no realistic alternative but to do so.

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Independent auditor's report to the members of Progress Housing Association Limited for the year ended 31 March 2024 (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 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 Association'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.

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Independent auditor's report to the members of Progress Housing Association Limited for the year ended 31 March 2024 (continued)


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

- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- 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:

F19F64F5A8C846D...

Beever and Struthers

Statutory Auditor

One Express

1 George Leigh Street

Manchester

M4 5DL

Date: 09-09-2024

Progress Housing Association Limited**Financial statements for the year ended 31 March 2024****Statement of comprehensive Income***For the year ended 31 March 2024*

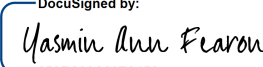
	Note	2024 £'000	2023 £'000
Turnover	2	97,710	88,909
Operating expenditure	2	(78,891)	(72,810)
Cost of sales	2	(2,679)	(1,670)
		16,140	14,429
Gain on disposal of property, plant and equipment	2	224	676
Operating surplus	2	16,364	15,105
Movement in fair value of investment properties	12	100	107
Movement in fair value of derivative financial instruments	21	(64)	-
Interest receivable	7	1,615	781
Interest payable and financing costs	8	(7,940)	(7,954)
Surplus before tax		10,075	8,039
Tax on surplus on ordinary activities	9	-	-
Surplus after tax		10,075	8,039
Actuarial (loss)/gain on pension schemes	28	(741)	6,759
Movement in fair value of hedged financial instruments	21	426	-
Total comprehensive income for the year		9,760	14,798

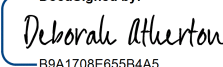
The notes on pages 16 to 47 form an integral part of these financial statements.

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

DocuSigned by:

 071EE75297A8439...
Nigel Wright
 Board member

DocuSigned by:

 859EC30C297C452...
Yasmin Fearon
 Board member

DocuSigned by:

 B9A1708E655B4A5...
Deborah Atherton
 Company Secretary

Date: 29 July 2024

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

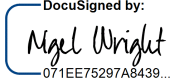
Statement of Financial Position

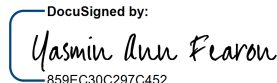
As at 31 March 2024


	Note	2024 £'000	2023 £'000
Fixed assets			
Housing properties at cost	10	605,367	572,941
Other tangible fixed assets	11	4,422	4,526
Investment properties	12	2,253	2,233
Intangible fixed assets	13	-	158
Investment in joint venture	14	1,723	1,723
		<u>613,765</u>	<u>581,581</u>
Current assets			
Stock	15	3,874	2,769
Debtors	16	20,321	18,202
Investments	17	270	245
Cash and cash equivalents		1,761	3,897
		<u>26,226</u>	<u>25,113</u>
Less: Creditors amounts falling due within one year	18	<u>(21,997)</u>	<u>(20,819)</u>
Net current assets		<u>4,229</u>	<u>4,294</u>
Total assets less current liabilities		617,994	585,875
Creditors			
Amounts falling due after more than one year	20	(302,163)	(279,900)
Provision for liabilities			
Pension liabilities	28	(755)	(659)
Net assets		<u>315,076</u>	<u>305,316</u>
Reserves			
Share capital	22	-	-
Revaluation reserves		171,772	173,259
Cashflow hedge reserve	21	426	-
Income and expenditure reserves		142,878	132,057
		<u>315,076</u>	<u>305,316</u>

The notes on pages 16 to 47 form an integral part of these financial statements.

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

DocuSigned by:

 071EE75297A8439...
Nigel Wright
 Board member

DocuSigned by:

 859EC30C297C452...
Yasmin Fearon
 Board member

DocuSigned by:

 B9A1708E655B4A5...
Deborah Atherton
 Company Secretary

Date: 29 July 2024

Co-operative and Community Benefit Society (FCA) No: 27792R

Regulator of Social Housing No: LH4032

Progress Housing Association Limited**Financial statements for the year ended 31 March 2024****Statement of Changes in Reserves***For the year ended 31 March 2024*

	Revaluation reserves	Cashflow hedge reserves	Income and expenditure reserves	Total
	£'000	£'000	£'000	£'000
At 1 April 2023	173,259	-	132,057	305,316
Surplus for the year	-	-	10,075	10,075
Increase on cashflow hedge	-	426	-	426
Actuarial loss on pension scheme	-	-	(741)	(741)
Total comprehensive income for the year	-	426	9,334	9,760
Realisation of revaluation reserve in respect of:				
Disposals of housing property	(193)	-	193	-
Depreciation on revalued housing property	(1,294)	-	1,294	-
As at 31 March 2024	171,772	426	142,878	315,076
At 1 April 2022	175,375	-	115,143	290,518
Surplus for the year	-	-	8,039	8,039
Actuarial gain on pension scheme	-	-	6,759	6,759
Total comprehensive income for the year	-	-	14,798	14,798
Realisation of revaluation reserve in respect of:				
Disposals of housing property	(638)	-	638	-
Depreciation on revalued housing property	(1,297)	-	1,297	-
Impairment on revalued housing property	(181)	-	181	-
As at 31 March 2023	173,259	-	132,057	305,316

The notes on pages 16 to 47 form an integral part of these financial statements.

