

PROGRESS HOUSING GROUP LIMITED

Consolidated and Company financial statements for the year ended 31 March 2023

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 2023

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Members of the board and executive officers

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

Nicola Bevan	
Gavin Cawthra	
Adam Dennett	
Yasmin Fearon	Deputy Group Chair
Nigel Ingram	Appointed 1 April 2023
Elaine Johnstone	Appointed 1 April 2023
Brian Ricketts	Retired 27 September 2022
Deborah Shackleton CBE	Retired 27 September 2022
Maggie Shannon	
James Sinclair Taylor	
Neil Townsend	
Anna Urbanowicz	Appointed 27 September 2022
Samantha Veal	
Nigel Wright	Group Chair

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

Kylie Blackham	Remuneration and Nominations Committee
Suzanne Horrill	Group Audit Committee
Ruth Lowry	Group Audit Committee
	Appointed 27 September 2022
Mahua Nandi	RWP Committee
	Group Audit Committee
Neil McCall	RWP Committee
	Retired 27 September 2022

Company Secretary	Deborah Atherton, ACCA	
Registered office	Sumner House, 21 King Street, Leyland, PR25 2LW	
Executive officers	Jacqui De-Rose BSc, MCIH	Group Chief Executive
	Bernie Keenan	Deputy Chief Executive and Executive Director (Services & Growth) Retired 9 October 2022
	Deborah Atherton ACCA	Executive Director (Governance, People & Communications)
	Tammy Bradley BA (Hons), MCIH	Executive Director (Operations & Support)
	Andy Speer MBA, ACMA, BA (Hons)	Executive Director (Finance & Corporate Services)
	Les Warren FCA, MBA	Executive Director (RWP & Development) Appointed 1 July 2023
Auditors	BDO LLP, 3 Hardman Street, Manchester, M3 3AT	

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Five-year consolidated financial highlights

for the financial years ended 31 March	2023 £000's	2022 £000's Restated	2021 £000's	2020 £000's	2019 £000's
Statement of Comprehensive Income					
Turnover	115,934	99,840	86,171	79,892	77,951
Operating surplus	16,741	13,806	17,016	17,087	18,797
Underlying surplus after tax	9,308	7,543	10,248	9,331	10,786
Gain on gift of subsidiary	-	19,368	-	-	-
Surplus after tax	9,308	26,911	10,248	9,331	10,786
Statement of Cashflows					
Cash inflow from operating activities	29,636	25,180	30,340	24,372	26,820
Cash outflow from investing activities	(34,208)	(34,816)	(22,161)	(19,465)	(9,082)
Cash inflow/(outflow) from financing activities	8,048	9,503	(11,855)	(3,634)	(21,369)
Net debt	(255,852)	(244,293)	(228,057)	(229,673)	(227,239)
Statement of Financial Position					
Tangible fixed assets	603,101	576,597	538,003	527,010	514,714
Net current assets/(liabilities)	10,566	9,492	1,208	4,415	(699)
Debt due after more than one year	256,918	241,905	226,676	232,367	228,203
Pension liabilities	1,512	9,502	19,402	11,228	10,589
Net assets	332,653	312,861	274,475	271,453	261,808
Revaluation reserve	148,765	150,657	152,500	154,100	156,059
Key financial ratios and indicators					
Operating margin	13.9%	13.6%	19.7%	21.2%	24.1%
Headline social housing cost per unit	6,834	6,022	5,365	5,242	5,077
General needs & independent living cost per unit	4,155	4,273	3,716	3,464	3,527
Supported living cost per unit	10,881	8,610	8,794	8,699	8,340

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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 2023.

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 2022 to 2027 (“Strategic Plan”) and sets out our vision and priorities for the next five years to 2027, highlights the priority issues for us to address, and shows how we will measure our 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.
- The profit generation by Concert Living Limited (trading as Concert Homes) developing homes for sale.
- 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.
- Understanding the Group’s tenants and customers and their needs.
- Improving the Group’s independent living offer.
- A greater voice for supported living tenants.
- Being a leading regional TECS provider and increasing the Group’s footprint to be a national provider.
- Expansion of homeless and support services to customers in crisis or at risk.

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Report of the board (continued)

Strategy and objectives continued

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.

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:

- **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; and
- to operate and behave as one team.

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Report of the board (continued)

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 parent 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 is a company primarily developing homes for open market sale. 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 – dormant company.

The Group has several sub-committees that have delegated authority in a number of areas. Each sub-committee has terms of reference approved by the board. The composition of each sub-committee and a brief overview of its role is set out below.

Group Audit 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 their responsibility regarding to the design and operation of the risk management framework.

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Report of the board (continued)

Governance structure (continued)

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 Parent. In addition, the committee oversees the appraisal of the Group Chief Executive and recommends the Chief Executive's 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 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.

Executive Board

This board consists of the Executive Management 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.

Business model

The Group operates its business model across six 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 shows the Group's overarching strategic aims of homes, independence and opportunities. Each business stream has a business plan to support these aims.

Progress Housing Group

This housing stock is where the Group started. 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.

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Report of the board (continued)

Business model (continued)

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. Other delivery models, including traditional grant-funded models, have historically very inadequately served this vulnerable client group.

Progress Lifeline

Progress Lifeline is the regional leader in the North West in Technology Enabled Care Services (TECS) with aspirations to become a national leader. It supports over 65,000 people to maintain independence by delivering a person-centred service tailored to the needs of the individual. The Group believes that TECS improves the quality of life and should be easily available for all who need it.

Key Unlocking Futures

Key Unlocking Futures is a specialist charity in Lancashire providing support to young people, single people and families, including people experiencing homelessness and women fleeing domestic abuse. It supports individuals and families to realise their potential and be their best by providing a range of person-centred services.

Progress Living

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

Concert Living Limited trading as Concert Homes

Concert Homes is a subsidiary company providing high quality homes for market sale across the North West and playing its part in meeting the housing needs of the whole community. It channels its profit back into the provision of affordable housing.

How the Group manages performance

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 and assess performance against financial, customer and communities, learning and growth and operating process targets.

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Report of the board (continued)

How the Group manages performance (continued)

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 the Group's culture and decision-making processes. It does this by:

- setting the overall strategic direction and culture of the Group, and recognising how important it is to maximise VFM to deliver the Group's strategic aims;
- approving the VFM Strategy and overseeing its implementation;
- scrutinising and approving major business proposals including the cost/benefit/risk analysis;
- approving key strategies and ensuring that VFM has been considered throughout;
- including VFM targets within the Strategic Plan;
- setting high performance targets and monitoring business performance closely, benchmarking against peers where relevant;
- reviewing progress against the Strategic Plan to ensure that the business is continuously improving and achieving more;
- identifying the VFM activities on the Group's VFM action tracker; and
- publishing compliance with the VFM Standard by the deadline of 30 September each year.

The performance management framework ensures a robust process is in place to capture and report on all KPIs and all elements of VFM within the business including cost, performance and effectiveness measures.

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 risk appetite.

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

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Report of the board (continued)

Review of risk (continued)

Risk is considered at each board meeting and an updated strategic risk register is presented to the board quarterly. The board and the Group Audit Committee undertake regular 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. The planning model and assumptions are based on current information and are validated by a third-party review where possible.

The table below details what current risks the board considers we face and how we mitigate and control 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 impact of external influences. These include budgetary control, business plan flexibility, review of long-term financial plan assumptions, stress testing, golden rules/mitigation strategy, treasury strategy, contract management, monitoring of unsold property, and arrears management with sufficient bad debt provisions. Additional provisions, such as a tenant sustainability fund, have also been introduced to support our tenants through the cost of living crisis.

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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 H&S requirements. This includes poor data quality or inadequate property compliance and health and safety management system which could lead to property compliance or health and safety breaches, putting people at risk of harm.	The Group has a Health & Safety Policy, property compliance policies and compliance reporting to the board. In addition, we undertake mandatory employee training sessions and employee and board awareness sessions and have in-house expertise. Our 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 a number of 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, there is a tested business continuity plan in place and other risk transfer arrangements.
Customers at the heart	Customer voice - if we fail 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 a number of areas of focus to help monitor tenant and customer positioning. This includes a complaints framework, service standards, customer insight (consultation/research) engagement activities, and the Customer First model.

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Report of the board (continued)

Review of risk (continued)

Strategic objective/cross-cutting theme	Risk	Mitigation and controls
Providing more and better homes	Poor data quality or inadequate strategic asset management framework could lead to a decline in the quality of our 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 the Long-Term Financial Plan. Significant monitoring and reporting on complaints, 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.

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, government funding mostly through grants on new developments and debt provided by banks and the debt capital markets. Debt is secured against the Group's housing properties which are regularly independently valued.

The Group borrows money at both fixed and floating rates of interest. 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.

