Co-operative & Community Benefit Society
Registered Number: 20924R

Regulator of Social Housing
Registration Number: L1015

Harrogate Flower Fund Homes Limited

Report and Financial Statements

For the year ended 31 December 2025

Harrogate Flower Fund Homes Limited

Report and Financial Statements
For the year ended 31 December 2025

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Harrogate Flower Fund Homes Limited

Board Members, Registered Office and Advisers
For the year ended 31 December 2025

Chair: Mr J Wallace

Honorary Treasurer: Mr M Helm

Board Members:
Ms J Allen (appointed 5 November 2025)
Ms A Ansari (appointed 5 November 2025)
Mr J Fordyce (resigned 21 October 2025)
Mrs A Macready (retired 17 June 2025)
Mr N Pittaway (appointed 5 November 2025)
Mr S Potter (appointed 5 November 2025)
Mr A E Thorndike
Mr C Warren
Mr C Whapples (Vice-Chair)

Honorary Secretary: Mr S Brook

Registered Office:
10 High Street
Harrogate
North Yorkshire
HG2 7HY

Registered Number:
Co-operative & Community Benefit Society: 20924R
Regulator of Social Housing (RSH): L1015

External Auditor:
Menzies LLP
Statutory Auditor
One Express
1 George Leigh Street
Manchester
M4 5DL

Bankers:

CAF Bank
25 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4JQ

Triodos Bank NV
Deanery Road
Bristol
BS1 5AS

Nationwide Building Society
Kings Park Road
Moulton Park
Northampton
NN3 6NW

Report of the Board
For the year ended 31 December 2025

Accounts

The Board of Harrogate Flower Fund Homes Limited presents its annual report and the audited financial statements for the year ended 31 December 2025.

Objects of the Association, principal activity and organisation of its work

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 (Registration Number 20924R), and under the Housing Act 1974 (Registration Number L1015) with exempt charitable status under Schedule 3 of the Charities Act 2011.

Its charitable objects, under rules approved in May 2016, are to carry on for the benefit of the community:

- the business of providing and managing housing, including Social Housing, and providing assistance to help house people and associated facilities, amenities and services for poor people or for the relief of aged, disabled (whether physically or mentally) or chronically sick people;
- any other charitable object that can be carried out from time to time by a society registered as a provider of Social Housing with the Regulator.

Arising from the above the principal activity is the provision of rented accommodation for persons of limited means, at affordable rents. Rents are significantly below market levels at an average of £122.76 per week which is also well below the local housing allowance level for a one bedroomed dwelling of £136.93 per week. The properties owned by the Association have adaptations in place to help people with limited mobility. Wherever possible the Association ensures new residents require or will require in the near future the use of those adaptations.

The Association is organised so that the Board meets regularly to manage its affairs. It does not employ any paid staff but does use a managing agent, for the collection of rents and other management services, which is paid a fee for its work.

Board Members and their interests

The Board Members in office during the year and changes up to the date of issue of these accounts are listed on page 1.

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

Results and financial position

The results for the year are set out in the financial statements on pages 14 to 29.

The Association has experienced another year of strong financial performance with the Statement of Comprehensive Income showing a surplus for the year of £62,985. The reserves at the year-end stood at £2,051,233 in total, of which £140,358 were liquid reserves. The Board are satisfied with the financial performance of the Association and the increased level of liquid reserves being created. This is in line with their agreed strategy.

Report of the Board
For the year ended 31 December 2025

Activities and achievements

Harrogate Flower Fund Homes Limited has enjoyed another successful year, resulting in the continued provision of a high quality and affordable service from a strong financial base. Information on the Association can be found on its website at www.hffhltd.co.uk.

At the end of the year the Association had in ownership 32 flats and a two-bed house on three sites within the town of Harrogate. Ten flats and the two-bed house are at Steelgarth, 33 High Street, Starbeck, 16 flats are at Greengarth and Masongarth, Markenfield Road, Jennyfields and six flats are at Blythswood on Franklin Mount in the centre of Harrogate. All the dwellings are either one or two bedroom units suitable for single persons or couples with the majority of properties having level access showers, with some having access to a stair lift. None of the properties are high rise or have non-fire-resistant cladding.