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

1. Accounting policies

(1) *Basis of accounting*

The financial statements 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 (updated 2018) 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 Association's business activities, its current financial position and factors likely to affect its future development are set out within the report of the board. The Association has in place long-term borrowing facilities which provide adequate resources to finance reinvestment and development programmes, along with the Association's day to day operations. The Association 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 Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

FRS 102 – reduced disclosure exemptions

The Association has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- The requirements of section 7 – Statement of Cash Flows; and
- Section 33 - related party transactions.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

(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.

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.

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

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

(2) *Turnover (continued)*

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 have been 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 the accounting policy 26.

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.

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.

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

(4) *Social housing grant and other capital grants*

Social housing grant (SHG) can be recycled by the Association 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 Association'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.

- Fixtures and fittings: over 3-15 years.
- Commercial properties: over 30 years.
- TECS equipment: over 3-5 years.
- Computer equipment: over 3 years.
- Office freehold properties: over 50 years.

(7) *Investment properties*

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 the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive income.

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

(8) Pensions scheme accounting

The Association participates in 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 pensionable salaries of employees, determined in accordance with actuarial advice. The cost of providing pensions is charged to the period over which the Association 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 Association has charitable status and no liability to corporation tax arises on its operational surplus for the year. For the same reasons, no provision is made for deferred taxation.

(11) Value Added Tax

The Association 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 shared ownership property stock and property services van stock.

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.

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

(13) Bad and doubtful debts

The Association 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.

Also included within finance costs is interest in respect of the defined benefit pension schemes. A pension interest charge is included in respect of the unwinding 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 the residents. Until these costs are incurred this liability is held on the Statement of Financial Position within creditors. A separate bank account is used to hold these funds separately from the Association's bank accounts.

(18) First tranche shared ownership sales

The Association 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) 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.

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

(20) Properties managed by agents

Where the Association 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 Association.

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

(21) Supporting people

This income includes Supporting People (SP) contract income 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 the rent is shown as “charges for support services” in other social housing activities.

(22) 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 surplus or deficit 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.

(23) Joint venture accounting

The Association includes a third share of Leeds Independent Living Accommodation Company Holdings Limited (LiLAC), which is a joint venture contracted through a PFI arrangement. To account for this, the subordinated debt loaned to the joint venture company is recognised in the Associations financial statements.

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

(24) 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.

(25) Financial instruments

All financial instruments other than the Group's 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 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.

(26) 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 Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

(27) *Intangible fixed assets and amortisation*

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

(28) *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 Association's tangible assets. Factors taken into consideration in reaching such a decision 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 on a development scheme. These are based on anticipated construction cost, 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. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.
- Whether leases entered into by the Association 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 rental bad debt provision has been reviewed in the year to consider the age of the debts. The basis of the sundry debt provision continues to be the same basis as the previous year.

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 Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

2 Turnover, operating expenditure and operating surplus

	2024			
	Turnover	Cost of sales	Operating expenditure	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000
Social housing lettings (note 3a)	81,879	-	(66,124)	15,755
Other social housing activities				
Charges for support services (note 3b)	131	-	(343)	(212)
First tranche shared ownership sales	3,665	(2,679)	-	986
Activities other than social housing (note 3c)				
Lettings	5,064	-	(4,354)	710
Progress Lifeline services	6,738	-	(8,052)	(1,314)
Other	233	-	(18)	215
	97,710	(2,679)	(78,891)	16,140
Gain on disposal of property, plant and equipment (note 6)				224
Total				16,364

	2023			
	Turnover	Cost of sales	Operating expenditure	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000
Social housing lettings (note 3a)	73,695	-	(59,912)	13,783
Other social housing activities				
Charges for support services (note 3b)	158	-	(371)	(213)
First tranche shared ownership sales	2,249	(1,670)	-	579
Activities other than social housing (note 3c)				
Lettings	4,723	-	(3,947)	776
Progress Lifeline services	7,845	-	(7,510)	335
Other	239	-	(1,070)	(831)
Total	88,909	(1,670)	(72, 810)	14,429
Gain on disposal of property, plant and equipment (note 6)				676
Total				15,105

