

Co-operative & Community Benefit Society
Registered Number: 18925R

Regulator of Social Housing
Registered Number: L2188

Harrogate Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2025

Harrogate Housing Association Limited

Report and Financial Statements For the year ended 31 March 2025

Contents	Page
Board, Registered Office and Advisers	2
Chair's Foreword	3
Report of the Board of Management	4 – 17
Independent Auditor's Report	18 – 20
Statement of Comprehensive Income	21
Statement of Financial Position	22
Statement of Changes in Reserves	23
Statement of Cash Flows	24
Notes to the Accounts	25 – 46

Harrogate Housing Association Limited

Board of Management, Registered Office and Advisers For the year ended 31 March 2025

Chairperson:	Mr Stuart Whyte Ms Claire Stone	Retired as Chair 15 May 2024 Appointed 15 May 2024	
Board of Management:	Ms Megan Henderson Ms Joanne Watson Mr Jonathan Place Ms Jane Fowler Ms Joanna Chambers Ms Carmen McCormack Mr David Smith Mr Ilyas Lunat Ms Liz Jones Ms Susan Missin Ms Kirsty Withers	Chair of Remuneration Committee Resigned 27 June 2024 Retired 25 September 2024 Chair of Audit, Risk and Governance Committee Appointed 15 May 2024 Appointed 14 May 2025 Appointed 14 May 2025	
Shadow Board Members:	Mr Liam Preston	Appointed 14 May 2025	
Officers:	Mr Steven Brook (Chief Executive and Secretary)		
Registered Office:	10 High Street Harrogate North Yorkshire HG2 7HY		
Registered Number:	Co-operative & Community Benefit Society 18925R Regulator of Social Housing (RSH) L2188		
External Auditors:	Beever and Struthers Statutory Auditor One Express 1 George Leigh Street Manchester M4 5DL		
Bankers:	Virgin Money 21 James Street Harrogate North Yorkshire HG1 1QU	CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ	
	Nationwide Building Society Kings Park Road Moulton Park Northampton NN3 6NW	Handelsbanken Large Corporates North 101 Barbirolli Square Manchester M2 3BG	
Funders:	Triodos Bank UK Limited Deanery Road Bristol BS1 5AS	THFC 3 rd Floor 17 St. Swithins Lane London EC4N 8AL	GB Social Housing c/o Watermill Accounting Plc Future Business Centre King Hedges Road Cambridge CB4 2HY

Harrogate Housing Association Limited

Chair's Foreword

For the year ended 31 March 2025

Last year, as the newly appointed Chair, I was looking forward to working with an association that was based in its community and committed to working closely with its customers, I have not been disappointed. The Board, using the innovative Game of Homes concept, worked with customers to get to grips with progressing meaningful engagement. We now have a new customer engagement strategy which is starting to be delivered. Interestingly the first part of the work was to identify what people wanted to be called - in a nutshell it's not customer! There was no outright winner though between resident and tenant so we are expanding our engagement net to get more views before a decision is made. So watch this space!

The last year also saw two significant surveys being undertaken – one for customers (called that for the time being) and the other for staff. Along with the sector as a whole, overall customer satisfaction has declined falling from 85% two years ago to 80% in the latest survey. We remain well above the median level of 75% but have some way to go to be in the top quartile which stands at 85% satisfaction. Having looked at what was driving this decline we made some focused investment in how we deliver our services. The work of the Repairs Surveyor, newly appointed at this time last year, continues to receive positive feedback from customers and in addition we have increased resource in the neighbourhood team. We are also improving how we communicate with customers, face to face and in writing, as satisfaction in that area dropped significantly between surveys. We are optimistic that this combined response to the feedback will drive overall satisfaction back up.

In relation to staff the externally facilitated survey, completed by all staff, showed an average 86% positive response over a number of questions which included the Association being a good employer and that employees are proud to work for it. This is a great result and above average. We cannot be complacent though as with a small workforce percentages can easily change. Using the results and qualitative feedback received we have started to make changes to make the Association an even better place to work. An objective for me is to make the Board more open to staff and to make sure that our priorities and values are aligned.

As eluded to in my report last year replenishing and sustaining the right skills and experience on the Board remains a challenge but following a very successful recruitment campaign I am pleased to report the appointment of three new members. The new members bring HR, development, finance and governance skills which will fill the gaps created by the retirement of Megan Henderson and Jo Watson to whom I am grateful for their insight and contribution to the Association, and their agreement to stay for a seventh year while new members were recruited. We were also successful in recruiting a non sector member which will help ensure we get a different perspective on our decision making.

As shown by the attached accounts the Association is financially strong and with a S106 128 unit development pipeline, funded through existing loan facilities, will continue to be so. As a proportion of our homes this is a significant programme and a great addition of good quality affordable homes for Harrogate. I want to extend my thanks to Steve Brook as our Chief Executive, whose expertise and hard work has delivered the funding to allow us to fulfill this ambition. We cannot though ignore two key forthcoming changes that may impact on our existing homes– the decent homes standard 2 and the introduction of Awaabs Law. The survey work being undertaken by the Repairs Surveyor is key to compliance in both areas and this is well underway and is anticipated to be complete by late 2026. That's not to say that we don't know the standard of our homes. We have been visiting every one of our customers in their homes on a biennial basis for several years so we are confident that the general condition of our properties will be in line with the standard when published.

As the Association grows it needs to make sure it remains true to its values of being local, approachable and customer focused. With 94% of customers still having concerns about the cost of living, being true to our values means customers can come to us for help. I'm proud that we have been able to provide additional support. In the last year we provided direct financial support of over £6,500 to customers for essentials they were struggling to obtain. This was on top of the signposting to other agencies and support to make applications for additional benefits. This made a real difference to people's lives which is something I am keen to support.

We know that next year will bring challenges and we won't get everything right, but it is an exciting time and with a committed team and engaged customers I am looking forward to meeting the challenges head on.

Claire Stone, Chair
17 September 2025

Harrogate Housing Association Limited

Report of the Board of Management For the year ended 31 March 2025

Accounts

The Board of Management presents its annual report and the audited financial statements for the year ended 31 March 2025. Applegarth Homes, an almshouse charity, became a subsidiary of the Association on 1 October 2017. The financial results of the charity are not significant and therefore consolidated accounts, incorporating those results, have not been prepared.

Principal activities

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 (Registered Number 18925R) and with the Regulator of Social Housing (Registered Number L2188).

Its rules state the Association is formed for the benefit of the community and its objects shall be to carry on for the benefit of the community:

“the business of providing and managing housing and social housing and providing assistance to help house people and associated facilities and amenities or services for poor people or for the relief of aged, disabled (whether physically or mentally) or chronically sick people”.

In addition the Association is able to undertake any other charitable object that can be carried out by an association registered with the Regulator of Social Housing.

The Association remains committed to only working in the old Harrogate footprint of the new North Yorkshire unitary authority.

The Association helps people create a home near family and work by providing a growing number of quality affordable rented and shared ownership properties following its values of being local, approachable and customer-focussed.

Involving our customers

The Customer Liaison Committee (CLC) are the voluntary representatives of our customers. Their involvement helps to ensure the Association delivers excellent services that customers want in an efficient manner. The Committee members are involved in and contribute to the key customer focussed activities that form part of our housing management function.

Meetings are usually held quarterly where the CLC members monitor the key performance targets with staff being present, and held accountable, for performance matters. A Board member attends to ensure there is a direct link between the two groups. These meetings are also used to discuss any difficult customer related decisions, including recommending the conversion of assured shorthold tenancies and being a sounding board for staff on their management of complaints with active discussions around lessons learned. The CLC members views and recommendations on an appropriate course of action are obtained and then put into place. The CLC discuss and review all new policies and procedures that have a direct impact on customers with their views taken on board and where necessary incorporated. Members can attend either virtually or in person, whichever best meets their needs.

Involving a broad range of customers in formal meetings is a challenge. Other involvement activities include estate walkabouts (dates are published and customers invited to take part), service charge consultation meetings, home reviews (a bi annual one to one meeting with customers in their own homes), an annual customer conference hosted by the CLC to which all customers are invited and a telephone survey of new customers to get an insight into the signing up process and their first impressions of their home and the Association.

Customers are also involved in the Associations annual strategy event which during the year looked at how to achieve meaningful engagement using the Game of Homes. The outcome was a three step plan:

- Define what involvement and engagement mean for the Association.
- Ask customers what they want from engagement.
- Reset the culture to allow engagement to thrive.













Harrogate Housing Association Limited

Report of the Board of Management For the year ended 31 March 2025

An outcome of the work to date is that resident or tenant is favoured over customer. Work continues to identify which is favoured most.

Other engagement events in the year included the annual customer conference which developed priorities for the repairs service and information sharing meetings with those affected by the proposed Applegarth Homes redevelopment.

A customer satisfaction survey is undertaken every two years with the most recent one being done over summer 2024 which enabled the results to be utilised at the strategy event. All rental customers were invited to take part with just under 50% choosing to do so. The results on the tenant satisfaction measures required by the Regulator are shown below.

	Tenancy satisfaction measures	HHA results 2024	Landlord median (Acuity)		Tenancy satisfaction measures	HHA results 2024	Landlord median (Acuity)
	Overall satisfaction	80%	74%		Positive contribution to neighbourhood	67%	67%
	Well maintained home	78%	74%		Dealing with anti-social behaviour	71%	61%
	Safe Home	84%	78%		Listens and Acts	70%	61%
	Repairs satisfaction – last 12 months	80%	77%		Keeps you informed	70%	73%
	Satisfaction with time taken for last repair	79%	73%		Treats you fairly and with respect	82%	78%
	Communal areas are clean and well maintained	78%	68%		Complaints handling	52%	36%

Overall satisfaction, in line with the sector as a whole, has fallen to 80% from 85% but it remains above the median. It was pleasing to note that satisfaction in the areas targeted for improvement from the last survey had improved. Satisfaction though has fallen in the key areas of “easy to deal with”, listens and acts” and “keeps you informed”. The staff changes over the last year are thought to be a contributing factor and the strategy event outcomes respond to these falls.