The Association supports the initiative for everyone in the United Kingdom to be able to live in decent housing and thus helps promote sustainable communities. This is achieved through close monitoring of the condition of properties by the Managing Agent as well as through annual inspections by the Board, by adopting a proactive day to day repairs service and by the continued investment in major repairs. All properties have a valid Landlords' Gas Safety Record as required by legislation. Except for one property where enforcement action for access is being undertaken, all have an electrical safety certificate which is less than 5 years old.

During the year the Association continued to focus on managing its assets effectively and efficiently with the aim of rebuilding its cash reserves in preparation for future growth. As a result of following the strategy the liquid reserves increased and consequently the Board cancelled the loan facility from the Managing Agent in August. This strategy though is not at the expense of maintaining its properties with the year seeing the replacement of the roof at Blythswood and the upgrading of the fire alarms in each scheme.

In respect of performance, income collection has remained strong with only £87 of current tenant arrears at the year end and no bad debts in the year. Administration and repair costs overall remained within budget. 97% of day to day repairs were completed within target with 100% customer satisfaction being obtained on call backs to 61% of the jobs. There were five voids in the year with two being let back to back. More time was required on the other voids to ensure an appropriate match was made of the tenant to the property and its facilities. The Board were regularly updated on repairs performance during the year and were pleased to see the improvement in performance from the previous year.

The day to day management of the properties and tenants is undertaken by the Managing Agent, Harrogate Housing Association Limited, from its offices in Harrogate. It also provides administration, governance, company secretarial and accounting services for the Board. It charges a fee per property for the services under a management agreement which runs until 30 September 2026. The Managing Agent has determined the interests of its residents are best served by focussing its resources on their requirements and has given the Association notice that it will not be renewing the agreement when it expires.

Since being informed of the cessation of the agreement the Board has explored a number of alternatives for them to remain independent as well as the ability to merge. The Board is focussed on ensuring the service to tenants is maintained to the high standards that is currently experienced and that the strong governance arrangements in place are maintained. After due consideration the Board determined a transfer of engagements to the Managing Agent was the best option to ensure the service to tenants was maintained. Work is now underway to put this in place. The current intended date of transfer is 30 September 2026.

The Association received no formal complaints during the year. There were four service request/expressions of dissatisfaction. The four matters were all different in nature and were resolved. Further information can be found in the Association's Complaint Handling Code self assessment at www.hffhltd.co.uk/information/.

Fixed assets

The changes in fixed assets during the year are set out in notes 11 and 12 of the financial statements.

Political and charitable donations

During the year the Association made no political or charitable donations.

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.

Funds available

The surplus being generated is adequate to support the running of the 33 existing homes and build cash reserves for investment in additional properties in the future.

Tenant engagement

It is important the views of tenants are considered when taking decisions and that high levels of tenant satisfaction are achieved. The Board has regular contact with tenants through meetings in the summer and at Christmas to which all tenants are invited. In addition a representative from the Managing Agent and a Board member visit tenants in September each year to inspect the condition of the properties and to identify what planned maintenance works are required. By adopting this approach the Board obtain, first hand, the views of tenants on the services they receive and the works that are required. All the landlord related matters arising from these interactions have been actioned.

The Association undertook a tenant satisfaction survey during 2025 to more formally obtain statistics on satisfaction and collect the tenant satisfaction measures (TSM's) required by the Regulator. 61% of tenants returned the survey with an overall satisfaction level of 91% being obtained. This makes the Association a top quartile performer. The Board are also pleased to report that it was a top quartile performer across all the TSM's.

Future developments and opportunities

The Board has reviewed its property management arrangements as a result of the notice of non renewal of the agreement with the Managing Agent. They have determined that a transfer of engagement to the Managing Agent will secure the service received by tenants. The agreed planned maintenance programme for 2026 which includes replacing 12 kitchens, four boilers and a bathroom will continue.