Progress Housing Association 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

	General needs £'000	Housing for older people £'000	Supported housing £'000	Shared ownership £'000	Total 2024 £'000	Total 2023 £'000
Income						
Rent receivable net of identifiable service charges	28,203	5,956	33,205	1,134	68,498	62,214
Service charge income	724	1,868	8,275	118	10,985	9,089
Charges for support services	-	286	15	-	301	261
Amortised government grants	253	-	53	27	333	308
Void guarantee and revenue grants	13	-	1,466	-	1,479	1,483
Other income	93	21	167	2	283	340
Turnover from social housing lettings	29,286	8,131	43,181	1,281	81,879	73,695
Expenditure						
Management	(4,397)	(772)	(6,635)	(212)	(12,016)	(11,101)
Service charge costs and support	(874)	(2,303)	(9,592)	(57)	(12,826)	(11,198)
Routine maintenance	(5,812)	(1,494)	(6,552)	(40)	(13,898)	(11,419)
Planned maintenance	(1,951)	(486)	(1,047)	(13)	(3,497)	(3,009)
Major repairs expenditure	(2,763)	(681)	(2,679)	(10)	(6,133)	(5,625)
Bad debts	-	(40)	(180)	(5)	(225)	(276)
Property operating lease charges	-	-	(3,128)	-	(3,128)	(3,376)
Depreciation of housing properties	(5,213)	(1,139)	(3,408)	(207)	(9,967)	(9,261)
Impairment released / (charged) on housing properties	(17)	-	267	-	250	(577)
Other costs	(1,454)	(275)	(2,954)	(1)	(4,684)	(4,070)
Operating costs on social housing lettings	(22,481)	(7,190)	(35,908)	(545)	(66,124)	(59,912)
Operating surplus on social housing lettings	6,805	941	7,273	736	15,755	13,783
Void losses (included within turnover)	(214)	(54)	(4,163)	-	(4,431)	(4,003)

Other costs include £2.7m of development costs that cannot be capitalised (2023: £2.4m) and £0.9m of council tax costs (2023: £0.8m).

A number of the void losses above are subject to agreements where the Association is compensated for its losses. These void guarantees, which are not included in the void losses above, are chargeable to third parties in the year and totalled £1.5m (2023: £1.5m).

Impairment charges include impairment of previously revalued housing properties. There has been no transfer from revaluation reserves this year (2023: £0.2m). The impairment on a historic cost basis is (£0.3m) (2023: £0.3m) due to the reversal of prior impairment charges that are no longer deemed necessary upon review.

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

3(b) Turnover from other social housing activities

	2024 £'000	2023 £'000
Other		
Support services contract income	131	158

3(c) Turnover from non-social housing activities

	2024 £'000	2023 £'000
Lettings		
Other rented	371	335
Commercial properties	46	48
Key worker accommodation	4,647	4,340
	5,064	4,723
Other		
Progress Lifeline services	6,738	7,845
Lease income	233	239
	6,971	8,084

4 Accommodation in management

	General needs - social rent No.	General needs - affordable rent No.	Low cost home ownership No.	Supported housing No.	Intermediate rent No.	Other No.	Total No.
Opening unit numbers	4,276	840	327	4,239	54	836	10,572
New stock acquired	9	67	59	25	-	-	160
New stock into management	-	15	-	-	-	-	15
Other gains	1	-	-	9	-	1	11
Sales to open market	-	-	-	(2)	-	-	(2)
Sales to tenants freehold	(8)	-	(2)	-	-	-	(10)
Other losses	-	-	-	(12)	-	(1)	(13)
Movement within categories	3	1	-	(4)	-	-	-
Net change to stock	5	83	57	16	-	0	161
Closing units numbers	4,281	923	384	4,255	54	836	10,733

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

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

5 Surplus for the year

		2024	2023
		£'000	£'000
Is stated after charging/(crediting):			
Auditor's remuneration (excluding VAT)	Note:		
In their capacity as auditors		43	31
In respect of other services		4	3
Depreciation of tangible fixed assets:			
- Housing properties		10,849	10,133
- Other fixed assets	11	859	763
Amortisation of intangible fixed assets	13	42	42
Impairment of tangible fixed assets:			
Impairment of housing properties		(250)	577
Impairment of housing properties on a historic cost basis		17	396
Impairment on previously revalued amounts		-	181
Reversal of impairment of housing properties		(267)	-
Impairment of intangible fixed assets:			
- Impairment of goodwill		116	-
Hire of other assets - operating leases:			
- Housing properties		3,128	3,376
- Other fixed assets vehicles		1,068	766

6 Gain on disposal of property, plant and equipment

	2024	2023
	£'000	£'000
Sale proceeds	2,720	3,674
Cost of disposals	(2,285)	(2,013)
Operating costs associated with sales	(211)	(985)
Gain on disposals	224	676

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 £224k (2023: £676k) and other assets £nil (2023: £nil).