Supporting our community

The Association continues to work with the Positive Footprints Network in supporting the delivery of the “Raising Aspirations Project” for children and young people in local primary schools. The project enables primary school children to “discover their potential in the world of work”. It aims to raise the children’s aspirations for their future and shows them how they can develop employability skills which will help them overcome barriers and build their resilience. The Association has funded the project in two schools in the Starbeck area which have been chosen because a large proportion of its customers’ children will attend those schools which are also in an area of relative low income and employment opportunities. This project is supported by staff getting involved in events, such as the Careers Carousel where local businesses talk to pupils about their careers and what their roles involve which enables pupils to learn about different opportunities. The project will have a positive impact for those schools and the Associations customers’ children who have engaged with it. The project costs £1,000 per school per year and is delivered primarily by teachers. By providing the funding for these schools to deliver the programme, the Association is investing in the workforce of the future and delivering corporate, social responsibility. The Board review the outcomes and success of the project each year prior to determining if the programme should be renewed.

Like many associations we help customers by providing some of the life essentials they need but can not readily afford. During the year we have provided support to 35 households which has included buying white goods, food, furniture, curtains, cleaning materials, soft furnishings, air fryers, slow cookers and issuing food bank vouchers. Christmas food hampers were also provided again this year. Customers have been very appreciative of our support. Our Helping Hand Fund remains available for those who need it.

The Association also provided financial support to the Community Hub in Starbeck to enable the provision of a “pay as much as you can afford” warm lunch initiative over the winter months. The Hub is located close to many of the Association’s properties and a number of customers attend on a regular basis.

Harrogate Housing Association Limited

Report of the Board of Management For the year ended 31 March 2025

Environmental sustainability statement

The Association is committed to protecting and supporting Harrogate's environment and quality of life objectives. It aims to reduce the impact it has on the local environment resulting from its business activities. As part of this it manages its activities in the workplace in various ways including:

- Reducing its energy consumption by using digital LED fittings
- Electric supplied from sustainable sources
- Lower temperatures for central heating and using TRVs on radiators
- Reducing paper waste by providing electronic board papers, electronic works orders and scanning and sending documents electronically. Printing off is monitored to ensure that unnecessary printing is eliminated
- Recycling cardboard and plastic from the office including toner cartridges
- Limiting our carbon footprint by walking to local properties, sharing cars, using trains to external meetings and supporting working from home, use of Zoom/Teams and conference calls where appropriate
- Bulk ordering supplies to minimise transport of goods
- Using local contractors to avoid long journeys
- E mailing and texting customers using the housing administration system instead of sending letters
- E mailing newsletters to customers.

For our homes the Association provides:

- Energy efficient new build properties with an EPC rating of B or above with a number of properties fitted with solar panels and air source heat pumps
- Increasing the number of air source heat pumps being installed in new build properties to improve efficiency
- Increased investment for properties to reach EPC C by 2028, two years ahead of the Government target. This includes an EPC review of all void properties with action taken to improve the rating to a C. Works undertaken includes room in roof insulation, underfloor insulation, fitting draught excluders on doors and other energy saving measures
- Improved thermal efficiency by providing properties with cavity wall and loft insulation, upgrading boilers to A* rated combination boilers and all properties being fully double glazed, triple glazing is now undertaken on window replacements
- Improved energy efficiency in our homes by providing LED light fittings and energy efficient light bulbs where possible
- Communal electricity supplied from sustainable sources.

The Association will aim to ensure full compliance with all relevant environmental legislation and continually improve its approach, striving towards best practice in all its business activities. This will include the direct impacts the business has on the environment and will also consider indirect impacts and areas where we can exert influence to stimulate sustainable development. The Association will seek to educate and facilitate good environmental practice in partners, suppliers and stakeholders as well as the many residents and individuals that make use of its services.

Results

The results for the year are set out in the accounts on pages 21 to 46.

Review of activities and performance for the year

The Association has had a successful year as shown by the results in the accounts. Income growth continued on the back of the inflationary rent increase of 7.7% in April 2024 and a full year of rent on previous years acquisitions. Costs were well controlled and although day to day repairs costs exceeded the increased budget allowed they were covered by savings against budget in other repairs categories. The main savings being in relation to electrical inspections repairs. These had surged following the Grenfell fire as additional checks were undertaken and repairs required as a result. We are now on the second five year inspections post the fire and the impact has subsided. Management costs also increased above inflation due to increased insurance and external audit costs as well as legal fees and compensation associated with disrepair claims. Staff numbers also increased due to the recruitment of a Repairs Surveyor and an Income Officer. Both posts are already adding value to the Association and its customers.

Harrogate Housing Association Limited

Report of the Board of Management For the year ended 31 March 2025

Growth has continued to be a focus with the Association taking advantage of the beneficial S106 acquisition process in place in Harrogate. Although no new properties were added to the portfolio in the year (indeed numbers dropped by one due to a customer exercising their right to acquire) significant resource was applied to contract negotiations on two schemes totalling 76 new properties. Both schemes are on site with handovers starting to take place during the current year. With strong control of overheads growth drives increased value for money.

The underlying operating surplus (excluding the surplus on property disposals) has increased to £893,099 from £870,388 in 2024. This continued growth in operating surplus reflects the positive effect of the growth strategy adopted a number of years ago. Whilst growth will continue the impact on surplus will be curtailed as additional investment in energy efficiency works, so that all properties are at least EPC C by 2028, is undertaken. The Association, however, is in a strong financial position to achieve this objective.

The overall results hide the costs associated with increased work on damp and mould remedies and managing the no win no fee disrepair claims pursued by a minority of customers. The only winners in such claims are the lawyers whose fees far outweigh any compensation received by the customer. The Association takes any report of damp and mould or water ingress seriously and aims to visit customers within two days of the report. Identifying a solution though can take some time and securing contractors to undertake remedial works is also challenging. This swift response, coupled with records from property inspections, provides the Association with significant information to manage the position. The Repairs Surveyor has practical experience of undertaking repairs and managing contractors. His input into cases is invaluable and he has also had a positive impact on the repairs service since he joined in September 2024.

During the year the Association undertook two surveys – one for customers and one for staff. Both produced positive results. Customer satisfaction, as in the sector overall, reduced but the Association sits firmly in the second quartile with overall satisfaction at 80%. This is down though on previous surveys. Staff changes and shortages leading up to the survey are thought to have contributed to the outcome. The Repairs Surveyor and Income Officer were recruited just after the survey was completed. Based on current information satisfaction and performance are improving. The Association contacted all customers who had commented on the survey and is also working with the CLC on delivering an action plan to further improve satisfaction.

All staff took part in their satisfaction survey with an overall satisfaction level of 86% obtained. All staff agreed they could see a clear link between their work and the Association's goals. Work has already begun to improve relations between the Board and staff as well as improve the office environment, areas highlighted by staff in the survey.

Operational performance has continued to be strong. Void loss was at 0.3% and bad debts even lower at 0.1%, arrears have been managed well with income collection at 100.8% and 88% of repairs were completed on time. This statistic improves to 94% when those out of time repairs delayed as a result of customer choice are removed. The repairs performance has suffered from a sparsity of contractors, on whom the Association solely relies for repairs delivery, being experienced in the market. With the Repairs Surveyor focussing on contractor recruitment this is improving, but slowly.

The Association commissioned a health and safety audit during the year looking at both landlord and employer responsibilities. Substantial assurance was obtained in respect of landlord responsibilities with only minor improvements being recommended which have been implemented. The position in relation to employer responsibilities did not receive the same level of assurance. The Board is pleased to confirm this is no longer the position. Following receipt of the report a detailed action plan was developed and implemented within a three month period. Record keeping and risk assessments have significantly improved with staff now being actively engaged in managing their own and others health and safety. Reporting to Board on office and staff health and safety has also been improved.

In addition to delivering the day to day activities a number of key strategic projects have progressed:

- The new £15m loan facility negotiated last year was signed on 4 September 2024 following the completion of the legal charging work. This provides the Association with long term funding (25 years) thus enabling it to deliver its growth ambitions