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Report of the board (continued)

Treasury management (continued)

Debt providers require compliance with a variety of 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, except for Key Unlocking Futures and Concert Living Limited, has adopted the National Housing Federation's Code of Governance (published in 2020) and seeks to comply with both this and best practice regarding corporate governance.

Key Unlocking Futures, has adopted the Charity Governance Code for larger charities as a registered charity. Concert Living Limited, has adopted the UK Corporate Governance Code as a limited company.

In line with the Group's governance arrangements, compliance against the Group's chosen Codes of Governance is reviewed annually and reported to the Remuneration and Nominations Committee.

The Regulator of Social Housing's Governance and Financial Viability Standard requires that the Group adopt an appropriate Code of Governance and reports any variation on a "comply or explain" basis; therefore, this statement, forms part of the Group's regulatory compliance. A review of compliance against the NHF 2020 Code of Governance has concluded that the Group complies with the code's provisions. 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.

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.

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Report of the board (continued)

Statement of internal control (continued)

The board has delegated authority to the Group Audit 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 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.
- 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.

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Report of the board (continued)

Statement of internal control (continued)

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 BDO UK LLP as their external auditors. BDO did not identify any significant control weaknesses during their external audit work in respect of 2022/3.
- 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 and policies) and a separate property compliance scorecard throughout the year.
- The Group monitors individual service areas to ensure they are sufficiently resourced to deliver their operational plans and business strategies.

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Report of the board (continued)

Statement of internal control (continued)

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 2022.
- 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 Committee.
- Operational risk maps and controls are owned and monitored at transactional level and form part of the internal audit scope on each assignment.
- 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 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.

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Report of the board (continued)

Statement of internal control (continued)

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 January 2023, the Regulator of Social Housing provided a strapline judgement of G1 V1 based on the Regulator's annual stability check.
- 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 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.

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 our long-term environmental impact and help tackle fuel poverty for tenants following the aims laid out in its Environmental Sustainability Strategy.

Activities include:

- launching and delivering Carbon Literacy training for colleagues from across the business;
- continuing to upgrade the energy efficiency of properties through an investment programme covering insulation, energy efficient windows and doors, and fuel efficient heating systems;
- delivery of the Group's first pilot property combining both an air source heat pump and solar PV;
- upskilling the Group's in-house teams to deliver energy efficiency improvement works;
- providing face-to-face energy advice to over 100 tenants; and

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Report of the board (continued)

Environment (continued)

- sharing best practice through the Zero Carbon Club peer network programme that is driving forward the sector's decarbonisation strategies, roadmaps and delivery plans.

The Group has also laid the ground work for larger fabric-first retrofit programmes by:

- upgrading its energy modelling software;
- carrying out over 400 domestic energy assessments, including its first retrofit assessments and medium-term plans; and
- successfully bidding for over £600,000 in social housing decarbonisation funding.

In the year, the Group signed a new two-year commercial energy contract which provides 100% renewable electricity saving over 1,000 tonnes of CO₂ per year. The Group has also increased efforts to find efficiencies across its largest energy-consuming assets including surveying all communal heating systems for energy efficiency improvements and upgrading the heating system at Greenwood Court. Greenwood Court now includes a remotely accessible building management system (BMS), which will help to monitor system efficiencies and is estimated to reduce gas usage by over 30%.

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 our 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 73% with an Engagement Index Score of 77% and an Employee Net Promoter Score (how likely employees were to recommend the organisation) of +22. Colleagues feel they collaborate well to get the job done, are committed to continuous improvement and feel their manager cares about their health and wellbeing. There is always room for improvement, and the Group's focus going forward is on employee wellbeing and empowering line managers to help their teams achieve a better work-life balance.

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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 values 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 and 2022 saw a reduction in the mean pay gap compared to 2021. Outside of the regulatory reporting requirement, the Group continues to use a number of data sets to inform its equality and diversity agenda better.

In October 2022, the Group welcomed cohort two 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 our People Forum, there several network groups in the Group, including the Roots Network, the LGBTQ+ Network, 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 involvement

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 has committed to involving tenants in shaping service standards and business decisions. The Group focuses on gaining insight into what matters most to tenants via community engagement, scrutiny activity and transaction and perception satisfaction surveys.

The Group's annual tenant satisfaction survey identified that the key drivers for tenants are being treated fairly and with respect and value for money. Overall satisfaction was good, with areas for improvement recognised as key drivers for change:

- timeliness of responsive repairs;
- improvements to communication; and
- value for money and cost of living.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Report of the board (continued)

Customer involvement (continued)

In August 2022, the Group began reviewing its service standards. Following a consultation with tenants a new way of measuring and reporting on the Group's performance was agreed centred around three customer promises:

- 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.

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

Tenants' Voice 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 some 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.

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.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Report of the board (continued)

Business performance

Financial performance for the year

The Group's financial performance for the year continues to be strong. Turnover increased by £16.1m or 16% due to a £12.1m increase in rental income as a result of annual rental increases and the full-year effect of Reside Housing Association joining the Group, a £1.4m increase in Progress Lifeline income and a £2.0m increase in property sales income (a £5.8m increase in outright sales less a £3.8m decrease in shared ownership sales activity). Operating costs increased by £12.5m or 16% mainly due to the full-year effect of Reside Housing Association. Cost of sales increased by £1.1m; a £3.0m decrease in shared ownership sales activity and a £4.0m increase in outright sales. Operating surplus stood at £16.7m compared to £13.8m last year. The underlying surplus after tax (excluding gain on gift of a subsidiary) increased by £1.8m to £9.3m.

Total fixed assets increased by £28.2m to £605.0m. Total capital spend for the year was £33.2m, with capital grant of £3.6m being secured to support the delivery programme. 202 new homes were completed, slightly above the target of 200.

Homes England Strategic Partnership 2021-26 funding has been secured in partnership with Onward Homes and will support the delivery of 600 new homes by the Group over five years. 128 homes eligible for this funding are now under construction with further schemes identified for future grant funded delivery. 127 of the completions during the year were delivered with nil grant through Section 106 planning gain. Works on site are back to progressing on schedule after the disruption of the Covid-19 pandemic. However costs do remain higher and inflationary pressure persists. During the year, a total of 26 first tranche shared ownership property sales were achieved.

With the formation of RWP, efforts continue to scale up the development of supported living accommodation. During 2022/23, 75 homes were delivered. This included 12 new build homes, 3 refurbishment homes and 60 conversions of leased schemes to asset owned. A further six units are already contracted for future delivery. A strong future pipeline has been identified to increase the development programme to deliver over 100 asset-based income streams per annum within the next decade, in line with the approved Development Strategy.

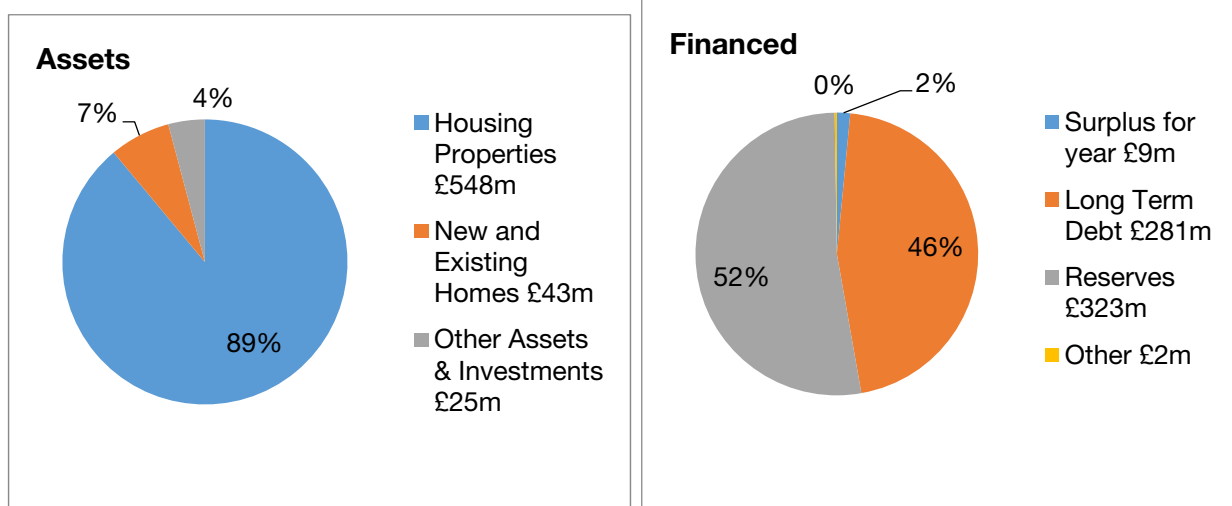
Reserves increased by £19.8m to £332.7m due to the surplus made in the year and movements in pension liabilities through other comprehensive income. The Group's share of the Social Housing Pension Scheme (SHPS) pension fund deficit is £1.5m.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Report of the board (continued)

Financial performance for the year (continued)

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:



Key performance indicators (KPIs) and Value for Money (VFM) – 2022/23 review

The Group's underlying financial performance is within target and 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, 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 2022/23, 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.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Report of the board (continued)

Key performance indicators (KPIs) and Value for Money (VFM) – 2022/23 review (continued)

VFM achievements 2022/23

Alongside the core social housing business, the Group delivers many other services that, although complementary, do not fall within the social housing category. Social housing activities include providing homes for general needs, independent living, supported living and shared ownership tenants. Non-social housing activities include Progress Living which provides key worker accommodation, Progress Lifeline which provides Technology Enabled Care and Support (TECS) services, Concert Living Limited which develops properties for outright sale and Key Unlocking Futures, which provides critical support to people in Lancashire.