Progress Housing Association Limited**Financial statements for the year ended 31 March 2024****Notes to the financial statements (continued)****7 Interest receivable**

	2024	2023
	£'000	£'000
Bank interest receivable	75	157
Interest received on derivative financial instruments	85	-
Interest receivable on loan to group company	815	417
Interest on loan to joint venture company	207	207
Pension scheme finance cost	433	-
	1,615	781

8 Interest payable and financing costs

	2024	2023
	£'000	£'000
Bank loans	7,291	6,083
Other loans	2,643	2,360
Amortisation of loan issue costs	155	110
Pension scheme finance cost	27	188
Recycled capital grant fund	4	-
Loan remeasurement	(1,508)	(222)
	8,612	8,519
Less: Interest capitalised	(672)	(565)
	7,940	7,954

9 Taxation on surplus on ordinary activities**(a) Analysis of the charge in the period**

The tax charge on the surplus on ordinary activities for the year was as follows:

	2024	2023
	£'000	£'000
Current tax:		
UK corporation tax charge for the year	-	-
Over provision in previous years	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Tax on surplus on ordinary activities	-	-

(b) Factors affecting tax charge for the period

Surplus on ordinary activities before tax	10,075	8,039
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023: 19%)	2,519	1,527
Effects of:		
Charitable activity	(2,519)	(1,527)
	-	-

Progress Housing Association 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	Housing properties under construction	Shared ownership completed	Shared ownership under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2023	673,212	18,880	18,978	3,915	714,985
Additions	9,772	28,362	40	5,315	43,489
Transferred on completion	16,306	(16,306)	4,943	(4,943)	-
Disposals	(2,835)	-	(132)	-	(2,967)
As at 31 March 2024	696,455	30,936	23,829	4,287	755,507

Depreciation

At 1 April 2023	141,123	58	863	-	142,044
Charge for the year	10,270	-	207	-	10,477
Depreciation on disposals	(1,905)	-	(4)	-	(1,909)
Impairment charge for the year	(250)	-	-	-	(250)
Impairment released on disposals	(164)	(58)	-	-	(222)
As at 31 March 2024	149,074	-	1,066	-	150,140

NBV

As at 1 April 2023	532,089	18,822	18,115	3,915	572,941
As at 31 March 2024	547,381	30,936	22,763	4,287	605,367

The value of secured properties (including charged to third parties) £507.8m (2023: £487.9m).

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

	Housing properties completed		Shared ownership completed	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Freehold properties	495,881	479,769	22,096	17,460
Long-leasehold properties	51,500	52,320	667	655
Total	547,381	532,089	22,763	18,115

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

10 Tangible fixed assets – housing properties (continued)

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 totalling £18.3m (2023: £19.0m) and other rented accommodation totalling £3.1m (2023: £2.9m). The related rental income of these properties is presented as ‘non-social housing income’. 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.

	2024	2023
	£’000	£’000
Most recent Existing Use Value for Social Housing (EUV-SH) at 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 £672k (2023: £565k) of interest capitalised at an average of 3.75% in the year. Property costs include an apportionment of development staff time directly spent on the administration of development activities amounting to £773k (2023: £507k) and on in-house legal costs amounting to £87k (2023: £57k).

Major repairs, renewals and improvements

	2024	2023
	£’000	£’000
Capitalised components	7,880	7,410
Capitalised structure	1,932	1,854
Charged to revenue	6,392	5,771
Total major repairs revenue and capital	<u>16,204</u>	<u>15,035</u>

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

11 Tangible fixed assets – other

	Commercial and office properties			Total £'000
	Leasehold £'000	Freehold £'000	Fixtures & fittings £'000	
Cost or valuation				
At 1 April 2023	1,746	872	4,315	6,933
Additions	23	171	444	638
Disposals	-	-	(351)	(351)
Reclassification of asset	-	80	-	80
Transferred from Group Company	-	-	38	38
At 31 March 2024	1,769	1,123	4,446	7,338
Depreciation				
At 1 April 2023	315	436	1,656	2,407
Charge for the year	199	30	630	859
Reclassification of Asset	-	-	(350)	(350)
At 31 March 2024	514	466	1,936	2,916
Net book value				
At 1 April 2023	1,431	436	2,659	4,526
At 31 March 2024	1,255	657	2,510	4,422

Commercial and office properties and fixtures and fittings are held at cost less accumulated depreciation. The reclassification of asset relates to a change in use to a community centre. This has been reclassified from Investment Properties to Commercial Properties.