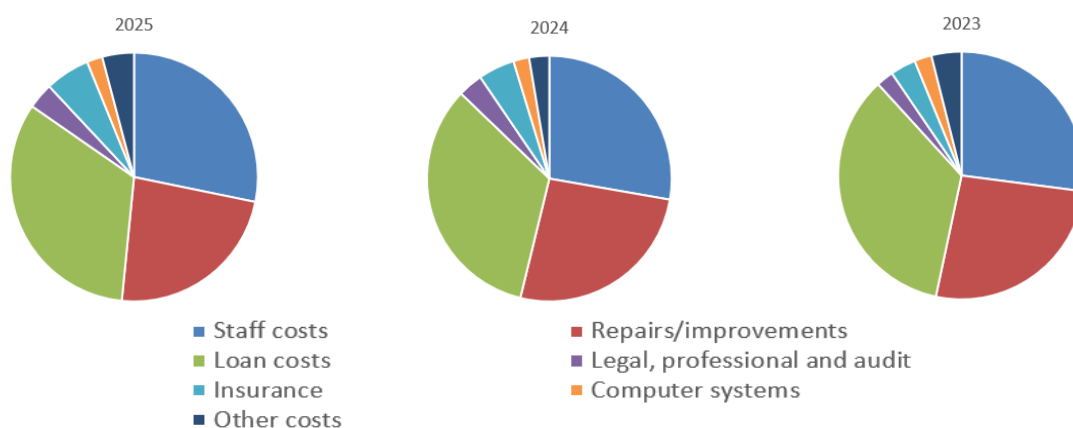
Harrogate Housing Association Limited

Report of the Board of Management For the year ended 31 March 2025

- The redevelopment of the Applegarth Homes site has not been straight forward. The planning authority have raised concerns about each iteration of the plans. The latest version sees the new scheme reduced to 20 units (from the 26 referred to in last year's report). This still doubles the number of units at the scheme and provides accommodation fit for the 21st century. This scheme has been submitted for feedback. A formal application will be made once this feedback has been received. Throughout the process regular meetings with the residents have taken place and they are still supportive of the regeneration
- The York and North Yorkshire Housing Partnership, comprising of housing associations with stock in that area, was formed during the year. The body will be the main driving force behind social housing development in Harrogate (as well as the rest of North Yorkshire). The Chief Executive is a key member of the partnership. The group has developed, and rolled out, a scheme design standards document setting out the quality and amenities expected from housebuilders on S106 plots. A similar standard has been in existence in Harrogate for a number of years but rolling it out across North Yorkshire will further improve the quality of houses being built. The Partnership is likely to replace the existing Harrogate development partnership so it is vital the Association remains engaged with the group to continue its growth ambitions
- Growth was contractually secured on a development on Yew Tree Lane where 42 rented properties are being delivered over the next 3 years. Contract negotiations on a further 34 unit development off Kingsley Drive are nearing completion and similarly on a nine unit development in Bishop Monkton
- The external wall insulation project with ECO4 grant funding from EON was progressed but stalled as planning could not be obtained. The project was cancelled post year end without a final planning decision being made as there was insufficient time to complete the works within the ECO4 grant requirements. This work would have improved the thermal comfort of around 40 homes with a combined investment (including grant) of over £1m. The planners thought the brick effect render was not sufficiently similar to the existing bricks so denied permission. Appeals were submitted but were not successful. The planners did not attach any merit to the improved energy efficiency to be gained by the customers living in the properties who supported the work. This is seen as disappointing, especially given the energy efficiency agenda being pursued by the Government and that other schemes elsewhere in the district had been approved. A new strategy to enable these properties to reach EPC C by 2028 has commenced.

The growth of the Association has been undertaken using cash reserves. There remains a significant amount of cash available (the bond finance obtained five years ago, pre pandemic, has not yet been utilised on developments as activity stopped due to the pandemic). The new facility noted above is sufficient to meet the costs of all properties in the development pipeline and the cost to redevelop Applegarth Homes. The facility also leaves further capacity for growth. All loan covenants have been met.

As can be seen below the Association's three main areas of spend are staff, repairs and interest. Each is important to the Association in different ways. Staff deliver customer service and manage the Association, repairs are the most important service to customers and interest is on loans obtained to purchase properties which enables more homes to be provided. The mix between these categories reflects the narrative above. The charts also show the increasing cost of insurance and legal and professional costs. The latter in part is related to disrepair claims and increasing external audit fees driven by a lack of auditors for the sector and the increasing audit regulation being implemented.



Harrogate Housing Association Limited

Report of the Board of Management For the year ended 31 March 2025

The Board would like to take this opportunity to formally thank the staff team for their efforts in securing this positive position and their continued commitment to our customers and the Association.

Future activities

The strategic objectives for the Association are divided into a number of themes which are summarised below:

- Supply – to deliver a rolling 60 new properties over a three year period within Harrogate through S106 and to deliver the redevelopment of Applegarth Homes
- Sustainability – aim for all new properties to be EPC A, adopting a fabric first approach, and existing stock to reach EPC C by 2028 using proven technologies. Options for those properties that can not reach this benchmark to be determined with disposal being a last resort and dependant on location
- Safety and service – to comply with all relevant health and safety requirements as set out in the new consumer standards, and use technology where relevant to engage with customers to collect data about their property as well as listen to and deliver services and homes that they want.

With the £15m loan facility in place the Association has the capacity to significantly increase its property ownership. Contracts have been signed or are nearing agreement for 85 new build S106 properties across three sites in Harrogate with handovers already taking place and expected to continue over the next two to three years. A further 43 properties have been allocated to the Association on two sites through the development partnership. Planning permission for a revised scheme is close to being submitted for the redevelopment of Applegarth Homes which will see an additional 10 units provided at the scheme as well as the replacement of the existing 10.

There remains capacity within the facility for at least a further 30 properties. The Association is well placed to obtain a further S106 allocation before 31 March 2026, if a site becomes available, and funders have already confirmed additional facilities are available if required for larger sites.

Whilst all new acquisitions have an EPC rating of B or above the Association has allocated £800,000 to improving the energy efficiency of its older properties to at least EPC C with a target date of 31 December 2028. As at 31 March 2025 63 properties were below the target. A significant number of these properties were part of the cancelled external wall insulation project with EON. Work is now progressing to undertake room in roof insulation, improved ventilation and other measures to move them to an EPC C. Reaching the target for all properties by 2028 will be achieved.

The Association will continue to meet its health and safety obligations and report compliance with the Associations gas, electric, asbestos and fire safety obligations in line with the requirements of the Regulator. The Association does not have any passenger lifts or high rise blocks. With no sheltered or older peoples accommodation legionella obligations are in relation to empty properties where the Association will undertake the necessary checks. The compliance with the above are reported to Board on a quarterly basis.

With an expansion in the number of properties it is important the Association remains local, approachable and customer-focussed. The roll out of the new customer engagement strategy coupled with the increased resource added to the neighbourhood team last year will ensure this is achieved. The Association though can not be complacent and as a Board we will be considering succession planning opportunities and organisational structures during the year to ensure service delivery at a local level can be maintained for the future.

In addition to the £800,000 included in the 2025/26 budget for energy efficiency works a further £524,000 has been budgeted to improve and maintain the Association's properties. This includes replacing four kitchens, six bathrooms, six doors, five whole house windows and 14 boilers. Budget has also been allocated for damp and mould related repairs, dormer window replacements, gas and electrical certificates and repairs and general day to day repairs.

Harrogate Housing Association Limited

Report of the Board of Management For the year ended 31 March 2025

Home reviews (visits to properties to identify property improvements that are required as well as collecting customer views on service delivery and any improvements which can be made) will continue to be undertaken in line with a two year cycle. 150 reviews are anticipated during the year. The stock condition data collected on these visits will be stored in the new planned maintenance module of the housing management system. Over the next two years the data collected will give the Association accurate property level information from which the long term planned maintenance plan can be refined and delivered. The two year visit cycle will ensure this data is kept refreshed and up to date. With the next reiteration of the decent homes standard due imminently this data will help us understand our level of compliance and any additional work that is required.

The Association can only successfully deliver on these activities with suitably qualified and engaged staff. The Association will continue to invest in its employees through training and development with CIH training available to all. Employees also attend targeted, role specific courses and have access to funded general personal development opportunities.

Cash reserves

The aim of the Association is to hold limited cash reserves with cash flow managed via a surplus generated on its housing activities and loan facilities. The long term additional funding obtained from The Housing Finance Corporation (THFC) in 2019 and other subsequent property disposals has resulted in significant cash reserves being held at the year end. These cash reserves will be used to fund the development activities and energy efficiency works noted above. The Board approved the drawdown from THFC recognising the growth of the Association, supported by long term financing, outweighed the cost of carry of the debt until development schemes were realised, however, these have been delayed by the pandemic. The Board have also confirmed that no capital project can be contracted until adequate funding has been secured which is facilitated by the above approach. It is worth noting that during the year more interest has been received on the funds on deposit than was paid on the underlying loans due to the increase in interest rates. This is an anomaly and the Association does not speculate on the market.

Creditor payment terms

Invoices received by the Association by the 7th calendar day of a month are paid on the last working day of that month where there are no issues with the work undertaken and no other payment terms have been agreed with the supplier.

Fixed assets

The changes in fixed assets during the year are set out in notes 12 and 13 of the accounts.

Political and charitable donations

During the year the Association made no political donations. A donation of £1,000 was made to the community hub in Starbeck to provide warm lunches during the winter months. The hub is in the heart of our properties and was used by a number of customers.

Value for money

The Association's definition of Value for Money (VFM) is simple: to deliver our social objectives in the most cost-effective way possible by:

- Providing an increasing number of quality homes at affordable rents for customers
- Providing the services customers want, cost effectively, efficiently and to the standards customers expect
- Contributing to improving the physical and social sustainability of the areas in which it works

whilst upholding our values of being local, approachable and customer-focussed.

Harrogate Housing Association Limited

Report of the Board of Management For the year ended 31 March 2025

The Association recognises that it needs to constantly look at how it delivers its core services to ensure they are cost effective and efficient, monitor the satisfaction of customers in relation to those services, taking action where appropriate, and ensure demand for its properties remains high. However, the key strategic objective to deliver value for money centres on property growth without a corresponding increase in the costs of management. This has been achieved over the past few years but with the increasing focus by the Regulator on property condition and the requirement for associations to know their homes and who lives in them at a greater level of detail the Association has recruited a Repairs Surveyor. This role is part funded through a saving on stock condition survey costs but the remainder of the cost has significantly increased overheads. Other staffing changes include the recruitment of a part time Income Officer to ensure this key area receives a high level of focus but also to release resource from the neighbourhood team to improve customer activity and interaction. No other changes are expected in the near future so as the development pipeline is delivered the costs of management per property should fall.

Property numbers in the year reduced by one due to a right to acquire disposal and no new ones have been added. Significant activity though was undertaken on the development pipeline and a return to growth during 2025/26 is anticipated with 12 property additions being forecast. Given current progress this figure may well be surpassed.

All our assets are located within the Harrogate district, the only area in which we operate, and are in high demand.

The management of properties for other housing associations is not, in itself, a social housing activity for the Association, but it has an underlying social housing purpose. Management services are currently supplied to one association, Harrogate Flower Fund Homes (HFFH) which has 33 properties. We set our charges for the services we deliver at a level which ensures the costs we incur in undertaking the activity are covered. The cost per property is reset every 3 years with any changes (both increases and reductions) in our underlying costs per property being passed on at renewal. Annual inflation increases during the 3 year period are made. The next renewal is due as of 30 September 2026. A small surplus as shown in note 3 has been made on this activity during the year.