Prior to being informed of the cessation of the Managing Agents contract the Board updated its five year business plan. The plan showed the Association's income generation remains strong.

Value for money

The Association's definition of value for money is simple; it aims to deliver its objectives in the most cost effective way possible but ensuring it always provides quality homes and services which help its tenants remain independent.

The Board determined a number of years ago that the best value approach to managing and maintaining the properties, dealing with administrative tasks and the regulatory matters required for a registered provider was through the appointment of a managing agent. This was instead of direct employment of staff or the use of volunteers. By adopting this approach the range of skills, knowledge and IT systems at the disposal of the Association was significantly increased. Harrogate Housing Association Limited, a local registered provider itself, was appointed into this role. It provides a local office base, manages the repairs service, collects and administers rents and deals with all day to day tenant contact. It also provides administrative, accountancy/financial support and Company Secretarial services to the Association and Board. As noted above a transfer of engagement to the Managing Agent is being pursued.

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

VFM Standard metrics	2026 target**	2025 target	2025	2024	2023	Sector median*
1 Reinvestment percentage	2.3%	2.6%	1.8%	0.9%	0.2%	3.5%
2a New supply delivered – social	0%	0%	0%	0%	0%	0.3%
2b New supply delivered – non social	0%	0%	0%	0%	0%	0%
3 Gearing	No net debt	No net debt	No net debt	No net debt	No net debt	34.4%
4 EBITDA MRI interest cover	No interest	1,936%	6,615%	6,561%	2,228%	146%
5 Social housing costs per unit	£5,580	£4,913	£5,173	£4,130	£3,561	£4,849
6 Operating margin						
social housing	6.0%	20.1%	26.0%	29.4%	27.5%	21.2%
overall	6.0%	20.1%	26.0%	29.4%	27.8%	20.2%
7 Return on capital employed	0.6%	2.0%	2.6%	2.9%	2.7%	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% of properties are of seven stories or higher as per the Regulator of Social Housing's 2024 Global Accounts VFM metrics

** The target is based on the budget and business plan prepared prior to the decision to undertake a transfer of engagement

In addition to the above the Board monitors arrears, void loss and turnround times and repairs performance. Tenant satisfaction is gauged through the regular contact between Board members and tenants noted above and remains high. There were negligible rent arrears at the year end with the majority of tenants being in credit on their rent accounts (see notes 13 and 15). Void loss in the year was 0.7% which is lower than budgeted at 1%. Every effort is made to turnround a void property very quickly with 40% in the year being relet back to back. There were no bad debts in the year. In the year 97% of repairs were completed on time with an average repair time of 8.4 days.

The size of the Association, at only 33 units, makes comparison against others difficult especially as the Regulator does not capture or publish any information on Associations with less than 1,000 properties. Very few associations the size of the Association subscribe to benchmarking clubs as the costs outweigh the benefits and are not therefore considered value for money. Given the information available through the Managing Agent the Association is performing in the top quartile in relation to arrears. The table above includes some comparator information extracted from the published global accounts of the sector. In comparison to these measures the Association is performing well for its size.

It should be noted the number of properties managed means that some of the above metrics can change significantly year on year depending on the level of major works undertaken (e.g. bathroom or kitchen replacements) or the incidence of cyclical works (e.g. 5 year electric inspection certificates).

The 2025 metric actuals reflect the strategy adopted by the Board of using its surplus to build cash reserves in preparation for future growth. The re-investment percentage reflects the replacement of a roof on a block of six properties. This also impacts on the social housing cost per unit which has seen an increase in the year. This is anticipated to increase again in 2026 as significant investment in kitchens, boilers and bathrooms (£100,000) is budgeted. With only 50% of this cost planned to be capitalised the return on capital employed is reduced. The budget and the capitalisation level is prudent and it is likely performance will be stronger than indicated.

The Board monitor spend on a quarterly basis with variances from budget scrutinised and action taken where necessary to manage costs and deliver an excellent service to tenants.

The Association prides itself on meeting the needs of its tenants wherever possible. This includes installing accessible adaptations even where no funding is available. This increases the repairs costs but reflects the purpose of the Association. By adopting this approach tenancies are sustained and low levels of voids occur.