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 2022/23 performance.

Strategic target	2022/23 performance
Approved spend of £232m over the five years to 2027/28 to provide 1,358 new social housing units across a balanced programme of supported living, general needs, Section 106 and shared ownership.	<p>£33m was spent on new developments, below the target of £46m.</p> <p>142 new units delivered consisting of 85 general needs and 42 shared ownership properties, and 15 supported living properties. Of these units, 127 were delivered through Section 106. An additional 60 units were also purchased that were previously leased in.</p> <p>The Group is on track to meet its five-year target.</p>
The five-year business plan for Concert Living Limited sets out to deliver 273 sales units and generate a £9.7m operating surplus.	<p>Concert Living Limited started on site on 44 units during the year and sold 38 units. Actual spend for the year was £15.6m against a target of £17.7m.</p> <p>There have been delays on a number of sites due to planning, utilities and labour issues. There is currently £4.4m in work-in-progress for units to be sold in the next financial year.</p>

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Report of the board (continued)

Key performance indicators (KPIs) and Value for Money (VFM) – 2022/23 review (continued)

Strategic target	2022/23 performance
Approved investment of £51.7m over five years to deliver over 9,800 new components (e.g. bathrooms and kitchens).	<p>£9.4m spent in the year (£9.3 million on 2,054 replacements and £0.1 million on compartmentation works) against a target of £10.7m.</p> <p>Some components have been deferred into the 2023/24 programme; these will be completed in the first quarter of the 2023/24 programme.</p>
Operating margin is set to increase steadily by 4% over the next five years due to contributions from shared ownership and Concert Living Limited sales, growth in Progress Lifeline and rental income increases.	Achieved an operating margin of 13.9% against a target of 13.3%, an increase of 0.6% compared to the prior year.
VFM is considered part of all procurement activity.	The Group re-procured contracts totalling £10.7m in the year, resulting in £0.5m of savings and improved services for tenants.
Maximise income by managing arrears and minimising losses from voids.	<p>Whilst the Group has not met its overall target of 4.5% for current tenant arrears (actual performance at 5.0%), it has continued to maintain arrears performance compared to the prior year while continuing to respond to legacy issues due to the pandemic and current issues caused by the cost of living crisis.</p> <p>Whilst void rent loss has increased in the year to 6.8%, it is still below the target of 7.7%. 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>
Social housing cost per unit is a key focus, with a target for overall headline cost per unit for 2022/23 of £6,928 split between supported living (£10,886) and general needs/independent living (£4,209).	<p>Actual overall headline cost per unit for 2022/23 was ahead of target at £6,834, with supported living £5 behind target at £10,881 and general needs/independent living £60 ahead of target at £4,155.</p> <p>The Reside Housing Association portfolio includes a significant proportion of leased-in stock which increases the cost per unit compared to owned stock.</p> <p>For 2023/24, this target is increasing to £7,326 overall (£11,417 for supported living and £4,755 for general needs/independent living) reflecting inflation and increased investment in our existing stock, including property compliance.</p>

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Report of the board (continued)

Key performance indicators (KPIs) and Value for Money (VFM) – 2022/23 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	2021 / 22	2021 / 22	2022 / 23	2023 / 24
1	Reinvestment %	6.5%	5.6%	6.6%	8.3%
2a	New supply delivered (social housing units)	1.4%	2.1%	1.3%	1.7%
2b	New supply delivered (non-social housing units)	0.0%	0.1%	0.3%	0.5%
3	Gearing %	44%	43%	43%	46%
4	EBITDA MRI % of interest (cash surplus)	145%	209%	219%	202%
5	Headline social housing cost per unit	£4,151	£6,022	£6,834	£7,326
5a	Headline social housing cost per unit (general needs and independent living)	£3,830	£4,273	£4,155	£4,755
5b	Headline social housing cost per unit (supported housing)	£10,038	£8,610	£10,881	£11,417
6a	Operating margin (social housing lettings only)	23.3%	14.2%	15.1%	18.0%
6b	Operating margin (overall)	20.5%	13.6%	13.9%	14.6%
7	Return on capital	3.2%	2.4%	2.7%	2.8%

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Report of the board (continued)

Key performance indicators (KPIs) and Value for Money (VFM) – 2022/23 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	2021 / 22	2020 / 21	2021 / 22	2022 / 23*	2023 / 24
8	% of overall tenant satisfaction	Tenant satisfaction measures	81.0%	80.6%	79.9%	69.4%	81%
9	% of current tenant arrears	Global Accounts	3.7%	3.9%	4.2%	5.0%	4.7%
10	% of former tenant arrears	Global Accounts	1.2%	1.1%	1.0%	0.8%	0.9%
11	% of rent collected	Housemark	100%	100%	99.4%	99.2%	99.5%
12	Responsive repairs completed within target timescale**	Tenant satisfaction measures	85%	96.3%	94.3%	82.2%	89.5%
13	Rent lost due to vacant properties	Global Accounts	1.3%	6.0%	5.7%	6.9%	7.3%
14	% of vacant social housing stock at 31/03	Statistical Data Return	0.8%	4.1%	3.0%	4.6%	3.5%
15	% of time lost due to employee sickness***	Office of National Statistics	2.6%	4.4%	5.2%	4.2%	4%
16	% of employees leaving the Group – voluntary	Housemark	18.1%	11.1%	12.9%	11.0%	>10% and <12%

* Reside Housing Association data included from 2022/23 onwards.

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

*** The Group has a Sickness Policy which is beneficial to the wellbeing of colleagues, which sees higher sickness level. The comparable long-term health conditions sickness with peer is 3.9%.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Report of the board (continued)

Regulation

As a registered provider, we are regulated by the Regulator of Social Housing (RSH). The Group continues to hold a G1/V1 rating. 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. 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.

Donations

The Group made £61k charitable donations during the year (2022: £74k).

Going concern

For the Group and Company, after making appropriate enquiries, and whilst recognising both a changing policy world, the impacts of high inflation, interest rates and the ongoing conflict in Ukraine, 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 Group has £346m reserves plus £357m funding facilities in place with £265m utilised as of 31 March 2023.

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.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Report of the board (continued)

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.


Auditor

BDO LLP have expressed their willingness to continue in office, accordingly a resolution is to be proposed at the Annual General Meeting for their re-appointment.

Annual General Meeting

The Annual General Meeting of the Group will be held on 4 September 2023.

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

DocuSigned by:

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Deborah Atherton

Company Secretary

31 July 2023

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Statement of board's 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 2023

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

Opinion on the financial statements

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 2023 and of the Group's and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with 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.

We have audited the financial statements of Progress Housing Group Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2023 which comprise the Group and Association statement of comprehensive income, the Group and Association statement of financial position, the Group and Association statement of changes in reserves, the Group statement of cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Independent auditors report to the member of Progress Housing Group Limited (Continued)

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and of 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.

Other information

The board are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information including the Strategic Report, Report of the Board of Management, Statement of the Boards Responsibilities for the Report and Financial Statements 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 where we are required by the Co-operative or Community Benefit Societies Act 2014 to report to you if, in our opinion:

- the Society has not kept proper books of account;

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Independent auditors report to the member of Progress Housing Group Limited (Continued)

Matters on which we are required to report by exception (continued)

- the Society has not maintained a satisfactory system of control over its transactions;
- the financial statements are not in agreement with the Society's books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the board

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

In preparing the financial statements, the board are responsible for assessing the Group 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 intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Independent auditors report to the member of Progress Housing Group Limited (Continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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

Non-compliance with laws and regulations

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

We considered the significant laws and regulations to be the Accounting Direction for Private Registered Providers of Social Housing.

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

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud.

Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Independent auditors report to the member of Progress Housing Group Limited (Continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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

- Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias; and
- Completing substantive procedures depending on revenue stream to ensure revenue has been included within the appropriate accounting period.

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

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


A further description of our responsibilities 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.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

**Independent auditors report to the member of Progress Housing Group Limited
(Continued)**

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. 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.