12 Investment properties

	Investment properties £'000
Valuation	
At 1 April 2023	2,233
Reclassification of Asset	(80)
Movement in fair value	100
At 31 March 2024	2,253

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

12 Investment properties (continued)

All investment properties are completed.

The investment property portfolio has been valued in the year by Garside Waddingham (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 the market conditions and movements in market values in similar geographical areas and similar build and structure.

	2024	2023
	£'000	£'000
Historic cost of investment properties	1,912	1,912
Accumulated depreciation	(266)	(238)
Total historic depreciated cost of investment properties	1,646	1,674

13 Intangible fixed assets - goodwill

	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 was remeasured as at 31 March 2024, resulting in a full impairment of the unamortised balance of this goodwill.

Progress Housing Association Limited**Financial statements for the year ended 31 March 2024****Notes to the financial statements (continued)****14 Fixed asset investment**

The Association holds 33.3% (£333) of the equity share capital of Leeds Independent Living Accommodation Company Holdings Limited (LiLAC), a private finance initiative commissioned by Leeds City Council to fund the reprovion 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 hold 33.3% of the equity share capital.

	2024	2023
	£'000	£'000
Subordinated debt loaned to joint venture company	1,723	1,723

15 Stock

	2024	2023
	£'000	£'000
Property services - van stock	243	251
Shared ownership - completed properties held for sale	2,654	1,617
Shared ownership - work in progress	977	901
	3,874	2,769

16 Debtors

	2024	2023
	£'000	£'000
Amounts falling due within one year:		
Rent and service charge arrears	3,639	3,656
Less provision for rental bad debts	(913)	(1,097)
	<u>2,726</u>	<u>2,559</u>
Trade debtors	1,774	1,651
Less provision for sundry bad debts	(381)	(237)
Loan owed by group company	12,627	11,242
Prepayments and accrued income	2,951	1,929
Fair value of derivative financial instruments	21	-
Social housing grant	187	1,037
Other debtors	75	21
	<u>17,595</u>	<u>15,643</u>
Total debtors	20,321	18,202

Loans owed by group companies are repayable on demand and interest is charged at 6% and paid quarterly in arrears.

Progress Housing Association Limited
Financial statements for the year ended 31 March 2024
Notes to the financial statements (continued)

17 Current asset investments

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

18 Creditors: amounts falling due within one year

		2024	2023
		£'000	£'000
Loans	20	8,413	7,999
Rent and service charge received in advance		1,717	1,710
Trade creditors		696	1,362
Accruals and deferred income		8,975	7,557
Government grants relating to assets	20	385	296
Amounts owed to group companies		655	649
Other current liabilities		210	111
Recycled capital grant fund	19	46	124
Loan remeasurement	20	-	189
Employer liabilities		599	548
Sinking funds for planned maintenance		301	274
		21,997	20,819

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

Other intragroup balances are repayable on demand and do not attract interest.

19 Recycled capital grant fund

		2024	2023
		£'000	£'000
At 1 April		124	46
Grants recycled		75	77
Interest accrued	8	4	1
At 31 March		203	124
Amount of grant due for repayment		-	-
Due within one year	18	46	124
Due after one year	20	157	-

Progress Housing Association Limited**Financial statements for the year ended 31 March 2024****Notes to the financial statements (continued)****20 Creditors: amounts falling due after more than one year**

	2024	2023
	£'000	£'000
Housing loans	273,300	255,519
Housing loans remeasurement	-	1,319
Government grants	28,706	23,062
Recycled capital grant fund	157	-
	302,163	279,900

Maturity of debt

	Note	Bank loans		Other loans	
		2024	2023	2024	2023
		£'000	£'000	£'000	£'000
Within one year	18	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	100,000
		174,462	156,626	100,000	100,000
Less loan issue costs		(688)	(615)	(474)	(492)
Amounts falling due after more than one year		173,774	156,011	99,526	99,508
Total housing loans		182,187	164,010	99,526	99,508

Loan remeasurement

	Note	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	18	-	189
Due after one year		-	1,319

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 was entered into.

