

RESIDE HOUSING ASSOCIATION LIMITED

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

**Co-operative and Community Benefit Society (FCA) No: 29475R
Regulator of Social Housing Registration No: 4745**

Reside Housing Association Limited

Financial statements for the year ended 31 March 2024

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Reside Housing Association Limited

Financial statements for the year ended 31 March 2024

Members of the board and executive officers

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

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

Company Secretary Deborah Atherton, ACCA

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

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

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

Reside Housing Association Limited

Financial statements for the year ended 31 March 2024

Five year financial highlights

For the financial years ended 31 March	2024 £000's	2023 £000's	2022 £000's	2021 £000's	2020 £000's
Statement of Comprehensive Income					
Turnover	18,180	17,519	16,439	17,547	16,354
Operating surplus	523	1,028	166	1,342	836
Surplus after tax	428	1,001	151	1,482	641
Statement of Financial Position					
Tangible fixed assets	24,162	21,820	18,825	16,481	16,220
Net current assets	408	1,034	2,629	2,471	1,372
Debt due after more than one year	-	-	1,000	2,652	2,760
Net assets	24,557	22,809	20,190	16,095	14,832
Key financial ratios and indicators					
Operating margin	2.9%	5.9%	0.7%	8.3%	5.1%

Reside Housing Association Limited

Financial statements for the year ended 31 March 2024

Report of the board

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

Principal activities

The Association provides housing for people with support needs in the form of learning disabilities, physical and sensory impairment, autism, enduring mental health issues and acquired brain injury. It works in partnership with support providers, health and social care commissioners, tenants, and their families to find bespoke housing solutions adapted to the needs of individuals.

The Association owns and/or manages over 1,200 supported living accommodation units across the UK.

Strategic report

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

Business performance

Finance performance for the year

The surplus after tax for the year ended 31 March 2024 was £0.4m (2023: £1.0m). The total comprehensive income for the year ended 31 March 2024 was £1.7m (2023: £2.6m). Operating surplus has decreased, with the main reason being due to decrease in grants to £1.0m (2023: £1.3m).

Net tangible fixed assets are £24.1m (2023: £21.8m). The Association had £24.6m (2023: £22.8m) net assets at the end of the year.

Key performance indicators and Value for Money (VFM)

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

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

Regulation

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

Reside Housing Association Limited

Financial statements for the year ended 31 March 2024

Report of the board (continued)

Regulation (continued)

In line with the changes to the Accounting Direction for Private Registered Providers of Social Housing 2022, the board confirms compliance with these standards up until the signing of the accounts.

Going concern

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

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

The long term financial plans show that the Association has sufficient funding to support its business activities. Sensitivities have been stress tested in the long term financial plans for the Association in order to test going concern and provide the board with assurance that it has a resilient plan in place.

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

Statement of compliance

The Group strategic report has been prepared in accordance with best practice guidance and the board, which operates co-terminously with the board of the parent company, in approving the Group financial statements, is also approving the associated Group strategic report.

Statement of disclosure to the auditor

At the time of approval of this report:

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

Annual General Meeting

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

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

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Deborah Atherton

Company Secretary

29 July 2024

Reside Housing Association Limited

Financial statements for the year ended 31 March 2024

Statement of the board's responsibilities

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

Co-operative and Community Benefit Society law and social housing legislation requires the board to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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: Accounting by Registered Social Housing Providers (updated 2018) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

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

The board is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Reside Housing Association Limited

Financial statements for the year ended 31 March 2024

Independent auditor's report to the members of Reside Housing Association Limited

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Reside Housing Association Limited

Financial statements for the year ended 31 March 2024

Independent auditor's report to the members of Reside Housing Association Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 7, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Reside Housing Association Limited

Financial statements for the year ended 31 March 2024

Independent auditor's report to the members of Reside Housing Association Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Reside Housing Association Limited

Financial statements for the year ended 31 March 2024

**Independent auditor's report to the members of Reside Housing Association Limited
(continued)**


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

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

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

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

Signed by:

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Bever and Struthers

Statutory Auditor

One Express

1 George Leigh Street

Manchester

M4 5DL

Date: 09-09-2024

Reside Housing Association Limited**Financial statements for the year ended 31 March 2024****Statement of Comprehensive Income**

For the year ended 31 March 2024

	Note	2024	2023
		£'000	£'000
Turnover	2	18,180	17,519
Operating expenditure	2	(17,659)	(16,492)
		521	1,027
Gain on disposal of property, plant and equipment	2/6	2	1
Operating surplus	2	523	1,028
Movement in fair value of investment properties	12	(104)	-
Interest receivable	7	13	5
Interest payable and financing costs	8	(4)	(32)
Surplus before tax		428	1,001
Tax on surplus on ordinary activities	9	-	-
Surplus after tax		428	1,001
Revaluation of tangible fixed assets	10/11	1,320	1,618
Total comprehensive income for the year		1,748	2,619

The notes on pages 15 to 30 form an integral part of the financial statements. The financial statements were approved by the board on 29 July 2024.

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Nigel Wright**Board member**

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Yasmin Fearon**Board member**

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Deborah Atherton**Company secretary****Date: 29 July 2024**

Co-operative and Community Benefit Society (FCA) No: 29475R
 Regulator of Social Housing No: 4745

Reside Housing Association Limited

Financial statements for the year ended 31 March 2024

Statement of Financial Position

As at 31 March 2024

	Note	2024 £'000	2023 £'000
Fixed assets			
Housing properties at valuation	10	21,701	19,178
Other tangible fixed assets	11	1,635	1,712
Investment properties	12	826	930
		<u>24,162</u>	<u>21,820</u>
Current assets			
Debtors	13	1,337	2,152
Cash and cash equivalents		1,315	1,904
		<u>2,652</u>	<u>4,056</u>
Less: Creditors amounts falling due within one year	14	<u>(2,244)</u>	<u>(3,022)</u>
Net current assets		<u>408</u>	<u>1,034</u>
Total assets less current liabilities		<u>24,570</u>	<u>22,854</u>
Provision for liabilities			
Other provisions	17	<u>(13)</u>	<u>(45)</u>
Net assets		<u><u>24,557</u></u>	<u><u>22,809</u></u>
Reserves			
Share capital	15	-	-
Revaluation reserves		11,575	10,343
Income and expenditure reserves		12,982	12,466
		<u>24,557</u>	<u>22,809</u>

The notes on pages 15 to 30 form an integral part of the financial statements. The financial statements were approved by the board on 29 July 2024.

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Nigel Wright

Board member

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Yasmin Fearon

Board member

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Deborah Atherton

Company secretary

Date: 29 July 2024

Co-operative and Community Benefit Society (FCA) No: 29475R
 Regulator of Social Housing No: 4745

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

For the year ended 31 March 2024

	Revaluation reserves	Income and expenditure reserves	Total
	£'000	£'000	£'000
At 1 April 2023	10,343	12,466	22,809
Surplus for the year	-	428	428
Revaluation for the year of tangible fixed assets	-	1,320	1,320
Total comprehensive income	-	1,748	1,748
Reserve transfers:			
Realisation of revaluation reserve in respect of depreciation on revalued housing property	(88)	88	-
Revaluation for the year of tangible fixed assets	1,320	(1,320)	-
As at 31 March 2024	11,575	12,982	24,557
At 1 April 2022	8,803	11,387	20,190
Surplus for the year		1,001	1,001
Revaluation for the year of tangible fixed assets		1,618	1,618
Total comprehensive income	-	2,619	2,619
Reserve transfers:			
Realisation of revaluation reserve in respect of depreciation on revalued housing property	(78)	78	-
Revaluation for the year of tangible fixed assets	1,618	(1,618)	-
As at 31 March 2023	10,343	12,466	22,809

The notes on pages 15 to 30 form an integral part of the financial statements.

Reside Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements

1. Accounting policies

(1) *Basis of accounting*

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

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

Going concern

The Association's business activities, its current financial position and factors likely to affect its future development are set out within the report of the board. The Association has adequate resources to finance reinvestment and development programmes, along with the Association's day to day operations.