DocuSigned by:

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BDO LLP, Statutory Auditor

3 Hardman Street

Manchester

United Kingdom

Date 16 August 2023

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

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Consolidated and Company Statement of Comprehensive Income

For the year ended 31 March 2023

	Note	Group		Company	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Turnover	2	115,934	99,840	12,916	12,515
Operating expenditure	2	(90,700)	(78,148)	(12,444)	(11,536)
Cost of sales	2	(9,170)	(8,099)	-	-
		16,064	13,593	472	979
Gain/(loss) on disposal of property, plant and equipment	6	677	213	-	(1)
Operating surplus	2	16,741	13,806	472	978
Movement in fair value of investment properties	11	107	64	-	-
Movement in fair value of financial investments		-	16	-	-
Interest receivable	7	393	209	83	44
Interest payable and financing costs	8	(8,021)	(6,490)	(65)	(148)
Share of joint venture profit	14	122	142	-	-
Debt forgiveness	16	-	-	-	(1,100)
Gain on gift of subsidiary company	30	-	19,368	-	-
Surplus / (deficit) before tax		9,342	27,115	490	(226)
Tax on surplus/(deficit) on ordinary activities	9	(34)	(204)	(21)	(335)
Surplus/(deficit) after tax	5	9,308	26,911	469	(561)
Actuarial gain on pension schemes	31	8,402	10,746	1,643	4,776
UK deferred tax attributable to other comprehensive income		(411)	(714)	(411)	(714)
Revaluation on tangible fixed assets	11	318	-	-	-
Increase in joint venture hedge reserve	14	2,175	1,443	-	-
Total comprehensive income for the year		19,792	38,386	1,701	3,501

The notes on pages 43 to 85 form an integral part of the financial statements.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Consolidated and Company Statement of Financial Position

As at 31 March 2023

		Group		Company	
	Note	2023	2022	2023	2022
		£'000	£'000	£'000	£'000
Fixed assets					
Housing properties at cost	10	590,052	563,749	-	-
Other tangible fixed assets	11	13,049	12,848	3,489	3,727
Intangible fixed assets	13	158	200	-	-
Investment in joint venture	14	1,707	-	-	-
Fixed asset investments	12	-	-	500	500
Total fixed assets		604,966	576,797	3,989	4,227
Current assets					
Stock	17	15,082	10,040	-	-
Debtors	18	11,234	14,173	3,627	2,580
Investments	19	245	242	-	-
Cash and cash equivalents		9,059	6,753	2,155	2,446
Total current assets		35,620	31,208	5,782	5,026
Less: Creditors amounts falling due within one year	20	(25,054)	(21,716)	(1,897)	(1,386)
Net current assets		10,566	9,492	3,885	3,640
Total assets less current liabilities		615,532	586,289	7,874	7,867
Creditors					
Amounts falling due after more than one year	22	(281,322)	(263,072)	(80)	(130)
Provisions for liabilities					
Provision for investment in joint venture	14	-	(590)	-	-
Pension liabilities	31	(1,512)	(9,502)	(853)	(2,497)
Other provisions	15	(45)	(264)	-	-
		(1,557)	(10,356)	(853)	(2,497)
Net assets		332,653	312,861	6,941	5,240
Reserves					
Share capital	23	-	-	-	-
Revaluation reserves		148,765	150,657	714	731
Designated reserves		782	637	-	-
Restricted reserves		11	7	-	-
Income and expenditure reserves		183,095	161,560	6,227	4,509
		332,653	312,861	6,941	5,240

The notes on pages 43 to 85 form an integral part of the financial statement.

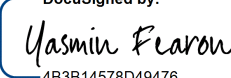
Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

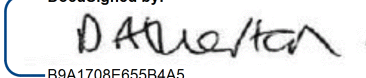
Consolidated and Company Statement of Financial Position (continued)

The financial statements were approved by the board of management on 31 July 2023.

DocuSigned by:

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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 2023

Consolidated Statement of Changes in Reserves

For the year ended 31 March 2023

Group	Revaluation reserves £'000	Designated reserves £'000	Restricted reserves	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 join 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

Group	Revaluation reserves £'000	Designated reserves £'000	Restricted reserves	Income & expenditure reserves £'000	Total £'000
At 1 April 2021	152,500	570	-	121,405	274,475
Surplus for the year	-	-	-	26,911	26,911
Increase on join venture hedge reserve	-	-	-	1,443	1,443
Net actuarial gain on pension schemes	-	-	-	10,032	10,032
Total comprehensive income for the year	-	-	-	38,386	38,386
Reserve transfers:					
Designated reserves	-	67	-	(67)	-
Restricted reserves	-	-	7	(7)	-
Realisation of revaluation reserve in respect of:					
-Disposals of housing property	(255)	-	-	255	-
-Depreciation on revalued housing property	(1,321)	-	-	1,321	-
-Impairment on revalued housing property	(267)	-	-	267	-
As at 31 March 2022	150,657	637	7	161,560	312,861

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Company Statement of Changes in Reserves

For the year ended 31 March 2023

	Revaluation reserves	Income & expenditure reserves	Total
Company	£'000	£'000	£'000
At 1 April 2022	731	4,509	5,240
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

	Revaluation reserves	Income & expenditure reserves	Total
Company	£'000	£'000	£'000
At 1 April 2021	748	991	1,739
Deficit for the year	-	(561)	(561)
Net actuarial gain on pension schemes	-	4,062	4,062
Total comprehensive income for the year	-	3,501	3,501
Reserve transfers:			
Realisation of revaluation reserve in respect of depreciation on revalued housing property	(17)	17	-
As at 31 March 2022	731	4,509	5,240

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Consolidated Statement of Cashflows

For the year ended 31 March 2023

	Note	Group	
		2023 £'000	2022 £'000
Cashflow from operating activities (see below)		29,636	25,180
Purchase of housing properties and components		(41,981)	(35,265)
Government grants received		5,510	1,663
Purchase of other tangible fixed assets	11	(1,412)	(3,824)
Purchase of intangible fixed assets	13	-	(210)
Proceeds from the sale of tangible fixed assets	6	3,675	2,832
Cashflow in respect of joint venture		-	(12)
Cashflow from Investing Activities		(34,208)	(34,816)
Interest received	7	393	209
Interest paid		(7,602)	(6,599)
Advances of existing borrowings		62,056	90,742
Repayments of existing borrowings		(46,745)	(78,132)
Cash acquired on acquisition	30	-	3,353
Investments (placed)		(4)	(20)
Capital element of finance lease rental payments		(50)	(50)
Cashflow from financing activities		8,048	9,503
Net change in cash and cash equivalents		3,476	(133)
Cash and cash equivalents at 1 April		5,583	5,716
Cash and cash equivalents at 31 March		9,059	5,583
Operating surplus		16,741	13,806
Increase in stock		(5,042)	(2,944)
Depreciation of tangible property fixed assets	5	12,070	11,349
Impairment of housing	5	576	1,142
Amortisation of intangible fixed assets	5	(266)	(238)
Pension costs less contributions paid		159	412
Share of operating surplus in joint venture	14	122	142
Development for sale proceeds	2	2,249	6,083
Surplus on development for sale	2	(579)	(1,432)
Adjustment for investing activities - disposal of tangible fixed assets	6	(677)	(213)
Taxation paid		(41)	(162)
Decrease/(increase) in trade and other debtors	18	769	(1,233)
Increase/(Decrease) in trade and other creditors	20	3,555	(1,532)
Cashflow from operating activities		29,636	25,180
<i>Reconciliation of net cashflow to movement in net debt</i>			
Increase / (decrease) in cash in the period		3,476	(133)
Investments realised	27	4	20
Change in loans - principal repaid (borrowed)	27	(15,348)	(12,396)
Change in loans - amortisation	27	222	521
Change in loans - amortisation of borrowing costs	27	37	(214)
Change in loans - acquisition	30	-	(3,660)
Cash (used in) / generated by repaying finance lease capital	27	50	50
(Increase) in net debt		(11,559)	(15,812)
Net debt at 1 April		(244,293)	(228,481)
Net debt 31 March	27	(255,852)	(244,293)

The prior year comparator has been restated to reflect the treatment of the loan re-measurement moving from (Decrease)/Increase in trade and other creditors to Advances of existing borrowings.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements

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 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, its current financial position and factors likely to affect its 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, 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.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

(1) Basis of accounting (continued)

Business combinations that are gifts

Where there is a business combination that is in substance a gift, any excess of fair value of the assets received over the fair value of the liabilities assumed is recognised as a gain in the Statement of Comprehensive Income. This gain represents the gift of the value of one entity to another and shall be recognised as income.

(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 balance sheet.

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 balance sheet.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

(2) Turnover (continued)

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 and its individual components (excluding land) 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 FRS102 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 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.