Housing loans are secured by fixed charges on 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

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

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

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 Association 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 21.

At 31 March 2024 the Association has committed undrawn facilities of £56.0m (2023: £92.3m).

Government grants relating to housing assets	Note	2024 £'000	2023 £'000
At 1 April		23,358	21,448
Grants receivable		6,066	2,218
Amortisation to Statement of Comprehensive Income	3(a)	(333)	(308)
At 31 March		29,091	23,358
Due within one year	18	385	296
Due after one year		28,706	23,062

Grants due after one year includes £9.3m (2023: £5.5m) in respect of assets under construction.

Total accumulated social housing grant received or receivable at 31 March	Note	2024 £'000	2023 £'000
Recognised in the Statement of Comprehensive Income		1,676	1,344
Held as Deferred Income		29,091	23,358
At 31 March		30,767	24,702

21 Derivative financial instruments

	Note	2024 £'000	2023 £'000
Derivative financial instruments designated as hedges	16	426	-
Derivative financial instruments not designated as hedges	16	(64)	-
At 31 March		362	-

The Group has two interest rate swaps with an aggregate notional value of £20m, maturing in December 2028. A swap for £16.2m has an economic relationship documented and is hedged against a term floating

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

21 Derivative financial instruments (continued)

rate loan. A swap for £3.8m does not have an economic relationship documented and is therefore 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.

22 Non-equity share capital

	2024	2023
	£	£
Allotted issued and fully paid:		
At 1 April	11	12
Issued during the year	3	1
Surrendered during the year	(2)	(2)
At 31 March	12	11

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.

One share is owned by the parent company, Progress Housing Group Limited.

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 a newly appointed member of the board.

23 Capital commitments

	2024	2023
	£'000	£'000
Capital expenditure contracted but not provided for in the financial statements	37,424	32,213
Capital expenditure that has been authorised by the board but has not yet been contracted for	6,107	16,489
	43,531	48,702
	2024	2023
	£'000	£'000
Expected to be financed with:		
Grants	6,560	6,567
Committed loan facilities and free cash flow	36,971	42,135
	43,531	48,702

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)**23 Capital commitments (continued)**

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

Housing, land & buildings

	2024	2023
	£'000	£'000
Leased from external bodies		
Not later than 1 year	2,348	2,332
Later than 1 year and not later than 5 years	929	2,201
More than 5 years	375	480
	3,652	5,013

Housing, land & buildings

	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

Other leases

	2024	2023
	£'000	£'000
Leased from external bodies		
Note 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 Association does not have any significant leasing arrangement or unusual or material restrictions.

24 Employee information

	2024	2023
	No.	No.
The average number of full time equivalent persons employed during the year was:	532	524

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.

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

24 Employee information (continued)

Employee costs (for the above persons)

	2024	2023
	£'000	£'000
Wages & salaries	18,722	16,982
Social security costs	1,676	1,548
Other pension costs	1,412	1,270
	21,810	19,800

Remuneration bandings for all employees over £60,000

	2024	2023
£60,000 - £70,000	12	3
£70,001 - £80,000	3	1
£80,001 - £90,000	1	1
£100,001 - £110,000	1	2
£110,001 - £120,000	1	1
	18	8

Remuneration for the above includes salaries, pension, bonuses, benefits in kind and compensation for loss of office.

The key management personnel comprise the executive and non-executive directors. Key management personnel are remunerated by the Group and not the Association.

25 Related party transactions

At the end of the financial year there were no members of the boards who are tenants of the Association (2023: nil). The Association does not report any intercompany transactions under the exemption 33.1a of FRS 102.

During the year the Association had the following intra-group transactions with non-regulated entities:

Purpose	Payment from:	Payment to:	Transactions		Balance owed at year end	
			2024	2023	2024	2023
			£'000	£'000	£'000	£'000
Support (see below)	Progress Housing Association Ltd	Key Unlocking Futures Ltd	429	318	37	25
Loan	Progress Housing Association Ltd	Concert Living Ltd	1,385	3,318	12,627	11,242
Interest on loan	Concert Living Ltd	Progress Housing Association Ltd	815	417	-	-

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

25 Related party transactions (continued)

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 and refuges.

26 Ultimate parent company

The Association's ultimate parent company is Progress Housing Group Limited. Progress Housing Group Limited consolidated financial statements can be obtained from the Group's website or from the Company Secretary at the registered office:

Sumner House
21 King Street
Leyland
Lancashire
PR25 2LW

27 Cash flow

Under FRS102 1.11 (c) the Association has not published a cash flow as one is produced for the Group consolidated accounts of Progress Housing Group Limited.