The Association used its cash reserves in 2021 to support HFFH in the acquisition and refurbishment of a property. This approach significantly reduced the set up costs of a loan for them and, as the loan terms were on a commercial basis, increased the interest income of the Association above that which could be earned by placing the money on deposit. This was a value for money win for both associations. HFFH borrowed and repaid the loan but has retained a £75,000 facility. The Association benefited from the receipt of a non utilisation fee on the facility. The facility was fully cancelled by HFFH in August 2025.

The metrics required under the value for money standard are as follows:-

VFM Standard metrics	Target 2026**	Actual 2025	Target 2025	Actual 2024	Actual 2023	Sector median*
1 Reinvestment percentage	22.8%	3.4%	16.9%	2.0%	5.4%	3.5%
2 New supply delivered ***	4.2%	0.0%	0.0%	2.9%	3.0%	0.3%
3 Gearing	39.0%	24.4%	39.4%	26.1%	28.0%	34.4%
4 EBITDA MRI interest cover	(8.4%)	248.9%	(9.0%)	283.0%	257.1%	146%
5 Social housing costs per unit	£7,102	£3,193	£7,231	£2,788	£2,728	£4,849
6 Operating margin social housing	22.5%	44.9%	22.2%	47.5%	49.0%	21.2%
Operating margin overall	22.5%	43.8%	22.2%	46.9%	49.6%	20.2%
7 Return on capital employed	2.0%	4.1%	1.9%	4.4%	4.6%	2.4%

* - traditional registered providers with between 1,000 and 2,500 units where less than 10% of income is from supported housing and less than 10 properties are of seven stories or higher as per the Regulator of Social Housing's 2024 Global Accounts VFM metrics

** - these are based on the Board approved business plan. In comparison to 2025 they are impacted by the timing of stage payments on developments but units not being delivered in the year, a higher budget spend on planned maintenance and major repairs (including £800,000 on energy efficiency works deferred from 2025) than was spent in 2025, a higher allowance for responsive repairs due to inflation, full years costs for the Repairs Surveyor and a prudent budget

*** - all new supply delivered are social housing units. A rolling target of 60 units over a three year period is in place (equating to approximately 7% per annum)

Harrogate Housing Association Limited

Report of the Board of Management For the year ended 31 March 2025

Other key statistics for the Association are shown below:-

Other metrics	Target 2026 ^a	Actual 2025	Target 2025	Actual 2024	Actual 2023
Overhead cost per property ^b	£2,220	£2,037	£2,199	£1,661	£1,590
Percentage of rent collected	99.5%	100.8%	99.5%	99.2%	101.1%
Voids and bad debts percentage	0.5%	0.4%	0.5%	0.4%	0.3%
Current rent arrears percentage	1.0%	0.9%	1.0%	1.1%	0.7%
Units owned (Association)	285	274	275	275	267
Total units managed	319	308	309	309	301
Customer satisfaction ^c					
Overall	80%	80%	85%	85%	85%

a - these are the stretch targets used for monitoring and management. Overall the Association is operating well within the parameters used in the business plan

b – the overhead cost per property is based on total salaries and administration overheads to enable efficiency gains through growth to be measured

c - surveys undertaken in years ended 31 March 2025 and 31 March 2023. Next survey due in year ending 31 March 2027 so target is per latest survey

The VFM metrics for the year and performance against the 2025 target have been impacted by:

- Development schemes overall (including assets under construction) not progressing as fast as the 2025 business plan assumed so investment was lower than anticipated. As development is S106 based the Association has no control over a developers speed of build. A number of schemes are now on site with stage payments being made as per the contracts. Metric 2 and the units owned figures reflect the anticipated handovers in 2025/2026
- Major works spend being lower than planned as the external wall insulation work was not progressed. This budget has been carried forward into 2026 and whilst the external wall insulation work won't be progressed other energy efficiency works, eg room in roof insulation, will be undertaken in line with the EPC C by 2028 target implemented by the Board
- Interest cover benefitted from both of the above due to a lower spend level than planned. In addition high levels of cash reserves and continued high interest rates saw a considerable return being received which further positively impacted this metric
- The metrics were also impacted by a right to acquire disposal generating a surplus of £167,580

The 2026 target for VFM metric 4 is negative reflecting the significant investment in energy efficiency works and the development pipeline which will start to produce income from 2025/26 onwards but not for a full year and there will be a considerable amount held in assets under construction at the year end. The loan covenants of the Association exclude capitalised major works from their interest cover calculations which means the Association will continue to meet the requirements of its loan agreements.

Metric 5 is also impacted by the delayed energy efficiency works but its higher than inflation increase from 2024 is due to the staff structure changes with the recruitment of a Repairs Surveyor and part time Income Officer. In addition insurance costs have doubled along with an above inflation increase in repairs costs.

Comparing the metrics of the Association to the sector median ones for smaller associations shows the Association is expanding at a much higher rate than its comparators (although not reflected in the 2025 numbers) and producing higher rates of return. This is helped by the Association being a member of the development partnership through which it receives an equal share of S106 properties in line with the larger stock holding members, and the high rents in Harrogate.

In relation to the other metrics of the Association there has been a steady, inflation adjusted, reduction in the overhead cost per property in line with the VFM strategy for growth but this was not the case for the 2025 outcome. As already noted two new positions were added to the structure during the year and a full years impact of the doubled property insurance premiums were included (renewal is in November each year). Legal fees in relation to disrepair claims were also higher than budgeted and previous years costs. The Board welcomes the call for evidence by the Government on this aspect of activity. The other metrics show operational performance remains strong.

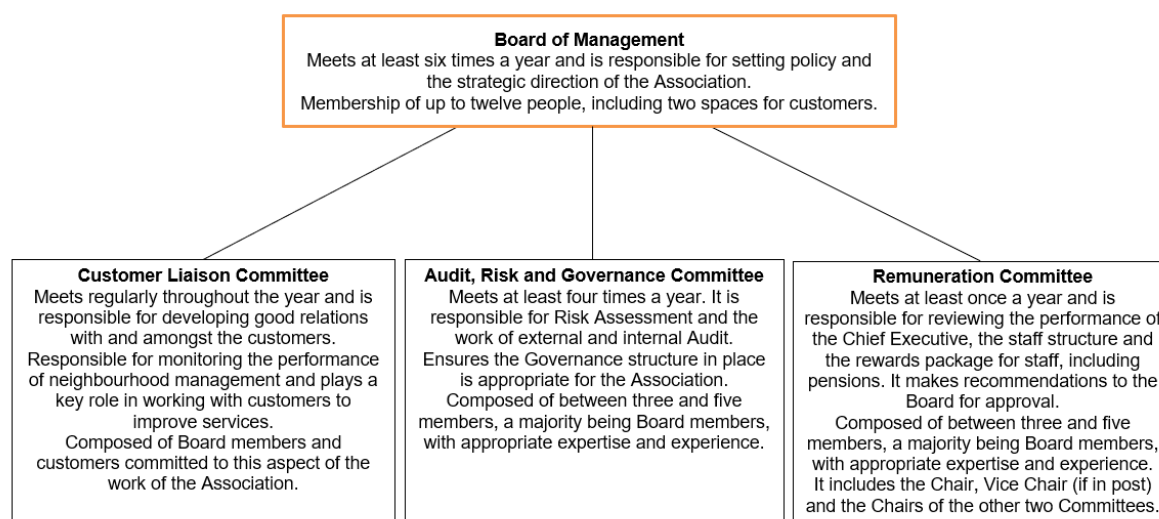
Harrogate Housing Association Limited

Report of the Board of Management For the year ended 31 March 2025

The Association subscribes to SPBM – the smaller providers benchmarking group run by Acuity. Comparing ourselves with other associations of less than 1,000 units who predominately have general needs housing stock we sit firmly in the top quartile on the VFM metrics where quartiles are published except on reinvestment percentage and new supply delivered. The former has been impacted by the delay in the energy efficiency works and lack of progress on the development pipeline which impacts the latter (data extracted 1 July 2025). Both these metrics are expected to improve during 2025/2026 as long awaited developments start on site. In relation to voids, bad debts and percentage of rent collected the Association is in the top half. The Association is in the third quartile with regards Customer Satisfaction. An action plan is in place to improve our satisfaction score by the next survey in summer 2026.

Governance

The following governance structure has been in place throughout the year and the Board have confirmed that it still meets the needs of the Association:



Details of the Board of Management and the changes during the financial year and up to the date of the approval of this report are included on page 1.

The Association follows the National Housing Federation's Code of Governance 2020. The Association complies fully with the code except that two Board members, Megan Henderson and Joanne Watson, have remained on the Board for a seventh year. The Board requested and they agreed to remain for an additional year due to the unexpected departure of two recently appointed individuals. New Board members have been recruited during the year and Megan and Joanne are stepping down at the annual general meeting. The Association has also adopted the NHF Code of Conduct 2022.

The Association has adopted the National Housing Federations voluntary code for Mergers, Group Structures and Partnerships. In line with the requirements of the code the Association must report any approaches it has received and the outcome. The Association has not received any approaches during the year.

The Group has insurance policies in place that indemnify its Board and Chief Executive against liability when acting for the Association. The policy also covers the Association when it is acting as Corporate Trustee for Applegarth Homes.

Harrogate Housing Association Limited

Report of the Board of Management For the year ended 31 March 2025

Equality, diversity and inclusion

The Association updated its Equality, Diversity and Inclusion Strategy during the year, a copy of which is available at www.hhal.org.uk. The principle targets and actions are discussed below.

The Association has collected diversity information for all staff and Board members which identified that LGBTQ and disabled people were underrepresented in both groups and men were underrepresented in the staff group. Board and staff vacancies have been advertised on the Housing Diversity Network website. We continued to try and find a cost effective route for advertising specifically to the underrepresented groups. We have now identified a route which will be used for future recruitments. The gender balance in the workforce though has improved with both the Repairs Surveyor and Income Officer being male.