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.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

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

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 3-10 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

(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 2023

Notes to the financial statements (continued)

(7) Investment properties (continued)

All investment properties were measured reliably in the year without undue cost or effort and therefore are held at fair value. Any gains or losses arising from changes in the fair value are recognised in the Statement of Comprehensive Income in the period that they arise.

No depreciation is provided in respect of investment properties applying the fair value model. This treatment, as regards the Group's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the board considers that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

The investment portfolio is reviewed every year with a formal valuation being obtained at least every 3 years, with internal assessments being carried out in the interim years.

(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.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

(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 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

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.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

(12) Stock

Stock represents the share of unsold completed shared ownership properties, 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.

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.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

(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 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 the reserve 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 2023

Notes to the financial statements (continued)

(22) 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 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 Leeds Independent Living Accommodation Company Holdings Limited (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.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

(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

The Group’s loan facilities have been assessed as basic financial instruments and have been treated as such as outlined in FRS 102 section 11.

(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

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

(28) 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 the estimated useful life of 5 years.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

(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 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 the annual defined benefit expense.
- 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. This was reviewed in the year and a decision was made to continue on the current basis due to increasing arrears among customers in receipt of universal credit.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

(29) Significant judgements and estimates (continued)

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 2023

Notes to the financial statements (continued)

2 Turnover, operating expenditure and operating surplus

Group Consolidated	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

Group Consolidated	2022			
	Turnover	Cost of sales	Operating expenditure	Operating surplus/(deficit)
	£'000	£'000	£'000	£'000
Social housing lettings (note 3a)	77,584	-	(66,580)	11,004
Other social housing activities				
Charges for support services (note 3b)	305	-	(410)	(105)
First tranche shared ownership sales	6,083	(4,650)	-	1,433
Activities other than social housing (note 3c)				
Lettings	4,274	-	(3,691)	583
Progress Lifeline services	6,458	-	(6,123)	335
Development for outright sale	3,781	(3,449)	(605)	(273)
Other	1,355	-	(739)	616
Total	99,840	(8,099)	(78,148)	13,593
Gain on disposal of property, plant and equipment (note 6)				213
Total				13,806

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

2 Turnover, operating expenditure and operating surplus (continued)

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

	2022		
	Turnover	Operating expenditure	Operating surplus/(deficit)
	£'000	£'000	£'000
Activities other than social housing (note 3c)			
Other	12,515	(11,536)	979
	12,515	(11,536)	979
Loss on disposal of property, plant and equipment (note 6)			(1)
Total			978

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

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 2023	Total 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Rent receivable net of identifiable service charges	25,685	5,429	43,573	957	75,644	66,791
Service charge income	712	1,639	9,008	112	11,471	8,229
Charges for support services	-	261	-	-	261	276
Amortised government grants	245	-	37	26	308	228
Government grants taken to income	-	-	-	-	-	218
Void guarantee and revenue grants	6	-	1,495	-	1,501	1,526
Other income	135	28	236	3	402	316
Turnover from social housing lettings	26,783	7,357	54,349	1,098	89,587	77,584
Expenditure						
Management costs	(4,206)	(749)	(7,931)	(176)	(13,062)	(12,188)
Service charge and support costs	(987)	(2,072)	(10,087)	(67)	(13,213)	(10,610)
Routine maintenance	(4,709)	(1,164)	(5,909)	(24)	(11,806)	(11,705)
Planned maintenance	(1,467)	(382)	(1,384)	(7)	(3,240)	(3,154)
Major repairs expenditure	(2,372)	(632)	(3,408)	(21)	(6,433)	(6,806)
Bad debts	(160)	(35)	(209)	7	(397)	(387)
Property operating lease charges	-	-	(13,121)	-	(13,121)	(8,232)
Depreciation of housing properties	(4,921)	(1,072)	(3,391)	(175)	(9,559)	(9,174)
Impairment of housing properties	(59)	(30)	(774)	-	(863)	(1,188)
Other costs	(1,283)	(252)	(2,828)	(4)	(4,367)	(3,136)
Operating costs on social housing lettings	(20,164)	(6,388)	(49,042)	(467)	(76,061)	(66,580)
Operating surplus on social housing lettings	6,619	969	5,307	631	13,526	11,004
Void losses (included within turnover)	(204)	(50)	(6,056)	-	(6,310)	(5,420)

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 are not included in the void losses above. For Reside Housing Association, a number of the void losses are subject to agreements where the Association is compensated for part of its losses via deductions in lease premium payable to third parties. The Association previously recognised rental income losses only on those void units with no lease premium deductions. To provide better comparability and transparency with void losses on properties which are not leased, the void losses are now stated gross regardless of recoverability. This is a clarification affecting void losses in this note only and has no impact on turnover, on the primary financial statements, nor on reserves. The net impact of this change on 2022 voids disclosure is to increase them from £4,400k to £5,420k.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

3(a) Income and expenditure from social housing lettings (continued)

Impairment charges include impairment of previously revalued housing properties. There is a corresponding transfer from revaluation reserves of £0.1m (2022: £0.3m) which appears as a credit in the Statement of Changes in Reserves. The impairment on a historic cost basis is £0.3m (2022: £0.6m).

3(b) Turnover from other social housing activities

	Group	
	2023	2022
	£'000	£'000
Other		
Support services contract income	535	305
Total	535	305

3(c) Turnover from non-social housing activities

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Lettings				
Key worker accommodation	4,340	3,866	-	-
Other rented	334	340	-	-
Commercial properties	113	68	-	-
	4,787	4,274	-	-
Other				
Progress Lifeline services	7,845	6,458	-	-
Support services for young people	839	820	-	-
Corporate services provided to other group companies	-	-	12,548	11,977
Lease income	239	235	-	-
Development for outright sale	9,593	3,781	-	-
Other	260	300	368	538
	18,776	11,594	12,916	12,515

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

4 Accommodation in management

Group consolidated

	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	4,242	789	289	5,628	54	836	11,838
New stock acquired	15	72	42	15	-	-	144
New stock into management	-	-	-	2	-	-	2
Sales to open market	(1)	-	-	(19)	-	-	(20)
Sales to tenants freehold	(8)	-	(4)	-	-	-	(12)
Other losses	-	-	-	(105)	-	-	(105)
Movement within categories	28	(21)	-	(7)	-	-	-
Net change to stock	34	51	38	(114)	-	-	9
Closing units numbers	4,276	840	327	5,514	54	836	11,847

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

5 Surplus for the year

	Note	Group		Company	
		2023	2022	2023	2022
		£'000	£'000	£'000	£'000
Is stated after charging/(crediting):					
Auditor's remuneration (excluding VAT)					
In their capacity as auditors		82	71	14	11
In respect of other services		3	3	-	-
Depreciation of tangible fixed assets					
- Housing properties		10,432	10,018	-	-
- Other fixed assets		1,636	1,359	712	905
Amortisation of intangible fixed assets	13	42	10	-	-
Impairment of tangible fixed assets					
- Total impairment of housing properties		576	1,141	-	-
- Impairment on previously revalued amounts		181	267	-	-
- Impairment on historic cost basis		395	874	-	-
Included within impairment of housing properties above					
- Reversal of impairment of housing properties		(300)	(100)	-	-
Hire of other assets - operating leases					
- Housing properties		13,121	8,232	-	-
- Other fixed assets vehicles		766	701	-	-

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

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

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Sale proceeds	3,675	2,832	-	-
Cost of disposals	(2,014)	(2,336)	-	(1)
Operating costs associated with sales	(984)	(283)	-	-
Gain/(loss) on disposals	677	213	-	(1)

Impairment charges of £0.6m (2022: £0.3m) have been released in the year on housing property disposals.

The gain on disposal is split between housing properties of £676k (2022: £55k) and other assets £1k (2022: £158k).

7 Interest receivable

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Bank interest receivable	186	3	21	1
Interest receivable on loans to group companies	-	-	62	43
Interest on loan to joint venture company	207	206	-	-
	393	209	83	44

8 Interest payable and financing costs

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Bank loans	6,104	6,259	-	-
Other loans	2,360	708	-	-
Amortisation of loan issue costs	125	214	-	-
Pension scheme finance cost	253	403	65	148
Loan remeasurement	(222)	(521)	-	-
	8,620	7,063	65	148
Less : interest capitalised	(599)	(573)	-	-
	8,021	6,490	65	148

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

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	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Current tax:				
UK corporation tax charge for the year	88	38	74	170
Total current tax	88	38	74	170
Deferred tax:				
Origination and reversal of timing differences	(54)	166	(53)	165
Tax on surplus/(deficit) on ordinary activities	34	204	21	335

(b) Factors affecting tax charge for the period

Surplus/(deficit) on ordinary activities before tax	9,342	27,115	490	(226)
Surplus/(deficit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	1,775	5,133	93	(43)
Effects of:				
Profits arising in charitable activities	(1,746)	(1,419)	-	-
Items not allowable for tax purposes	27	67	27	275
Other timing differences	(25)	-	(25)	-
Change in tax rates	6	91	6	91
Movement in fair value of housing properties	7	-	7	-
Non-taxable adjustments arising on consolidation	73	(3,680)	-	-
Adjustments in respect of prior periods	(88)	12	(87)	12
Joint venture results accounted for as profit after tax	5	-	-	-
	34	204	21	335

(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.