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

FRS 102 – reduced disclosure exemptions

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

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

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

(2) *Turnover*

Turnover comprises rental income and service charges receivable net of voids, fees and revenue grants from local authorities and Homes England and income receivable from other sources.

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

The Association operates a fixed service charge. Service charges are charged based on estimates of the costs of service charge goods and services to be supplied.

Service charge income is thus recognised on the basis of the amount receivable for the year based on estimated service charges.

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.

Reside Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

(3) Housing properties

Housing properties are included at valuation unless they were purchased during the year and are still in the course of construction. The Association adopts the policy of undertaking full independent valuations annually. The valuation basis used is the Existing Use Value for Social Housing.

Expenditure on existing housing properties is capitalised when it is either capable of generating increased future rents, extends their useful economic lives or significantly reduces future maintenance costs. All other expenditure in respect of general repairs is charged to the Statement of Comprehensive Income as it is incurred.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in reserves, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in surplus or deficit or a revaluation loss exceeds the accumulated revaluation gains recognised in reserves; such gains and losses are recognised in surplus or deficit.

(4) Government grants

Government grants are received from several Local Authorities and NHS England in respect of contributions towards housing properties. These grants are recognised at the fair value of the asset received or receivable. As the assets are accounted for using the valuation model then the government grant is accounted for using the performance model so that turnover is taken once the performance conditions have been met.

Government grants received as a contribution to revenue expenditure are recognised in surplus or deficit on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate. The related expenditure is included under operating expenses. Grants are recognised in the same period as the related expenditure provided the conditions for receipt have been satisfied and there is reasonable assurance that the grant will be received.

(5) Capitalisation of interest and development overheads

Interest is capitalised on loans financing schemes in development up to the point of practical completion. This is calculated by reference to the Association's cost of borrowing and relevant development costs.

Administration costs relating to development activities are capitalised based on an apportionment of the support costs directly incurred on this activity.

(6) Other tangible fixed assets and depreciation

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

- Office freehold property over 80 years
- Plant and machinery over 3 years
- Fixtures and fittings over 5 years
- Motor vehicles over 5 years

Reside Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

7) *Investment properties*

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

(8) *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.

(9) *Taxation*

The Association has charitable status and no liability to corporation tax arises on its operational surplus for the year. For the same reasons, no provision is made for deferred taxation.

(10) *Value Added Tax*

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

(11) *Bad and doubtful debts*

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

(12) *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.

(13) *Interest payable and finance costs*

Interest, agency fees, non-utilisation fees and consent fees are expensed within the financial year. Interest is capitalised on loans financing schemes in the course of development as explained in accounting policy 5.

(14) *Housing loans*

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

Reside Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

(15) *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.

(16) *Financial instruments*

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

(17) *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

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

(18) *Provisions*

Provisions are recognised when the Association has an obligation at the Statement of Financial Position date because of a past event.

Reside Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

(19) Judgements and key sources of estimation uncertainty

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

- Whether there are indicators of impairment of the Association's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset, and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- The measurement basis to determine the recoverable amount of assets where there are indicators of impairment. Factors taken into consideration include the value of the asset in use and the depreciated replacement cost.
- The anticipated costs to complete on a development scheme. These are based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, the recoverability of the cost of properties developed for outright sale and/or land held for sale, is determined. This judgement is also based on the best estimate of sales value based on economic conditions within the area of development.
- Whether leases entered into by the Association either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- The basis of the rental bad debt provision has been reviewed in the year to consider the age of current tenant debts. The basis of the sundry debt provision continues on the same basis as the previous year.

Other key sources of estimation and assumptions

- Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed periodically and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components. The housing properties are included at cost less depreciation unless it has been subject to a valuation in which it is included at depreciated valuation. The policy is adopted is to complete full external and independent valuations annually. The properties are held at market rate, which is subject to estimation.