Through direct contact with customers the Association has identified which customers want a change in how its services are delivered to meet their particular circumstances. For example we know which customers are hard of hearing and require a louder door knock. In total 64 customers have requested a service change. Staff are informed about the required change each time they access a customer record so they can react appropriately. Likewise contractors are informed when they need to undertake work at a customers property. In line with recent regulatory pronouncements and the NHF's Better Social Housing Review we have commenced collecting other protected characteristic information. With only a relatively small number of customers and even smaller subsets of those with protected characteristics collecting and analysing service performance by these subsets would not be statistically sound, be resource hungry and likely lead to anomalous results. However, once the data is collected analysis will be undertaken and a decision made on its value to the Association.

Protected characteristic information was collected as part of the bi-annual customer satisfaction survey undertaken over the 2024 summer. The sample size was too small to allow any meaningful analysis to be undertaken.

In line with the strategy property allocation information was reported to Board during the year. It confirmed no bias existed in the lettings of properties.

Equality, Diversity and Inclusion training took place in May 2024 with all staff attending and all Board members given the opportunity to.

The Association will continue to deliver the actions and targets in its Equality, Diversity and Inclusion Strategy 2025.

Board Members and their interests

The Board Members in office during the year are listed on page 1.

Each Board Member holds one fully paid share of £1 in the Association.

Statement of the Board's responsibilities in respect of the financial statements

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Association and of the income and expenditure for the period of account.

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

1. Select suitable accounting policies and then apply them consistently,
2. Make judgements and estimates that are reasonable and prudent,
3. State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
4. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

Harrogate Housing Association Limited

Report of the Board of Management For the year ended 31 March 2025

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Association and to enable it 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. It 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.

Disclosure of information to Auditors

The Board members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; and each Board member has taken all the steps that they ought to have taken as a Board member to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Statement on the Association's system of internal control

The Board acknowledges its overall responsibility, for establishing and maintaining the whole system of internal control and for reviewing annually its effectiveness.

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, and to provide reasonable assurance that the key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls, which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed and is consistent with principles incorporated in the regulator's guidance.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

Identification and evaluation of key risks

The Board reviewed its appetite for risk in early 2023 across the key areas of activity of the Association. The outcome was the continued recognition that no activity is free from risk. The Association adopts safe and proven delivery options for its operational activities, bases its plans for the future on realistic assumptions looking to use its resources, including its borrowing capacity, to increase the number of affordable homes available but balancing this with investing in and improving its existing homes using existing, proven methods. The risk appetite will be reviewed in 2025 following the appointment of a number of new Board members and some retirements through length of service. The scoring of risks will also form part of this work.

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks in the Risk Assurance Framework which was updated during the year. There is a formal ongoing process of management review in each area of the Association's activities. The results continue to be reviewed by the Board on a regular basis. The Chief Executive is responsible for reporting significant risks or any changes in significant risks facing the Association to the Board within these reports. The Board formally approve a strategic risk map, which considers those risks which might prevent the Association delivering its strategic objectives.

Harrogate Housing Association Limited

Report of the Board of Management For the year ended 31 March 2025

The key strategic risks as identified by the Board with additional commentary are given below:

- Development opportunities through S106 cease – the Association has 128 properties allocated through the development partnership which has been retained for the current time until a new local housing plan is in place for the whole of North Yorkshire. This represents a significant pipeline given the size of the Association. The Association will aim to secure as many S106 schemes as possible before the partnership ceases. There is potential for a North Yorkshire wide arrangement managed by the York and North Yorkshire Housing Partnership to take its place but this has not been agreed as yet. In the event of opportunities ceasing to come forward the Board will develop other avenues for growth
- The Applegarth replacement scheme is not delivered – the scheme is currently awaiting planning permission. If permission is not granted the Association will develop a plan to upgrade the existing units but this will be costly and extremely disruptive to residents. It will also not deliver value for money
- Stock does not meet EPC C by 2028 – the business plan has made a significant allowance for EPC improvement works (£800,000 during 2025/2026) with activity on some properties already started. Annual monitoring of progress against the target is undertaken by the Board. 23% (63 properties, 69 at 31 March 2024) currently do not reach this benchmark
- Additional health and safety requirements arising from the new consumer standards will not be met – a gap analysis against the standards has been undertaken which has not highlighted any major concerns especially as the Association does not have any high rise blocks or any dangerous cladding. A review of our properties against the imminent decent homes 2 standard will take place once it is released but no major issues are envisaged. The introduction of Awaabs law is awaited but given the Association's existing policy in respect of damp and mould this is unlikely to result in any major changes
- Unable to involve customers or listen to their ideas to develop and deliver the right services and homes for them – whilst the Association has the CLC in place and a Customer Engagement Strategy it is starting to use the Home Reviews face to face meetings with customers in their homes to gather feedback on services and property condition. Summarising this qualitative information in a meaningful format remains a challenge being worked on
- Cyber attack impacts on ability to deliver services – the Association's housing management system and e mail are cloud based with IT support outsourced to experts. The Association has also obtained the cyber essentials plus accreditation which is indicative of a potentially secure system. Staff are also regularly reminded of the need to be vigilant with external files and e mails through training videos and newsletters by KnowBe4
- Unable to recruit new Board members and staff – the recent recruitment drive for Board members was successful and following the reduction due to retirement the Board will have 10 members. Staff recruitment is proving challenging and taking longer than previously to find suitable appointees. However, to date, vacant positions have always been filled but not necessarily in the first round of interviews and agency appointments have also been utilised

The Association does not have any tower blocks or buildings with unsafe cladding. Externally commissioned fire risk assessments have been undertaken for all properties with communal areas and any items identified as requiring attention have been dealt with. Regular inspections of the communal areas take place as well as weekly fire alarm checks. None of the Association's properties contain RAAC.

The Board have considered the impacts of any future extreme changes to inflation, interest rates and other cost related scenarios on the long term finances of Association. The business plan scenarios undertaken indicate the Association is financially strong and able to withstand significant increases in costs and remain financially viable. The impact on customers from increased utility costs and the higher general cost of living, including food inflation has also been considered. In response the Board established a fund to help alleviate the problems being faced by customers. The Board receive regular updates on costs, repairs performance and the use of the fund to enable them to take action as required to manage the risks being faced by the Association.

Harrogate Housing Association Limited

Report of the Board of Management For the year ended 31 March 2025

Monitoring and corrective action

The Board is responsible for ensuring the process of control through self-assessment is effective and that management reporting on control issues provides hierarchical assurance to successive levels of management and to the Board. This includes a rigorous procedure for ensuring that effective monitoring is in place and that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements.

Control environment and control procedures

The Board retains responsibility for a defined range of issues covering strategic, operational, financial, and compliance issues including treasury strategy and new investment projects. Policies and procedures cover such issues as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

Information and financial reporting systems

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 also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

Auditors

In accordance with the Co-operative and Community Benefit Societies Act 2014 a resolution to re-appoint Beever and Struthers as the Association's auditors, will be proposed at the Annual General Meeting.

Governance and Financial Viability

The Board confirms that the Association complies with the Regulator of Social Housing's Governance and Financial Viability Standard.

Statement of compliance

The Board of Management confirm that this report has been prepared in accordance with the principles set out in paragraph 4.7 of the 2018 SORP for Registered Social Housing Providers

Approved by the Board of Management on 17 September 2025

Ms C Stone
Chair

Harrogate Housing Association Limited

Independent Auditor's report to the Members of Harrogate Housing Association Limited

Opinion

We have audited the financial statements of Harrogate Housing Association (the Association) for the year ended 31 March 2025 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity (Reserves), Statement of Cash Flows and the notes to the financial statements, including a summary of principle accounting policies in note 2. 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 2025 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.

Other information

The other information comprises the information included in the Report of the Board of Management, 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 in this other information, we are required to report that fact.

We have nothing to report in this regard.

Harrogate Housing Association Limited

Independent Auditor's report to the Members of Harrogate Housing Association Limited

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 pages 14 and 15, 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.

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 web-site 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, regulations and guidance 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, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Association's activities.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.

Harrogate Housing Association Limited

Independent Auditor's report to Harrogate Housing Association Limited

- 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.
- 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, 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 members of the Association those matters we are required to state to it 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 of the Association for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers
Statutory Auditor
One Express
1 George Leigh Street
Manchester
M4 5DL

Date: 22 September 2025

Harrogate Housing Association Limited

Statement of Comprehensive Income For the year ended 31 March 2025

	Notes	2025 £	2024 £
Turnover	3a	2,041,062	1,982,578
Operating expenditure	3a	(1,147,963)	(1,053,768)
Profit on disposal of Fixed Assets	3b	167,580	-
Operating surplus		1,060,679	928,810
Interest receivable	5	129,045	125,406
Interest and financing costs	6	(468,290)	(414,241)
Surplus before taxation		721,434	639,975
Taxation	11	-	-
Surplus for the year	7	721,434	639,975
Other comprehensive income			
Actuarial (losses)/gains in respect of pension scheme	10	(11,000)	(43,000)
Total comprehensive income for the year		710,434	596,975

All of the above results derive from the continuing operations of the Association.

Historical cost surpluses and deficits were identical to those shown in the statement of comprehensive income.

The notes on pages 25 to 46 form an integral part of these financial statements.

The financial statements on pages 21 to 46 were approved and authorised for issue by the Board of Management on 17 September 2025 and were signed on its behalf by:-

Ms C Stone..... Chair of the Board

Mr D Smith..... Chair of the Audit, Risk and Governance Committee

Mr S Brook..... Secretary

Harrogate Housing Association Limited

Statement of Financial Position For the year ended 31 March 2025

	Notes	2025	2024
		£	£
Fixed assets			
Housing properties	12	18,410,876	18,134,505
Other tangible fixed assets	13	182,887	182,439
		<u>18,593,763</u>	<u>18,316,944</u>
Current assets			
Stock	14	-	-
Trade and other debtors	15	225,008	250,127
Current asset investments	16	287,000	287,000
Cash and cash equivalents	17	3,074,616	2,839,267
		<u>3,586,624</u>	<u>3,376,394</u>
<u>Less:</u>			
Creditors: amounts falling due within one year	18	<u>(361,884)</u>	<u>(327,663)</u>
Net current assets		<u>3,224,740</u>	<u>3,048,731</u>
Total assets less current liabilities		21,818,503	21,365,675
Creditors: amounts falling due after more than one year	19	(12,705,008)	(12,936,617)
Provisions for liabilities			
Pension – defined benefit liability	10	<u>(112,000)</u>	<u>(138,000)</u>
Total net assets		<u>9,001,495</u>	<u>8,291,058</u>
Reserves			
Non-equity share capital	22	22	21
Income and expenditure reserve	23	<u>9,001,473</u>	<u>8,291,037</u>
Total reserves		<u>9,001,495</u>	<u>8,291,058</u>

The notes on pages 25 to 46 form an integral part of these financial statements.