The deferred tax has been calculated at the substantially enacted future rate of tax rate of 25%. The increase in corporation tax rate to 25% was announced by the Chancellor at the Spring 2021 budget, and applies to corporation tax returns from 1st April 2023. It was substantively enacted in May 2021.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

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
Group consolidated	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2022	669,467	11,150	17,119	1,768	699,504
Additions	9,370	25,731	5	7,435	42,541
Transferred on completion	16,468	(16,468)	2,072	(2,072)	-
Transferred to stock	-	-	-	(3,216)	(3,216)
Disposals	(4,013)	-	(218)	-	(4,231)
Revaluation	-	-	-	-	-
As at 31 March 2023	691,292	20,413	18,978	3,915	734,598
Depreciation					
At 1 April 2022	135,053	-	702	-	135,755
Charge for the year	10,014	-	175	-	10,189
Depreciation on disposals	(1,530)	-	(14)	-	(1,544)
Impairment charge for the year	518	58	-	-	576
Impairment released on disposals	(430)	-	-	-	(430)
As at 31 March 2023	143,625	58	863	-	144,546
NBV					
As at 1 April 2022	534,414	11,150	16,417	1,768	563,749
As at 31 March 2023	547,667	20,355	18,115	3,915	590,052

The value of secured properties (including charged to third parties) £500.8m (2022: £425.6m restated for property charges not released).

Completed housing properties above includes £21.9m of assets (2022: £22.5m) which are not considered to be social housing properties. These assets consist of key worker accommodation totalling £19.0m (2022: £19.6m) and other rented accommodation totalling £2.9m (2022: £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.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

10 Tangible fixed assets – housing properties (continued)

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

	Housing properties completed		Shared ownership completed	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Freehold properties	494,236	480,070	17,460	15,756
Long-leasehold properties	53,316	54,269	655	661
Short-leasehold properties	115	75	-	-
Total	547,667	534,414	18,115	16,417

2023	2022
£'000	£'000

Most recent Existing Use Value for Social Housing (EUV-SH) as at 31 March 23 645,852 636,611

The above EUV-SH valuation figure includes key worker accommodation at £29.7m (2022: £29.7m).

Capital additions include £599k (2022: £573k) of interest capitalised at an average of 3.91% in the year, Property costs include an apportionment of development staff time directly spent on the administration of development activities amounting to £584k (2022: £674k) and in-house legal costs amounting to £60k (2022: £81k).

Major repairs, renewals and improvements

	2023	2022
	£'000	£'000
Capitalised components	9,375	10,016
Charged to revenue	6,579	8,164
Total major repairs revenue and capital	15,954	18,180

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

11 Tangible fixed assets - other

Group consolidated

	Commercial and office properties		Fixtures & fittings	Computer hardware & software	Investment properties completed	Plant & machinery	Motor vehicles	Total
	Leasehold	Freehold						
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 April 2022	1,791	4,169	4,149	6,406	2,724	330	52	19,621
Additions	(9)	23	936	459	3	-	-	1,412
Disposals	-	-	-	-	-	-	(12)	(12)
Movement in fair value	-	-	-	-	107	-	-	107
Revaluation	-	-	-	-	318	-	-	318
At 31 March 2023	1,782	4,192	5,085	6,865	3,152	330	40	21,446
Depreciation								
At 1 April 2022	153	928	1,274	4,155	-	227	36	6,773
Charge for the year	199	97	640	590	-	103	7	1,636
Depreciation on disposals	-	-	-	-	-	-	(12)	(12)
At 31 March 2023	352	1,025	1,914	4,745	-	330	31	8,397
Net book value								
At 1 April 2022	1,638	3,241	2,875	2,251	2,724	103	16	12,848
At 31 March 2023	1,430	3,167	3,171	2,120	3,152	-	9	13,049

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

11 Tangible fixed assets – other (continued)

<u>Company</u>	Other Equipment	Office Properties	Fixtures & Fittings	Hardware and Software	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2022	251	1,270	450	6,398	8,369
Additions	-	19	(4)	459	474
At 31 March 2023	251	1,289	446	6,857	8,843
Depreciation					
At 1 April 2022	71	344	80	4,147	4,642
Charge for the year	50	25	47	590	712
At 31 March 2023	121	369	127	4,737	5,354
Net Book Value					
At 1 April 2022	180	926	370	2,251	3,727
At 31 March 2023	130	920	319	2,120	3,489

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

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.

12 Fixed asset investments

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Investments in subsidiaries (Note 29)	-	-	500	500
	-	-	500	500

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

13 Intangible fixed assets - goodwill

Group	2023	2022
	£'000	£'000
Cost		
At 1 April	210	-
Additions	-	210
At 31 March	210	210
Amortisation		
At 1 April	(10)	-
For the year	(42)	(10)
At 31 March	(52)	(10)
Net book value		
At 1 April	200	-
At 31 March	158	200

14 Investment in ordinary shares of joint venture

Group	2023	2022
	£'000	£'000
Share of net liabilities	(15)	(2,312)
Subordinated debt loaned to joint venture company	1,722	1,722
Provision for share of assets / (liabilities)	1,707	(590)
Share of profit on ordinary activities after tax	122	142
Share of other comprehensive income	2,175	1,443

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 reprovision 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.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

15 Other provisions

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
At the start of the year	264	-	-	-
Acquired on acquisition	-	204	-	-
Released in the year	(274)	-	-	-
Transfer from Statement of Comprehensive Income	55	60	-	-
	45	264	-	-

The brought forward provision is in respect of onerous leases upon two loss making properties, which were fully void throughout the year. These two leases were surrendered in March 2023 with a settlement agreed in lieu of future lease premium. The year end provision represent three leased-in properties, where losses are estimated to arise in future periods. The leases for the above properties are due to expire in 2028 and do not have a break clause.

16 Debt forgiveness

There was no debt forgiveness in 2023 (2022: £1.1m).

17 Stock

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Property services - van stock	251	225	-	-
Completed properties held for sale	1,617	896	-	-
Land held for developments	7,727	90	-	-
Work in progress on properties held for sale	5,487	8,829	-	-
	15,082	10,040	-	-

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

18 Debtors

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Amounts falling due within one year :				
Rent and service charge arrears	5,294	4,890	6	6
Less provision for rental bad debts	(1,191)	(1,113)	(6)	(6)
	4,103	3,777	-	-
Trade debtors	1,799	2,324	5	3
Amounts owed by group companies	-	-	715	851
Loans owed by group companies	-	-	1,749	420
Prepayments and accrued income	3,518	4,366	1,160	863
Less provision for sundry bad debts	(264)	(290)	(2)	(3)
Other debtors	707	428	-	200
Social housing grant	1,371	3,322	-	-
	7,131	10,150	3,627	2,334
Total debtors excluding deferred tax	11,234	13,927	3,627	2,334
Deferred tax				
Deferred tax - pension asset	-	624	-	624
Deferred tax - fixed asset and other timing differences	-	(378)	-	(378)
Total debtors	11,234	14,173	3,627	2,580

Loans owed by group companies are repayable on demand and interest is charged at between 6% and 4.5% and paid quarterly in arrears.

19 Current asset investments

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Deposits held for leasehold schemes	245	242	-	-
	245	242	-	-

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

20 Creditors: amounts falling due within one year

		Group		Company	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bank balances		-	1,170	-	-
Loans	22	7,999	7,624	-	-
Obligations under finance leases	22	50	50	50	50
Rent and service charge received in advance		1,874	1,635	-	-
Trade creditors		2,070	1,387	278	85
Accruals and deferred income		11,054	7,498	819	759
Government grants relating to assets	22	296	281	-	-
Corporation tax		35	42	21	42
Other current liabilities		115	414	361	207
Recycled capital grant fund	21	124	46	-	-
Employer liabilities		861	759	255	243
Sinking funds for planned maintenance		274	271	-	-
Deferred tax		113	-	113	-
Loan remeasurement	22	189	539	-	-
		25,054	21,716	1,897	1,386

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

Standard payment terms are 30 days from date of invoice.