Reside Housing Association Limited

Financial statements for the year ended 31 March 2024

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

	2024		
	Turnover	Operating expenditure	Operating surplus
	£'000	£'000	£'000
Social housing lettings (note 3a)	17,945	(17,390)	555
Other social housing activities (note 3b)			
Charges for support services	210	(232)	(22)
Activities other than social housing (note 3c)			
Lettings	25	(37)	(12)
	18,180	(17,659)	521
Gain on disposal of property, plant and equipment (note 6)			2
Total			523

	2023		
	Turnover	Operating expenditure	Operating surplus
	£'000	£'000	£'000
Social housing lettings (note 3a)	17,234	(16,244)	990
Other social housing activities (note 3b)			
Charges for support services	220	(218)	2
Activities other than social housing (note 3c)			
Lettings	65	(30)	35
	17,519	(16,492)	1,027
Gain on disposal of property, plant and equipment (note 6)			1
Total			1,028

Reside Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)**3a – Income and expenditure from social housing lettings**

	2024 £'000	2023 £'000
Income		
Rent receivable net of identifiable service charges	14,000	13,430
Service charge income	2,938	2,382
Government grants taken to income	978	1,342
Void guarantee and revenue grants	21	18
Other income	8	62
Turnover from social housing lettings	17,945	17,234
Expenditure		
Management	(1,487)	(2,054)
Service charge costs and support	(2,916)	(2,016)
Routine maintenance	(922)	(386)
Planned maintenance	(299)	(231)
Major repairs expenditure	(899)	(808)
Bad debts	(415)	(121)
Property operating lease charges	(9,788)	(9,745)
Depreciation of housing properties	(367)	(298)
Impairment released/(charged) on housing properties	120	(287)
Other costs	(417)	(298)
Operating costs on social housing lettings	(17,390)	(16,244)
Operating surplus on social housing lettings	555	990
Void losses (included within turnover)	(2,491)	(2,307)

A number of the void losses are subject to agreements where the Association is compensated for part of its occupancy losses via deductions in lease premium payable to third parties of £1.2m (2023: £1.1m).

Impairment charges include impairment of previously revalued housing properties. The impairment on a historic cost basis is £nil (2023: £0.3m). A previous years' impairment charge of £0.1m has been reversed in the year, as the circumstances for this impairment loss have ceased to apply.

3b – Turnover from other social housing activities

	2024 £'000	2023 £'000
Other		
Support services contract income	210	220

3c – Turnover from activities other than social housing

	2024 £'000	2023 £'000
Lettings		
Commercial properties	25	65

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

4 - Accommodation in management

	Supported housing No.
Opening unit numbers	1,275
New stock acquired	4
Other gains	16
Other losses	(76)
Movement within categories	(8)
Net change to stock	(64)
Closing units numbers	1,211

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	2024 £'000	2023 £'000
Is stated after charging/(crediting):			
Auditor's remuneration (excluding VAT)			
In their capacity as auditors		22	28
Depreciation of tangible fixed assets:			
- Housing properties		367	298
- Other fixed assets	11	57	170
Impairment of tangible fixed assets:			
- Impairment of housing properties	3a	(120)	287
- Impairment of housing properties on a historic cost basis		-	301
- Reversal of impairment of housing properties		(120)	(14)
Hire of other assets – operating leases:			
- Housing properties	3a	9,788	9,745

6 - Gain on disposal of property, plant and equipment

	2024 £'000	2023 £'000
Sale proceeds	-	2
Cost of disposals	2	(1)
Gain on disposals	2	1

The gain on disposals relates to the disposal of other tangible fixed assets.

Reside Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

7 - Interest receivable

	2024	2023
	£000	£000
Bank interest receivable	13	5
	<u>13</u>	<u>5</u>

8 - Interest payable and financing costs

	2024	2023
	£'000	£'000
Bank loans	-	21
Amortisation of loan issue costs	-	15
Interest payable to group companies	16	30
	<u>16</u>	<u>66</u>
Less : Interest capitalised	(12)	(34)
	<u>4</u>	<u>32</u>

9 - Taxation on surplus on ordinary activities

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

(a) Analysis of the charge in the period

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

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

(b) Factors affecting tax charge for the period

Surplus on ordinary activities before tax	<u>428</u>	<u>1,001</u>
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023: 19%)	107	190
Effects of:		
Charitable activity	<u>(107)</u>	<u>(190)</u>
Tax charge for the year	<u>-</u>	<u>-</u>