The financial statements on pages 21 to 46 were approved and authorised for issue by the Board of Management on 17 September 2025 and were signed on its behalf by:-

Ms C Stone..... Chair of the Board

Mr D Smith..... Chair of the Audit, Risk and Governance Committee

Mr S Brook..... Secretary

Harrogate Housing Association Limited

Statement of Changes in Reserves For the year ended 31 March 2025

	Non-equity share capital £	Income and expenditure reserve £	Total £
Balance at 31 March 2023	21	7,694,059	7,694,080
Surplus for the year	-	639,975	639,975
Actuarial gains in respect of pension scheme	-	(43,000)	(43,000)
Shares issued during the year	3	-	3
Shares surrendered during the year	(3)	3	-
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2024	21	8,291,037	8,291,058
Surplus for the year	-	721,434	721,434
Actuarial losses in respect of pension scheme	-	(11,000)	(11,000)
Shares issued during the year	3	-	3
Shares surrendered during the year	(2)	2	-
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2025	22	9,001,473	9,001,495

The notes on pages 25 to 46 form an integral part of these financial statements.

Harrogate Housing Association Limited

Statement of Cash Flows For the year ended 31 March 2025

	2025		2024	
	£	£	£	£
Net cash generated from operating activities (see Note 1 below)		1,104,322		1,114,710
Cash flow from investing activities				
Purchase of tangible fixed assets	(614,724)		(481,250)	
Purchase of shared ownership properties	-		-	
Proceeds from shared ownership staircasing sales	-		-	
Net proceeds from sale of fixed assets	229,026		-	
Loan repayment from Harrogate Flower Fund Homes	-		60,000	
Grants repaid	-		-	
Release/(increase) of THFC sinking fund	-		-	
Interest received	128,342		118,912	
		(257,356)		(302,338)
Cash flow from financing activities				
Shares issued	3		3	
Interest paid	(460,431)		(433,292)	
Refinancing/other loan related costs	(151,189)		(63,806)	
New secured loans	-		-	
Repayments of loans	-		-	
		(611,617)		(497,095)
Net change in cash and cash equivalents		235,349		315,277
Cash and cash equivalents at beginning of year		2,839,267		2,523,990
Cash and cash equivalents at end of the year		3,074,616		2,839,267
Note 1				
Surplus for the year		721,434		639,975
Adjustments for non-cash items:				
Depreciation of tangible fixed assets		292,949		282,490
Amortisation of Government grants		(61,539)		(60,903)
Decrease in stock		-		45,074
(Increase)/decrease in trade and other debtors		(13,634)		(34,059)
Increase/(decrease) in trade and other creditors		36,447		(9,702)
Profit on disposal of fixed assets		(167,580)		
Pension costs less contributions payable		(43,000)		(37,000)
Adjustments for investing or financing activities:				
Interest and financing costs		468,290		414,241
Interest received and similar income		(129,045)		(125,406)
		1,104,322		1,114,710

The notes on pages 25 to 46 form an integral part of these financial statements.

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2025

1. General information

Harrogate Housing Association Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing. The registered office is 10 High Street, Harrogate, North Yorkshire, HG2 7HY.

The Group comprises the following entities:

Name	Incorporation	Registration status
Harrogate Housing Association Limited	Co-operative and Community Benefit Societies Act 2014	Registered – Regulator of Social Housing
Applegarth Homes	Charitable Incorporated Organisation	Registered – Charity Commission

2. Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2022.

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 accounts are prepared on the historical cost basis of accounting and are presented in sterling £ for the year ended 31 March 2025.

The financial statements have been prepared in compliance with FRS 102. The Association meets the definition of a public benefit entity (PBE).

Basis of consolidation

Consolidated financial statements have not been prepared for the year ended 31 March 2025 as there were no activities in the subsidiary.

Going concern

The financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future.

The current business plan is financially strong and stress testing indicates the Association can easily withstand significant adverse financial impacts, like increased voids and arrears, and remain compliant with its loan obligations.

The Board of Management also has a reasonable expectation that working capital is adequate to continue in operational existence for the foreseeable future. The Association holds various loan facilities (as detailed in note 19) which were taken out for the acquisition of housing properties. The Board of Management is not aware of any circumstances that may adversely affect the renewal of these facilities. Accordingly, it believes it is appropriate to prepare the financial statements on a going concern basis.

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2025

2. Principal accounting policies (continued) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Key areas of judgement:

- a. Categorisation of housing properties
The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, it has considered if the asset is held for social benefit or to earn commercial rentals.
- b. Impairment
The Association has identified a cash generating unit for impairment assessment purposes at a property scheme level.
- c. Impairment of non-financial assets
Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified. The Association has assessed that no trigger for an impairment review has occurred.
- d. Lease of properties from Applegarth Homes
The Association considers this an operating lease.

Other key sources of estimation and assumptions:

- a. Tangible fixed assets
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- b. Shared ownership properties
Shared ownership properties are split between fixed assets and current assets with the split determined by the % of the property to be sold under a first tranche disposal. The carrying value of shared ownership properties held within current assets is judged to be the lower of cost and net realisable value.
- c. Pension and other post-employment benefits.
The Association participates in the Social Housing Pension Scheme ('SHPS'), a defined benefit multi-employer pension scheme administered by TPT Retirement Solutions ('TPT'). The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations, and these valuations involve making assumptions. The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation are standard rates of inflation, property valuations, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 10.

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2025

2. Principal accounting policies (continued)

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and Homes England, income from the sale of shared ownership properties, management income and other income and is recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion.

Service charges

Service charge income and costs are recognised on an accruals basis.

Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

Loan finance issue costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income in the year in which the redemption took place.

Taxation

The Association has charitable status and is therefore exempt from UK corporation tax on charitable activities.

The Association is not registered for VAT and therefore expenditure is stated inclusive of VAT.

Tangible fixed assets and depreciation

Housing properties

Housing properties are stated at cost less accumulated depreciation.

Housing properties under construction are stated at cost and not depreciated. These are reclassified as housing properties on practical completion of construction.

Freehold land is not depreciated and fixed asset additions under £1,000 are not capitalised.

Where a housing property comprises two or more major components with substantially different useful economic lives (UEls), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred. The Association depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2025

2. Principal accounting policies (continued)

The Association capitalises expenditure on housing properties that increases the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the rental income, a reduction in future maintenance costs, or a significant extension of the life of the property.

UEls for identified components are as follows:

Structure	80 years
Windows and doors	30 years
Kitchens	20 years
Bathrooms	30 years
Boilers/heat exchangers/pumps	15 years
Plumbing	30 years
Electrics	40 years
Roofs	70 years
External wall insulation	Over remaining life of structure

The Association depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which are as follows:

Office furniture	10% on cost
Computer equipment	20% on cost
White goods for properties	12.5% on cost
Property held for own use	Between 15 and 80 years (see above UEL's)

The useful economic lives of all tangible fixed assets are reviewed annually.

Shared ownership properties

The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into its intended use.

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2025

2. Principal accounting policies (continued) Current asset investments

Current asset investments include cash and cash equivalents invested for periods of more than 3 months which are not accessible on demand.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other operating expenses.

Non-government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as Turnover.

Social Housing and other government grants

Where developments have been financed wholly or partly by Social Housing and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. Social Housing Grant received for items of cost written off in the statement of comprehensive income is included as part of turnover.

When Social Housing Grant in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

Social Housing Grant must be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the Social Housing Grant can be used for projects approved by Homes England. However, Social Housing Grant may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as turnover. In certain circumstances, Social Housing Grant may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Recycling of Capital Grant

Where Social Housing Grant is recycled, as described above, the Social Housing Grant is credited to a fund which appears as a creditor until used to fund the acquisition of new properties or remodelling existing ones, where recycled grant is known to be repayable it is shown as a creditor due within one year.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Retirement benefits

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services. The disclosures in the accounts follow the requirements of Section 28 of FRS 102 in relation to multi-employer funded schemes in which the Association has a participating interest.

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2025

2. Principal accounting policies (continued) Provisions

The Association only provides for contractual liabilities.

Operating leases

All costs are written off to the Statement of Comprehensive Income as they are incurred.

The acquisition of the Applegarth Homes properties on a 125 year full insuring and repairing lease has been treated as an operating lease as no premium was paid on acquisition and no rent is due under the lease. Component replacements/additions to the properties will be treated as per the housing properties accounting policy.

Financial Instruments

The Association only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

Basic financial instruments, where a financing transaction, are initially recognised at fair value including any premium or discount on issue and subsequently measured at amortised cost using the effective interest method.

Impairment of Financial Assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2025

3a. Particulars of turnover, operating expenditure and operating surplus

	2025		
	Turnover £	Operating Expenditure £	Operating Surplus £
Social housing lettings (see note 4)	1,980,479	(1,092,298)	888,181
Other social housing activities			
First tranche low cost home ownership sales	-	-	-
Management income	49,302	(46,834)	2,468
Other	11,281	(8,831)	2,450
Total	2,041,062	(1,147,963)	893,099
	2024		
	Turnover £	Operating Expenditure £	Operating Surplus £
Social housing lettings (see note 4)	1,817,535	(953,871)	863,664
Other social housing activities			
First tranche low cost home ownership sales	105,000	(46,578)	58,422
Management income	46,200	(41,947)	4,253
Other	13,843	(11,372)	2,471
Total	1,982,578	(1,053,768)	928,810

3b. Profit on disposal of fixed assets	2025	2024
	£	£
Disposal Proceeds	230,000	-
Carrying value of fixed assets	(61,448)	-
Other costs of sales	(972)	-
	167,580	-

The above represents a right to acquire disposal.