28 Pension obligations

The Association 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 LCC is a defined benefit scheme and SHPS has both defined benefit streams and defined contribution streams within its scheme, and detailed regulations govern the rates of pension contribution by both employees and the Association. Benefits are normally in the form of a lump sum retirement grant plus an annual pension.

As a responsible employer, the Association 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 were 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 Association does not have unconditional rights to the assets nor is there a reduction in contributions, the asset has not been recognised.

Progress Housing Association Limited**Financial statements for the year ended 31 March 2024****Notes to the financial statements (continued)****28 Pension obligations (continued)**

	2024	2023
	£'000	£'000
Net pension liabilities:		
Lancashire County Pension Fund	-	-
Social Housing Pension Scheme	755	659
	<u>755</u>	<u>659</u>
Pension liabilities	<u>755</u>	<u>659</u>
Actuarial (gains)/losses recognised in other comprehensive income:		
Lancashire County Pension Fund	492	(6,945)
Social Housing Pension Scheme	249	186
	<u>741</u>	<u>(6,759)</u>

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.

The Associations contribution to the SHPS deficit for the year ended 31 March 2024 was £179k (2023: £167k).

Progress Housing Association Limited
Financial statements for the year ended 31 March 2024
Notes to the financial statements (continued)
28 Pension obligations (continued)
Social Housing Pension Scheme (continued)

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	31 March 2024	31 March 2023
	£'000	£'000
Fair value of plan assets	3,175	3,237
Present value of defined benefit obligation	(3,930)	(3,896)
Total defined benefit liability	(755)	(659)

Reconciliation of opening and closing balances of the defined benefit obligation

	31 March 2024
	£'000
Defined benefit obligation at start of period	3,896
Current service cost	-
Expenses	6
Interest expense	187
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	42
Actuarial (gains) losses due to changes in demographic assumptions	(38)
Actuarial (gains) losses due to changes in financial assumptions	(100)
Benefits paid and expenses	(63)
Defined benefit obligation at end of period	3,930

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

	31 March 2024
	£'000
Fair value of plan assets at start of period	3,237
Interest income	160
Experience on plan assets (excluding amounts included in interest income) – loss	(345)
Contributions by the employer	186
Contributions by plan participants	-
Benefits paid and expenses	(63)
Fair value of plan assets at end of period	3,175

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2023 to 31 March 2024 was (£185,000).

Progress Housing Association Limited**Financial statements for the year ended 31 March 2024****Notes to the financial statements (continued)****28 Pension obligations (continued)****Social Housing Pension Scheme (continued)**

Defined benefit costs recognised in the Statement of Comprehensive Income

	31 March 2024 £'000	31 March 2023 £'000
Current service cost	-	-
Expenses	6	6
Net interest expense	27	15
Defined benefit costs	33	21

Defined benefit costs recognised in other comprehensive income

	31 March 2024 £'000	31 March 2023 £'000
Experience on plan assets (excluding amounts included in net interest cost) - (loss)/gain	(345)	(2,463)
Experience gains and losses arising on the plan liabilities – loss	(42)	(29)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	38	8
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	100	2,298
Total amount recognised – (loss)/gain	(249)	(186)

Assets

	31 March 2024 £'000	31 March 2023 £'000
Global equity	316	60
Absolute return	124	35
Distressed opportunities	112	98
Credit relative value	104	122
Alternative risk premia	101	6
Emerging markets debt	41	17
Risk sharing	186	238
Insurance-linked securities	16	82
Property	127	139
Infrastructure	321	370
Private Equity	3	
Private debt	125	144
Opportunistic Illiquid credit	124	139
High yield	-	11
Cash	63	23

Progress Housing Association Limited**Financial statements for the year ended 31 March 2024****Notes to the financial statements (continued)****28 Pension obligations (continued)****Social Housing Pension Scheme (continued)**

Long lease property	21	98
Secured income	95	149
Liability driven investment	1,292	1,492
Currency hedging	(1)	6
Net current assets	5	8
Total assets	3,175	3,237

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

	31 March 2024	31 March 2023
	% per annum	% per annum
Discount rate	4.93%	4.83%
Inflation (RPI)	3.08%	3.16%
Inflation (CPI)	2.79%	2.82%
Salary growth	3.79%	3.82%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

Key assumptions (continued)

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

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

Progress Housing Association Limited
Financial statements for the year ended 31 March 2024
Notes to the financial statements (continued)
28 Pension obligations (continued)
Lancashire county pension fund

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

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

The Association's employer's contributions to the fund during the year were 20.8% of pensionable salary in the year and amounted to £492k. The following table details the numbers of staff who are members of the fund.