21 Recycled capital grant fund

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
At 1 April	46	-	-	-
Grants recycled	77	46	-	-
Interest accrued	1	-	-	-
At 31 March	<u>124</u>	<u>46</u>	<u>-</u>	<u>-</u>
Amount of grant due for repayment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

22 Creditors: amounts falling due after more than one year

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Housing loans	255,519	240,584	-	-
Housing loans remeasurement	1,319	1,191	-	-
Obligations under finance leases	80	130	80	130
Government grants	24,404	21,167		
	281,322	263,072	80	130

Maturity of debt

	Group		Group	
	Bank loans		Other loans	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Repayable in instalments:				
Within one year	20	7,999	7,624	-
Between one and two years		8,413	23,549	-
Between two and five years		31,808	39,667	-
After five years		116,405	128,459	100,000
		156,626	191,675	100,000
Less loan issue costs		(615)	(672)	(492)
Amounts falling due after more than one year		156,011	191,003	99,508
Total housing loans		164,010	198,627	99,508

Loan remeasurement

	Note	Group	
		Loan remeasurement	
		2023	2022
		£'000	£'000
As at 1 April		1,730	2,251
Amortisation	8	(222)	(521)
As at 31 March		1,508	1,730
Due within one year	20	189	539
Due after one year		1,319	1,191

The loan remeasurement is amortised over the remaining 10 years of the loan.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

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

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 5.54% (2022: 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 5.85% (2022: 1.58% to 7.21%). The principal falls due to be repaid in the periods from 2024 to 2058.

At 31 March 2023 the Group has committed undrawn facilities of £92.3m (2022: £125.8m).

Reserves in the Statement of Financial Position include £104.5m (£81.2m at transition of FRS102 1 April 2014) of Financial Assistance and Government Grants. £1.4m has been recognised in the Statement of Comprehensive Income since transition to FRS102 (2022: £1.0m).

Obligations under finance leases

	Note	Group		Company	
		2023	2022	2023	2022
		£'000	£'000	£'000	£'000
Repayable in instalments:					
Within one year	20	50	50	50	50
Between one and two years		50	50	50	50
Between two and five years		30	80	30	80
		80	130	80	130
Total lease obligations		130	180	130	180

Government grants relating to housing assets

	Note	Group	
		2023	2022
		£'000	£'000
At 1 April		21,448	16,691
Grants receivable		3,560	4,985
Amortisation to Statement of Comprehensive Income		(308)	(228)
		3,252	4,757
At 31 March		24,700	21,448
Due within one year	20	296	281
Due after one year	22	24,404	21,167

Grants due after one year includes £1.2m in respect of assets under construction (2022: £4.1m).

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

23 Non-equity share capital

<u>Group consolidated and Company</u>	2023	2022
	£	£
Allotted issued and fully paid:		
At 1st April	11	10
Issued during the year	1	4
Surrendered during the year	(2)	(3)
At 31st March	10	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.

Two shareholders ceased to hold shares in 2022/23 as they stepped down from their roles as members of the board. One share was issued to a newly appointed member of the board.

24 Capital commitments

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Capital expenditure contracted but not provided for in the financial statements	32,641	8,230	-	147
Capital expenditure that has been authorised by the board but has not yet been contracted for	16,651	35,451	-	-
	49,292	43,681	-	147
	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Expected to be financed with:				
Grants	7,069	7,931	-	-
Committed loan facilities and free cash flow	42,223	35,750	-	147
	49,292	43,681	-	147

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

24 Capital commitments (continued)

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

Housing, land & buildings	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Leased from external bodies				
Less than 1 year	7,077	8,187	12	12
Within 2-5 years	11,887	15,532	-	-
More than 5 years	4,903	6,055	-	-
	23,867	29,774	12	12

Leased to external bodies	Group	
	2023	2022
	£'000	£'000
Less than 1 year	345	352
Within 2-5 years	693	784
More than 5 years	118	263
	1,156	1,399

Other leases	Group	
	2023	2022
Leased from external bodies	£'000	£'000
Less than 1 year	753	304
	753	304

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.

25 Emoluments of the board and the directors

Analysis of non-executive director emoluments

	2023	2022
	£'000	£'000
Non-executive director remuneration (including £2k expenses 2022: £2k)	143	124

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.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

25 emoluments of the board and the directors (continued)

Analysis of directors' emoluments

2023	2022
£'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	755	772
Emoluments of the Group's directors excluding pension contributions	672	682
Emoluments of the Group Chief Executive, who was the highest paid director, excluding pension contributions	205	195

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

26 Employee information

	Group		Company	
	2023	2022	2023	2022
	No.	No.	No.	No.
The average number of full time equivalent persons employed during the year was:	706	649	136	120

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	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Wages & salaries	25,081	22,097	6,395	5,499
Social security costs	2,404	2,007	684	568
Other pension costs	1,922	1,601	591	518
	29,407	25,705	7,670	6,585

Group: wages and salary cost includes £0.1m (2022: £0.1m) of restructuring costs.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

26 Employee information (continued)

Remuneration bandings for all employees earning over £60,000

	Group		Company	
	2023	2022	2023	2022
£60,000 - £70,000	11	5	6	4
£70,001 - £80,000	5	11	3	4
£80,001 - £90,000	8	3	6	-
£90,001 - £100,000	2	4	1	4
£100,001 - £110,000	3	3	1	2
£110,001 - £120,000	2	-	1	-
£120,001 - £130,000	1	1	1	1
£130,001 - £140,000	1	2	1	2
£140,001 - £150,000	3	1	2	-
£150,001 - £160,000	1	1	1	1
£160,001 - £170,000	1	1	1	1
£170,001 - £180,000	-	-	-	-
£180,001 - £190,000	-	-	-	-
£190,001 - £200,000	-	1	-	1
£200,001 - £210,000	1	-	1	-
	39	33	25	20

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 25.

27 Cash flow statement notes

	Note	31 March 2022 £'000	Cash flow £'000	Other non cash changes £'000	31 March 2023 £'000
Analysis of net debt					
Cash in hand, at bank and overdrafts		5,583	3,476	-	9,059
Current asset investments	19	242	3	-	245
Obligations under finance leases	22	(180)	50	-	(130)
Housing loans	22	(249,938)	(15,347)	259	(265,026)
Total		(244,293)	(11,818)	259	(255,852)

Other changes relate to amortisation of borrowing costs £259k (2022: £307k).

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

28 Related party transactions

There were no members of the boards who are tenants of the Group (2022: 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.

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	
			2023 £'000	2022 £'000	2023 £'000	2022 £'000
Recharge of service costs incurred on behalf of subsidiary companies	Concert Living Ltd	Progress Housing Group Ltd	79	41	-	-
Support (see below)	Key Unlocking Futures Ltd	Progress Housing Group Ltd	30	24	3	2
Loan	Progress Housing Association Ltd	Key Unlocking Futures Ltd	318	251	25	20
Loan	Progress Housing Group Ltd	Concert Living Ltd	329	1,111	749	420
Loan	Concert Living Ltd	Progress Housing Group Ltd	-	363	-	-
Interest on loan	Concert Living Ltd	Progress Housing Group Ltd	32	43	-	-

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.

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

29 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
New Progress Housing Association Limited (Previously PHA (1) Limited and Progress Housing Association Limited)	N/A	Dormant company

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.

30 Acquisition of subsidiary

There was no acquisition of a subsidiary in 2023 (2022: £19.4m).

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

31 Pension obligations

The Group participates in two pension schemes, Lancashire County Pension Fund (LGPS) and the Social Housing Pension Scheme (SHPS) administered by the Pensions Trust. LGPS 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 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 2022, 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.

	Group	Company	Group	Company
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Pension liabilities:				
Lancashire County Pension Fund	-	-	8,122	1,749
Social Housing Pension Scheme	1,512	853	1,380	748
	1,512	853	9,502	2,497

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

31 Pension obligations (continued)

Actuarial gains/(losses):

Lancashire County Pension Fund	8,919	1,974	8,342	3,264
Social Housing Pension Scheme	(517)	(331)	2,404	1,512
	8,402	1,643	10,746	4,776

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	£10,703 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 £227k. The following table details the numbers of staff who are members of the fund.