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2025

4. Particulars of turnover and operating expenditure from social housing lettings

	General needs housing £	Supported housing £	Shared ownership £	Total 2025 £	Total 2024 £
Income					
Rent receivable net of identifiable service charges and net of voids	1,717,995	66,041	99,737	1,883,773	1,720,272
Service charge income	27,573	1,749	5,845	35,167	36,360
Amortised government grants	49,262	10,626	1,651	61,539	60,903
Total turnover from social housing lettings	1,794,830	78,416	107,233	1,980,479	1,817,535
Operating expenditure					
Management	366,369	17,030	39,028	422,427	332,793
Service charge costs	22,244	1,725	5,534	29,503	34,756
Routine maintenance	191,903	3,829	-	195,732	167,204
Planned maintenance	51,977	1,723	-	53,700	64,655
Major repairs expenditure	96,234	-	-	96,234	69,335
Bad debts	2,447	-	-	2,447	2,624
Depreciation of housing properties	255,915	17,800	12,012	285,727	276,148
Lease costs	6,528	-	-	6,528	6,356
Total operating expenditure on social housing lettings	993,617	42,107	56,574	1,092,298	953,871
Operating surplus on social housing lettings	801,213	36,309	50,659	888,181	863,664
Voids losses (being rental and service charge income lost as a result of property not being let, although it is available for letting)	4,820	-	-	4,820	3,841

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2025

5. Interest receivable and similar income

	2025 £	2024 £
Bank interest received	128,108	122,984
Other interest	937	2,422
	<u>129,045</u>	<u>125,406</u>

Other interest represents the non-utilisation fees and interest on the loan to Harrogate Flower Fund Homes (see note 15).

6. Interest and financing costs

	2025 £	2024 £
Loan interest	465,872	433,964
Costs associated with financing and refinancing	71,321	46,250
Amortisation of bond premium	(65,756)	(63,708)
Interest on pension scheme deficit	6,000	5,000
Less: interest capitalised/prepaid	(9,147)	(7,265)
	<u>468,290</u>	<u>414,241</u>

The average cost of borrowing used to capitalise interest was 3.03% (2024 – 3.05%).

Costs associated with financing and refinancing include £25,836 loan issue costs in relation to the Yorkshire Building Society loan facility which was cancelled during the year.

7. Surplus for the year

	2025 £	2024 £
Surplus for the year is stated after charging/(crediting):		
Auditor's remuneration (excluding VAT):		
In their capacity as auditors	13,150	10,322
In respect of other services	350	348
Operating lease rentals	768	768
Depreciation of housing properties	285,727	276,148
Depreciation of office fixtures and fittings	7,222	6,342
Amortisation of government grants	(61,539)	(60,903)
	<u></u>	<u></u>

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2025

8. Employee information

The average weekly number of persons employed during the year (full time equivalents, i.e. 37 hours per week) was:

	2025 No	2024 No
Housing management and administration	7	6

	2025 £	2024 £
Staff costs (for the above persons):		
Wages and salaries	313,907	263,391
Social security costs	21,625	18,259
Other pension costs before FRS102 annual adjustment	55,741	50,425
	391,273	332,075

	2025 No	2024 No
Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the year		
£90,000 – £100,000	1	1

9. Key management personnel emoluments

Key management personnel are defined as Members of the Board of Management and the Chief Executive.

No members of the Board of Management received any remuneration in the year (2024 – none).

The remuneration paid to the Chief Executive was:

	2025 £	2024 £
Emoluments and total key management personnel remuneration:		
(Including pension contributions and benefits in kind)	108,276	103,454
Emoluments: paid to the highest paid employee (the Chief Executive)		
(Excluding pension contributions)	99,069	94,685

The Chief Executive is a member of the Social Housing Pension Scheme. He is an ordinary member of the scheme, and no enhanced or special terms apply. The Association did not make any further contribution to individual pension arrangements for the Chief Executive.

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2025

10. Pension obligations

Social Housing Pension Scheme

The Association participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

The most recent formal valuation was completed on 30 September 2023, and rolled forward allowing for the different financial assumptions required under FRS102, to 31 March 2025, by a qualified independent actuary.

The major assumptions used by the actuary in assessing scheme liabilities were:

	2025	2024
	% per annum	% per annum
Discount rate	5.73	4.87
Inflation (RPI)	3.13	3.19
Inflation (CPI)	2.76	2.76
Salary growth	3.76	3.76
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

Mortality Assumptions

The post retirement mortality assumptions adopted at 31 March 2025 imply the following life expectancies:

	2025	2024
	No. of years	No. of years
Male retiring in 2025	20.5	20.5
Female retiring in 2025	23.0	23.0
Male retiring in 2045	21.7	21.8
Female retiring in 2045	24.5	24.4

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2025

10. Pension obligations (continued)

Amount recognised in the Statement of Financial Position

	2025 £	2024 £
Fair value of plan assets	595,000	572,000
Present value of defined benefit obligation	(707,000)	(710,000)
Net liability to be recognised	(112,000)	(138,000)

Analysis of amount charged to operating expenditure in the Statement of Comprehensive Income

	£	£
Current service cost	2,000	2,000
Expenses	3,000	3,000
Total operating charge	5,000	5,000

Analysis of pension finance (income) / expenses

	2025 £	2024 £
Interest expense	35,000	32,000
Interest income	(29,000)	(27,000)
Amounts charged to financing costs	6,000	5,000

Amount of gains and losses recognised in the Statement of Comprehensive Income

	2025 £	2024 £
Actuarial losses on pension scheme assets	(58,000)	(32,000)
Actuarial gains/(losses) on pension scheme liabilities	47,000	(11,000)
Actuarial (loss)/gain recognised	(11,000)	(43,000)

Movement in deficit during year

	2025 £	2024 £
Deficit in scheme at 1 April	138,000	127,000
Current service cost	2,000	2,000
Expenses	3,000	3,000
Employer contributions	(48,000)	(42,000)
Net interest expense	6,000	5,000
Actuarial (loss)/gain	11,000	43,000
Deficit in scheme at 31 March	112,000	138,000

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2025

10. Pension obligations (continued)

Reconciliation of opening and closing balances of the defined benefit obligation

	2025	2024
	£	£
Defined benefit obligation as at 1 April	710,000	660,000
Current service cost	2,000	2,000
Expenses	3,000	3,000
Interest expense	35,000	32,000
Contributions by plan participants	27,000	24,000
Actuarial losses due to scheme experience	24,000	17,000
Actuarial (gains) due to changes in demographic assumptions	-	(8,000)
Actuarial (gains)/losses due to changes in financial assumptions	(71,000)	2,000
Benefits paid and expenses	(23,000)	(22,000)
	<u>707,000</u>	<u>710,000</u>

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

	2025	2024
	£	£
Fair value of plan assets as at 1 April	572,000	533,000
Interest income	29,000	27,000
Experience on plan assets (excluding interest income)	(58,000)	(32,000)
Contributions by the employer	48,000	42,000
Contributions by plan participants	27,000	24,000
Benefits paid and expenses	(23,000)	(22,000)
	<u>595,000</u>	<u>572,000</u>

11. Taxation

The Association has Charitable Status and is therefore exempt from UK corporation tax on its charitable activities.

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2025

12. Tangible fixed assets – housing properties	Social housing properties for letting completed £	Social housing properties for letting under construction £	Shared ownership properties completed £	Shared ownership properties under construction £	Housing properties total £
Cost					
At 1 April 2024	19,750,627	-	1,567,072	-	21,317,699
Property additions	101,380	451,181	-	-	552,561
Schemes completed	-	-	-	-	-
Component additions	65,088	-	-	-	65,088
Component disposals	(20,945)	-	-	-	(20,945)
Property disposal	(72,256)	-	-	-	(72,256)
Transfer from shared ownership	84,480	-	(84,480)	-	-
At 31 March 2025	19,908,374	451,181	1,482,592	-	21,842,147
Depreciation					
At 1 April 2024	3,105,074	-	78,120	-	3,183,194
Charge for the year	273,715	-	12,012	-	285,727
Eliminated on component disposals	(20,945)	-	-	-	(20,945)
Eliminated on property disposal	(16,705)	-	-	-	(16,705)
Transfer from shared ownership	6,336	-	(6,336)	-	-
At 31 March 2025	3,347,475	-	83,796	-	3,431,271
Net book value					
At 31 March 2025	16,560,899	451,181	1,398,796	-	18,410,876
At 31 March 2024	16,645,553	-	1,488,952	-	18,134,505

During the year the Association bought back a Shared Ownership Property and converted it to rent

Housing properties comprise:	2025 £	2024 £
Freeholds	17,331,077	17,041,866
Long leaseholds	1,079,799	1,092,639
	18,410,876	18,134,505
The following amounts have been capitalised during the year:		
	2025 £	2024 £
Interest	9,147	7,265
Management costs	29,659	14,116
	38,806	21,381

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2025

12. Tangible fixed assets – housing properties (continued)

Works to existing properties in the year:	2025 £	2024 £
Components capitalised from previous years	65,088	83,154
Amounts charged to expenditure	96,234	69,335
	<u>161,322</u>	<u>152,489</u>

13. Tangible fixed assets – other

	Freehold offices £	Office furniture and equipment £	Computer equipment £	Other fixed assets total £
Cost				
At 1 April 2024	214,584	20,418	44,320	279,322
Additions	-	1,423	6,247	7,670
Disposals	-	(231)	-	(231)
At 31 March 2025	<u>214,584</u>	<u>21,610</u>	<u>50,567</u>	<u>286,761</u>
Depreciation				
At 1 April 2024	41,061	15,430	40,392	96,883
Charge for the year	3,054	1,087	3,081	7,222
Disposals	-	(231)	-	(231)
At 31 March 2025	<u>44,115</u>	<u>16,286</u>	<u>43,473</u>	<u>103,874</u>
Net book value				
At 31 March 2025	<u>170,469</u>	<u>5,324</u>	<u>7,094</u>	<u>182,887</u>
At 31 March 2024	<u>173,523</u>	<u>4,988</u>	<u>3,928</u>	<u>182,439</u>

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2025

14. Stock

	2025 £	2024 £
Shared ownership properties completed	-	-
Shared ownership properties under construction	-	-
	<u>-</u>	<u>-</u>
	-	-
	<u>-</u>	<u>-</u>

15. Debtors

	2025 £	2024 £
Due within one year		
Loan to Harrogate Flower Fund Homes	-	-
	<u>-</u>	<u>-</u>
Rental debtors	25,284	24,602
<u>Less:</u> Provision for bad debts	(4,688)	(9,568)
	<u>20,596</u>	<u>15,034</u>
Prepayments	185,872	220,104
Other debtors	<u>18,540</u>	<u>14,989</u>
Total due within one year	<u>225,008</u>	<u>250,127</u>

The loan to Harrogate Flower Fund Homes is a variable rate loan facility on normal commercial terms repayable on or before 23 March 2026. The total facility available for drawdown is £75,000. There were no drawdowns in the year and none are anticipated. The Association has submitted a planning application to redevelop the Applegarth Homes scheme. Costs incurred pending approval of £72,488 (2024 £67,341) have been prepaid.