	Employers' contributions £'000		No. staff	
	2024	2023	2024	2023
Progress Housing Association Limited	492	454	55	64

Actuarial assumptions

	At 31/03/24	At 31/03/23
Rate of CPI inflation	2.7%	2.7%
Rate of increase in salaries	4.2%	4.2%
Rate of increase in pensions	2.8%	2.8%
Discount rate	4.9%	4.8%

Asset information

	Market Value at 31 March 2024 £'000	% Split of Assets	Market Value at 31 March 2023 £'000	% Split of Assets
		%		%
Equities	40	0.10	38	0.10
Government bonds	-	0.00	-	0.00
Other bonds	41	0.10	77	0.20
Property	533	1.30	577	1.50
Cash/liquidity	738	1.80	308	0.80
Other (includes credit funds, overseas pooled & private equity funds, infrastructure)	39,627	96.70	37,465	97.40
Total market value of assets	40,979	100.00	38,465	100.00
Present value of scheme liabilities	(29,766)		(29,701)	
Net pension asset/(liability)	11,213		8,764	
Asset restriction	(11,213)		(8,764)	
Net pension asset/(liability)	-		-	

Progress Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

28 Pension obligations (continued)

Lancashire county pension fund (continued)

Balance sheet items as at 31 March	2024 £000's	2023 £000's
Present value of funded benefit obligations	29,730	29,661
Present value of unfunded benefit obligations	36	40
Total present value of benefit obligations	29,766	29,701
Fair value of plan assets	(40,979)	(38,465)
Asset	(11,213)	(8,764)

Components of pension cost for period to 31 March	2024 £000's	2023 £000's
Current service cost	425	844
Net interest cost	(433)	173
Admin expenses	13	13
Past service cost	-	-
Settlements/curtailments	-	-
Total pension cost recognised in Income & Expenditure	5	1,030

Amounts recognised in Other Comprehensive Income

Remeasurements (liabilities & assets)	(1,957)	(15,709)
Asset restriction	2,449	8,764
Total remeasurements included in Statement of Comprehensive Income	492	(6,945)

Change in benefit obligation during period to 31 March

	2024 £000's		2023 £000's	
	Unfunded Benefits	All Benefits	Unfunded Benefits	All Benefits
Benefit Obligation at beginning of period	40	29,701	64	44,361
Current Service Cost	-	425	-	844
Interest on Pension Liabilities	2	1,398	1	1,231
Member Contributions	-	141	-	145
Past Service Cost	-	-	-	-
Remeasurements (gain) on assumptions	(1)	(623)	(21)	(15,889)
Benefits/transfers paid	(5)	(1,276)	(4)	(991)
Benefit Obligation at end of period	36	29,766	40	29,701

Progress Housing Association Limited
Financial statements for the year ended 31 March 2024
Notes to the financial statements (continued)
28 Pension obligations (continued)
Lancashire county pension fund (continued)

Change in Plan Assets during period to 31 March

	2024 £000's		2023 £000's	
	Unfunded Benefits	All Benefits	Unfunded Benefits	All Benefits
Fair value of plan assets at beginning of period	-	38,465	-	37,988
Interest on plan assets	-	1,831	-	1,058
Remeasurements assets	-	1,334	-	(180)
Admin expenses	-	(13)	-	(13)
Employer contributions	5	497	4	458
Member contributions	-	141	-	145
Benefits/transfers paid	(5)	(1,276)	(4)	(991)
Fair value of plan assets at end of period	-	40,979	-	38,465
Deficit/(Surplus)	36	(11,213)	40	(8,764)
Actual return on plan assets		3,165		1,197

Post retirement mortality assumptions

	2024	2023
Non-retired members	SAPS 3 / SAPS 3 middle CMI 22 [1.5%] (113% Males, 101% Females)	S3PA CMI_2021 [1.5%] (119% Males, 105% Females)
Retired members	SAPS 3 / SAPS 3 middle CMI 22 [1.5%] (108% Males, 101% Females)	S3PA CMI_2021 [1.5%] (113% Males, 105% Females)

Life expectancy

of a male (female) future pensioner aged 65 in 20 years time	22.4 (25.3) years	22.87 (25.6) years
of a male (female) current pensioner aged 65	21.1 (23.5) years	21.5 (23.8) years

Market value of total fund assets (£ millions)

11,376

10,743