Reside Housing Association Limited**Financial statements for the year ended 31 March 2024****Notes to the financial statements (continued)****10 - Tangible fixed assets: housing properties**

	Housing properties completed £'000	Housing properties under construction £'000	Total £'000
Cost or valuation			
As at 1 April 2023	20,432	1,534	21,966
Additions	256	1,129	1,385
Transferred on completion	2,082	(2,082)	
Disposals	(65)	-	(65)
Revaluation	1,385	-	1,385
As at 31 March 2024	24,090	581	24,671
Depreciation			
As at 1 April 2023	2,788	-	2,788
Charge for the year	323	-	323
Depreciation on disposals	(21)	-	(21)
Release of previous Impairment	(120)	-	(120)
As at 31 March 2024	2,970	-	2,970
NBV			
As at 1 April 2023	17,644	1,534	19,178
As at 31 March 2024	21,120	581	21,701

The net book value of housing properties comprised:

	2024 £'000	2023 £'000
Freehold properties	19,586	16,364
Long leasehold properties	1,385	1,165
Short leasehold	149	115
Total	21,120	17,644

The value of secured properties (including charged to third parties) is £13,193k (2023: £12,919k).

The social housing property portfolio has been valued in the year by Jones Lang LaSalle (professional independent external valuer). The valuations are based on Existing Use Value for Social Housing (EUV-SH) and were prepared in accordance with the current Royal Institute of Chartered Surveyors (RICS) Valuation – Global Standards, incorporating the IVS, and the RICS Valuation – Global Standards – UK National Supplement published by the Royal Institution of Chartered Surveyors (commonly known as the “Red Book”). The basis of value equates to fair value in accordance with IFRS 13 and the National

Reside Housing Association Limited**Financial statements for the year ended 31 March 2024****Notes to the financial statements (continued)****10 - Tangible fixed assets: housing properties (continued)**

Housing Federation's Statement of Recommended Practice (SORP) for financial reporting. The effective date of valuation is 31 March 2024.

The total EUV-SH value of supported housing property portfolio as at 31 March 2024 is £18.8m (2023: £17.5m).

The historic cost equivalent of the above supported housing properties included at valuation is £10.4m (2023: £9.8m).

	2024	2023
	£'000	£'000
Most recent Existing Use Value for Social Housing (EUV-SH) at March 24	18,810	17,530

Capital additions include £11k (2023: £34k) of interest capitalised at an average rate of 3.75% (2023: 3.6%) in the year. Property costs include an apportionment of development staff time directly spent on the administration of development activities amounting to £25k (2023: £78k) and on in-house legal costs amounting to £1k (2023: £3k).

Works to existing properties in the year:

Major repairs, renewals and improvements	2024	2023
	£'000	£'000
Capitalised components	256	111
Charged to revenue	899	808
Total major repairs revenue and capital	1,155	919

11 – Tangible fixed assets: other

	Office properties freehold £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost or Valuation					
As at 1 April 2023	1,849	341	84	41	2,315
Additions	-	-	45	-	45
Revaluation	(65)	-	-	-	(65)
At 31 March 2024	1,784	341	129	41	2,295
Depreciation					
As at 1 April 2023	219	341	10	33	603
Charge for the year	32	-	20	5	57
At 31 March 2024	251	341	30	38	660
Net Book Value					
As at 1 April 2023	1,630	-	74	8	1,712
At 31 March 2024	1,533	-	99	3	1,635

Reside Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

11 – Tangible fixed assets: other (continued)

The office (part of which is sub-let and accounted for as an investment property, see note 12) has been valued in the year by Jones Lang LaSalle (professional independent external valuer). The valuations are based on market value and were undertaken in accordance with the current Royal Institute of Chartered Surveyors (RICS) Valuation – Global Standards, incorporating the IVS, and the RICS Valuation – Global Standards – UK National Supplement published by the Royal Institution of Chartered Surveyors (commonly known as the “Red Book”). This involved the assessment of the market conditions, movement in market values in similar geographical areas and similar build and structure. The effective date of valuation is 31 March 2024.