16. Current asset investments

	2025 £	2024 £
THFC sinking fund	<u>287,000</u>	<u>287,000</u>

The THFC sinking fund is a designated interest-bearing account charged in respect of The Housing Finance Corporation £3.5m facility (2024: £3.5m) to cover 12 months interest. It also includes £105,000 to replace the asset security on a right to acquire sale which occurred in late March 2021. The Association is not able to access the fund.

17. Cash and cash equivalents

	2025 £	2024 £
Cash at bank	<u>3,074,616</u>	<u>2,839,267</u>

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2025

18. Creditors: Amounts falling due within one year

	2025 £	2024 £
Trade creditors	56,606	47,949
Rents paid in advance	55,319	66,415
Accruals	105,131	75,241
Other taxation and social security	-	-
Other creditors	15,415	11,399
Premium on issue of bonds	67,874	65,756
Unamortised government grants (Note 20)	61,539	60,903
	<u>361,884</u>	<u>327,663</u>

19. Creditors: Amounts falling due after more than one year

	2025 £	2024 £
Loan balances – secured	7,856,309	7,856,309
Premium on issue of bonds	1,242,970	1,310,844
Loan issue costs	(216,684)	(101,963)
Total housing finance	<u>8,882,595</u>	<u>9,065,190</u>
Unamortised government grants (Note 20)	3,515,759	3,529,867
Recycled capital grant fund (Note 21)	19,452	61,034
Applegarth Homes major repairs fund	<u>287,202</u>	<u>280,526</u>
Total	<u><u>12,705,008</u></u>	<u><u>12,936,617</u></u>

Loans have been advanced by GB Social Housing and The Housing Finance Corporation Limited, and are secured on properties owned by the Association. The loans are all at fixed rates. At the year end the interest rates on the portfolio ranged from 3.5% to 5.1%.

The Association also has access to a £15m facility, put in place during the year, with Triodos Bank UK Limited which was undrawn at the year end.

Applegarth Homes (the charity) has given the Association its cash reserves on the condition that the money is invested in the leased assets. The money is returnable at the end of the lease if it remains unutilised. As a result it is shown as a creditor until it is used.

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2025

19. Creditors: Amounts falling due after more than one year (continued)

	2025	2024
	£	£
Loan balances can be analysed as follows:-		
Within one year	-	-
Between one and two years	-	-
Between two and five years	-	-
In more than five years	7,856,309	7,856,309
Total loans repayable	7,856,309	7,856,309
Premium on issue of bonds	1,310,844	1,376,600
Loan issue costs	(216,684)	(101,963)
	8,950,469	9,130,946

20. Deferred income

The amount of unamortised government grants at the year-end relate to social housing grant which is amortised in accordance with the stated accounting policy.

	2025	2024
	£	£
Unamortised government grant		
At start of year	3,590,770	3,651,673
Grants received in the year	-	-
Grants recycled in the year	(18,864)	-
RCGF utilised within the year	61,034	-
Released to income in the year	(61,539)	(60,903)
Grants related to disposals		
Repaid to provider	-	-
Released to profit on disposal of fixed assets	5,897	-
	3,577,298	3,590,770
Amounts due to be released < 1 year	61,539	60,903
Amounts due to be released > 1 year	3,515,759	3,529,867
	3,577,298	3,590,770

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2025

21. Recycled capital grant fund

	2025 Homes England £
Opening balance	61,034
Inputs to RCGF:	
Grants recycled	18,864
Interest accrued	588
Transfers from other PRPs	-
	<u>80,486</u>
Recycling of grant:	
New build	-
Major works and works to existing stock	-
Transfers from other PRPs	-
Other – Shared ownership re-purchase	(61,034)
Repayment of grant to Homes England	<u>-</u>
Closing balance	<u>19,452</u>
Amount three years or older where repayment may be required	<u>-</u>

22. Non-equity share capital

	2025 £	2024 £
Allotted, issued and fully paid:		
At 1 April	21	21
Issued during the year	3	3
Surrendered during the year	<u>(2)</u>	<u>(3)</u>
At 31 March	<u>22</u>	<u>21</u>

The par value of each share is £1. The shares do not have a right to any dividend or distribution in a winding up, and are not redeemable. Each share has full voting rights.

23. Reserves

Income and expenditure reserve

The income and expenditure reserve represents the cumulative surplus and deficits net of other adjustments.

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2025

24. Capital commitments

	2025 £	2024 £
Capital expenditure that has been contracted for but has not been provided for in the accounts:	3,281,034	-
Capital expenditure that has been authorised by the Board of Management but has not yet been contracted for:	7,571,286	12,298,000
	<u>10,852,320</u>	<u>12,298,000</u>

The contracted for commitments will be met from existing cash balances and secured loan facilities. Subsequent to the year end, contracts were exchanged for £3.8m of uncontracted capital commitments.

25. Accommodation in management

	2025 No	2024 No
Under development at end of year:		
General needs housing – affordable rent	42	-
Shared ownership	-	-
	<u>42</u>	<u>-</u>
Under management at end of year:		
General needs housing – social rent	84	87
General needs housing – affordable rent	141	138
Intermediate rent	11	11
Housing for older people	-	-
Shared ownership	27	28
Total number of properties owned and managed	<u>263</u>	<u>264</u>
General needs housing managed on behalf of others	<u>33</u>	<u>33</u>
Total number of properties managed	<u>296</u>	<u>297</u>

The Association owns property managed by other bodies:

	2025 No	2024 No
General needs housing – affordable rent	2	2
Supported housing	10	10
	<u>12</u>	<u>12</u>

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2025

25. Accommodation in management (continued)

Accommodation in management for each class of accommodation during the year was as follows:

	At 31 March 2024 No	Additions No	Disposals No	Other No	At 31 March 2025 No
Social housing					
General housing					
- social rent	87	-	(1)	(2)	84
- affordable rent	138	1	-	2	141
- shared ownership	28	-	(1)	-	27
- intermediate rent	11	-	-	-	11
Managed on behalf of others	33	-	-	-	33
Total owned and managed	297	1	(2)	-	296

The Association bought back a Shared Ownership property during the year. The buyback followed the property being hit by a vehicle for the second time in four years and the resident not wishing to return.

26. Contingent liabilities

At the balance sheet date there were no contingent liabilities (2024 - £Nil).

27. Commitments under operating lease commitments

The Association holds office equipment under non-cancellable operating leases. At the end of the year the Association had commitments of future minimum lease payments as follows:

	Other Commitments	
	2025 £	2024 £
Leases expiring:		
Not later than one year	576	768
Later than one year and not later than five years	-	576
Later than five years	-	-
	576	1,344

There are no payments due under the Applegarth Homes property lease.

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2025

28. Social Housing and Other Grants

	2025 £	2024 £
The total accumulated government grant and financial assistance received or receivable at 31 March	4,890,590	4,848,420
Held as deferred capital grants	3,577,298	3,590,770
Recognised as income in the Statement of Comprehensive Income	1,313,292	1,257,650
	4,890,590	4,848,420

29. Related party transactions

Under FRS 102 related parties consist of the Board of Management and Harrogate Flower Fund Homes Limited for which Harrogate Housing Association Limited acts as managing agent.

Board members received expenses in the year totalling £256 (2024 – £499).

During the year there was one tenant member of the Board. Their tenancy was on normal commercial terms and they were not able to use their position to their advantage. During the year ended 31 March 2025, they were charged rent totalling £6,394 (2024 - £5,825). There were no arrears on their tenancy at the reporting period end (2024 – none).

During the year the Association sold services to Harrogate Flower Fund Homes Limited totalling £52,458 (2024 – £50,462). At the balance sheet date £0 (2024 – £0) was due from Harrogate Flower Fund Homes Limited.

The Association has made available to Harrogate Flower Fund Homes a £75,000 loan facility. The loan facility is at normal commercial terms, carries a non-utilisation fee and is repayable on or before 23 March 2026. During the year the Association charged £937 (2024 - £1,311) non-utilisation fees and £0 (2024 - £1,111) in interest. At the year end £0 (2024: £0) of the facility was drawn and £0 (2024: £0) was due from Harrogate Flower Fund Homes for interest and non-utilisation fees.

30. Subsidiary undertakings

The results of Applegarth Homes for the year are as follows:

	£
Income	-
Surplus for the period	-

31. Analysis of changes in net debt

	At 31 March 2024 £	Cash flows £	Other non- cash changes £	At 31 March 2025 £
Cash at bank	2,839,267	235,349	-	3,074,616
Loans Due in One Year	-	-	-	-
Loans Due After One Year	(7,856,309)	-	-	(7,856,309)
	(5,017,042)	235,349	-	(4,781,693)