	Employers' contributions		No. staff	
	2023	2022	2023	2022
	£'000	£'000	Number	Number
Progress Housing Association	454	453	64	66
Progress Housing Group	227	248	19	22
Total Group	681	701	83	88

Actuarial assumptions	2023	2022
Rate of CPI Inflation	2.70%	3.30%
Rate of increase in salaries	4.20%	4.80%
Rate of increase in pensions	2.80%	3.40%
Discount rate	4.80%	2.80%

Asset information - Group	Market Value at 31 March 2023		Market Value at 31 March 2022	
	£'000	% Split of Assets	£'000	% Split of Assets
Equities	63	0.1%	61	0.1
Government bonds	-	0.0%	500	0.8
Other bonds	127	0.2%	-	-
Property	955	1.5%	1,000	1.6
Cash/liquidity	510	0.8%	1,563	2.5
Other (includes credit funds, overseas pooled & private equity funds, infrastructure)	62,010	97.4%	59,371	95.0
Total market value of assets	63,665	100.0%	62,495	100
Present value of scheme liabilities	48,344		70,617	

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

31 Pension obligations (continued)

Net pension (liability)/asset	15,321	(8,122)
Asset restriction	(15,321)	-
Net pension asset/(liability) before tax asset	-	(8,122)
Deferred tax asset	-	624
Net pension asset/(liability) after tax asset	-	(7,498)
Group parent liability	-	(1,749)
Deferred tax asset	-	624
	-	(1,125)

The following disclosures relate to the Group and Company

Balance Sheet Items as at 31 March 2023	Group 2023 £000's	Company 2023 £000's	Group 2022 £000's	Company 2022 £000's
Present value of funded benefit obligations	48,304	18,643	70,553	26,256
Present value of unfunded benefit obligations	40	-	64	-
Total present value of benefit obligations	48,344	18,643	70,617	26,256
Fair value of plan assets	(63,665)	(25,200)	(62,495)	(24,507)
(Surplus)/deficit before deferred tax asset	(15,321)	(6,557)	8,122	1,749
Components of pension cost for period to 31 March	2023	2023	2022	2022
Current service cost	1,242	398	1,375	468
Net interest cost	220	47	318	97
Admin expenses	20	7	20	7
Past service Cost	-	-	-	-
Total pension cost recognised in Income & Expenditure	1,482	452	1,713	572

Statement of recognised total recognised surpluses and deficits

Statement of Recognised Total Recognised Surpluses and Deficits	Group 2023 £000's	Company 2023 £000's	Group 2022 £000's	Company 2022 £000's
Remeasurements (liabilities & assets) before deferred tax asset	(24,240)	(8,531)	(8,342)	(3,264)
Asset restriction	15,321	6,557	-	-
Total Remeasurements included in Statement of Comprehensive Income	(8,919)	(1,974)	(8,342)	(3,264)

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

31 Pension obligations (continued)

Changes in benefit obligation during period to 31 March

	Group 2023 £000's	Group 2023 £000's	Company 2023 £000's	Group 2022 £000's	Group 2022 £000's	Company 2022 £000's
	Unfunded Benefits	All Benefits	All Benefits	Unfunded Benefits	All Benefits	All Benefits
Benefit obligation at beginning of period	64	70,617	26,256	69	70,497	26,238
Current service cost	-	1,242	398	-	1,375	468
Interest on pension liabilities	1	1,960	729	1	1,470	548
Member contributions	-	239	94	-	248	104
Past service cost	-	-	-	-	-	-
Remeasurements (gain)/loss on assumptions	(21)	(24,100)	(8,211)	(1)	(1,637)	(636)
Transfer between other group companies	(4)	(623)	(623)	-	-	-
Benefits/transfers paid	-	(991)	-	(5)	(1,336)	(466)
Benefit obligation at end of period	40	48,344	18,643	64	70,617	26,256

Change in plan assets during period to 31 March

	Group 2023 £000's	Group 2023 £000's	Company 2023 £000's	Group 2022 £000's	Group 2022 £000's	Company 2022 £000's
	Unfunded Benefits	All Benefits	All Benefits	Unfunded Benefits	All Benefits	All Benefits
Fair value of plan assets at beginning of period	-	62,495	24,507	-	55,036	21,549
Interest on plan assets	-	1,740	682	-	1,152	451
Remeasurements assets	-	140	320	-	6,705	2,628
Admin expenses	-	(20)	(7)	-	(20)	(7)
Employer contributions	4	685	227	5	710	248
Member contributions	-	239	94	-	248	104
Benefits/transfers paid	(4)	(1,614)	(623)	(5)	(1,336)	(466)
Fair value of plan assets at end of period	-	63,665	25,200	-	62,495	24,507
(Surplus)/deficit before deferred tax asset	40	(15,321)	(6,557)	64	8,122	1,749
Actual Return on Plan Assets		1,968	771		7,845	3,074

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

31 Pension obligations (continued)

Post retirement mortality assumptions

Non-retired members S3PA CMI_2021 [1.5%]
(119% Males, 105% Females)

Retired members

Life expectancy

S3PA CMI_2021 [1.5%]
(113% Males, 105% Females)

of a male (female) future pensioner aged 65 in 20 years time 22.8 (25.6) years
of a male (female) current pensioner aged 65 21.5 (23.8) years

Market value of total fund assets (£ millions) **10,743**

Social Housing Pension Scheme

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

	Group 31 March 2023 £,000	Company 31 March 2023 £'000	Group 31 March 2022 £,000	Company 31 March 2022 £'000
Fair value of plan assets	7,352	4,115	12,804	7,375
Present value of defined benefit obligation	8,864	4,968	14,184	8,123
Total defined benefit (liability)	(1,512)	(853)	(1,380)	(748)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Group 31 March 2023 £'000	Company 31 March 2023 £'000
Defined benefit obligation at start of period	14,184	8,123
Current service cost	-	-
Expenses	11	5
Interest expense	391	224
Contributions by plan participants	-	-
Actuarial gains due to scheme experience	(210)	(239)
Actuarial gains due to changes in demographic assumptions	(18)	(10)
Actuarial gains due to changes in financial assumptions	(5,350)	(3,052)
Benefits paid and expenses	(144)	(83)
Defined benefit obligation at end of period	8,864	4,968

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

31 Pension obligations (continued)

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

	Group	Company
	31 March	31 March
	2023	2023
	£'000	£'000
Fair value of plan assets at start of period	12,804	7,375
Interest income	358	206
Experience on plan assets (excluding amounts included in interest income) - loss	(6,095)	(3,632)
Contributions by the employer	429	249
Contributions by plan participants	-	-
Benefits paid and expenses	(144)	(83)
Total fair value of plan assets at end of period	7,352	4,115

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2023 was £5,737,000, (Company £3,426,000).

Defined benefit costs recognised in the Statement of Comprehensive Income

	Group	Company
	31 March	31 March
	2023	2023
	£'000	£'000
Current service cost	-	-
Expenses	11	5
Net interest expense	33	18
Defined benefit costs	44	23

Defined benefit cost recognised in other comprehensive income

	Group	Company
	31 March	31 March
	2023	2023
	£'000	£'000
Experience on plan assets (excluding amounts included in net interest cost) - loss	(6,095)	(3,632)
Experience gains and losses arising on the plan liabilities - gain	210	239
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	18	10
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	5,350	3,052
Total amount recognised – loss	(517)	(331)

Progress Housing Group Limited
Financial statements for the year ended 31 March 2023

Notes to the financial statements (continued)

31 Pension obligations (continued)

Assets

	Group	Company	Group	Company
	31 March 2023	31 March 2023	31 March 2022	31 March 2022
	£'000	£'000	£'000	£'000
Global equity	137	77	2,457	1,415
Absolute return	80	45	514	296
Distressed opportunities	223	125	458	264
Credit relative value	277	155	425	245
Alternative risk premia	14	8	422	243
Fund of hedge funds	-	-	-	-
Emerging markets debt	39	22	373	215
Risk sharing	541	303	422	243
Insurance-linked securities	186	104	299	172
Property	316	177	346	199
Infrastructure	840	470	912	525
Private debt	327	183	328	189
Opportunistic Illiquid credit	315	176	430	248
High yield	25	14	111	64
Opportunistic credit	-	-	45	26
Cash	53	30	43	25
Corporate bond fund	-	-	854	492
Liquid credit	-	-	-	-
Long lease property	222	124	330	190
Secured income	338	189	477	275
Liability driven investment	3,387	1,895	3,573	2,058
Currency hedging	14	8	(50)	(29)
Net current assets	18	10	35	20
Total assets	7,352	4,115	12,804	7,375

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	Company	Group	Company
	31 March	31 March	31 March	31 March
	2023	2023	2022	2022
	% per	% per	% per	% per
	annum	annum	annum	annum
Discount rate	4.83%	4.82%	2.77%	2.77%
Inflation (RPI)	3.16%	3.15%	3.42%	3.39%
Inflation (CPI)	2.82%	2.83%	3.12%	3.11%
Salary growth	3.82%	3.83%	4.12%	4.11%
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 2023

Notes to the financial statements (continued)

31 Pension obligations (continued)

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	Group	Company
	Life expectancy at age 65	Life expectancy at age 65
	(Years)	(Years)
Male retiring in 2023	21.0	21.0
Female retiring in 2023	23.4	23.4
Male retiring in 2043	22.2	22.2
Female retiring in 2043	24.9	24.9

32 Post balance sheet event

On 18 May 2023 Progress Housing Association derecognised the loan remeasurement as a financial liability as the facility it related to ended and a new loan facility was entered into.