The market value of freehold office, including the part which is sub-let, as at 31 March 2024 is £2,360k (2023: £2,560k).

The historic cost equivalent of the office included at valuation, including the part which is sub-let, is £2,575k (2023: £2,575k).

Fixtures and fittings, computer hardware and software and other equipment are held at cost less accumulated depreciation.

12 – Investment properties

	Investment properties completed
	£'000
Valuation	
At 1 April 2023	930
Revaluation	(104)
At 31 March 2024	<u>826</u>

Reside Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)**13 - Debtors**

	2024	2023
	£'000	£'000
Amounts falling due within one year:		
Rent and service charge arrears	1,389	1,632
Less provision for rental bad debts	(344)	(89)
	<u>1,045</u>	<u>1,543</u>
Trade debtors	73	64
Less provision for sundry bad debts	(61)	(25)
Prepayments and accrued income	164	94
Other debtors	116	142
Social housing grant receivable	-	334
	<u>292</u>	<u>609</u>
Total debtors	<u>1,337</u>	<u>2,152</u>

14 - Creditors: amounts falling due within one year

	2024	2023
	£'000	£'000
Rent and service charge received in advance	233	164
Trade creditors	183	329
Accruals and deferred income	1,557	1,373
Loans owed to group companies	-	1,000
Amounts owed to group companies	271	156
	<u>2,244</u>	<u>3,022</u>

Loans owed to group companies were repaid during the year. Interest was charged at a rate ranging from 4.5% to 6.8% and paid quarterly in arrears.

15 - Non-equity share capital

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

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

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

Reside Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

15 – Non-equity share capital (continued)

Two shareholders ceased to hold shares in 2023/2024 as they stepped down from their roles as members of the board. Three shares were issued to newly appointed members of the board.

16 – Capital commitments

	2024	2023
	£'000	£'000
Capital expenditure contracted but not provided for in the financial statements	22	428
Capital expenditure that has been authorised by the board but has not yet been contracted for	730	162
	752	590

After completion of the current developments authorised future developments will be done by the parent company Progress Housing Group Ltd (PHG).

	2024	2023
	£'000	£'000
Expected to be financed with:		
Grants	594	482
Free cash flow	158	108
	752	590

Commitments in relation to non-cancellable operating leases payments are analysed below:

	Housing, land & buildings	
	2024	Restated
	£'000	2023
		£'000
Leased from external bodies		
Not later than 1 year	3,958	3,908
Later than 1 year and not later than 5 years	6,122	6,618
More than 5 years	2,570	2,728
	12,650	13,254

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

All above leases relate to housing, land and buildings.

All leases contain permitted clauses which limits the use to that permitted by the lease.

Under FRS102 20.30c, the Association does not have any significant leasing arrangements or unusual or material restrictions.

Reside Housing Association Limited**Financial statements for the year ended 31 March 2024****Notes to the financial statements (continued)****17 – Provisions for liabilities**

	2024	2023
	£'000	£'000
At the start of the year	45	264
Released in the year	(30)	(274)
Transfer from Statement of Comprehensive Income	(2)	55
	13	45

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

18 - Employee information

	2024	2023
	No.	No.
The average number of full time equivalent persons employed during the year was:	-	<u>2</u>

Full time equivalents are calculated based on a standard working week of 37.5 hours for all employees except for 40 hours for maintenance operatives. All employees of the Association were transferred to become employees of Progress Housing Group from 2022.

Employee costs (for the above persons):

	2024	2023
	£'000	£'000
Wages & salaries	-	73
Social security costs	-	8
Other pension costs	-	4
	-	85

19 - Related party transactions

At the date of these financial statements no board members were tenants of the Association. The company has taken advantage of the exemption available not to disclose transactions between group companies on the basis that it is included in the consolidated accounts of Progress Housing Group Limited.

Reside Housing Association Limited

Financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

20 – Ultimate parent company

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

Sumner House
21 King Street
Leyland
Lancashire
PR25 2LW

21 – Cash flow

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