Systems are in operation by the Managing Agent to ensure quotes are obtained for any major work undertaken which delivers cost competitiveness.

The Association has three principal sites, Markenfield Road, Steelgarth and Blythswood, all of which are in Harrogate. The properties are all well maintained, are easy to let (as evidenced by the low void loss), require no non routine major works (as identified on the annual inspections) and are in good neighbourhoods. The Board has not identified any individual property or group of properties which are not contributing to the surplus being generated by the Association. Therefore, it is the aim of the Association to retain its existing assets.

A transfer of engagement to the Managing Agent, a financially strong association delivering the current levels of service to the Associations and its own tenants, will sustain this position.

Governance arrangements

The Association has a Board which currently has nine members, an increase on recent numbers following a successful recruitment drive during the year. The rules allow for the membership to be increased up to 15 or to be as low as seven. The Board met four times during the year and all meetings were quorate. The Board is responsible for setting the strategic direction of the Association and managing its day to day activities. The Board has delegated the latter to the Managing Agent, from which it receives regular reports on financial and operational performance.

The Board, given the size of the Association and the current mix of skills and experience, considers the current membership level to be sufficient to meet its needs.

The Association has adopted the NHF's Code of Governance – Promoting Board Excellence for Housing Associations 2015. The Association remains compliant with that Code. The Board have confirmed they will not adopt the new 2020 code for the time being. The Association though has adopted the NHF Code of Conduct 2022.

The Board has reviewed the requirements of the Social Housing Regulation Act 2023 and with the help and support of the Managing Agent is delivering against the new standards it generated.

Board Member responsibilities

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.
4. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping 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.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. 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 of the Managing Agent is responsible for reporting significant risks or any changes in significant risks facing the Association to the Board within its reports.

The main risks identified by the Board, together with the risk management plans, are:-

- Not achieving EPC C for all properties by 2030 – only the six properties at Blythswood have not already achieved this level. The recent roof replacement has improved the EPC ratings and new heating is also planned to be installed. Combined these will ensure that EPC C is reached by the deadline date.
- Health and safety requirements of the Social Housing Regulation Act 2023 act not met – fire risk assessments undertaken and works actioned including the installation of modern fire alarm systems. Damp and mould policy complying with Awaabs law in place and no issues arising from the recently issued Decent Homes 2 standard. Health and safety compliance information (gas safety records, electrical safety records, etc) reported to Board. There are no high rise blocks or cladding.
- Unable to involve tenants and hear their ideas – twice yearly meetings held between Board members and tenants together with an annual property inspection in the tenants home provide opportunity for engagement. High levels of tenant satisfaction exist.

- The reliance on the Managing Agent and the associated counter party risk – review mechanisms have been put in place to alert the Board to any financial concerns which may arise for the Managing Agent. These review mechanisms will also identify if the Managing Agent is undertaking any merger activity which may result in the withdrawal of the services provided. A minimum six month notice period to cease services is included in the agreement with the Managing Agent. This risk materialised at the end of 2025 when the Managing Agent confirmed the agreement would not be renewed in 2026. The Board have determined a transfer of engagement will best deliver current service levels to tenants and is working on putting this into effect. The existing Managing Agent will remain in place until the transfer is effected.

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 reviews key performance indicators regularly to assess progress towards the achievement of key business objectives, targets and outcomes. All payments are approved by the Honorary Treasurer.

Auditors

In accordance with the Co-operative and Community Benefit Societies Act 2014 a resolution to re-appoint Menzies LLP as the Association's Auditor, 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.

Approved by the Board on 5 May 2026

Mr J Wallace
Chair

Independent Auditor's Report to the members of Harrogate Flower Fund Homes Limited

Opinion

We have audited the financial statements of Harrogate Flower Fund Homes Limited (the 'Association') for the year ended 31 December 2025 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant 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 December 2025 and of its 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.

Emphasis of matter – basis of preparation / financial statements prepared on a basis other than going concern

We draw attention to Note 2 to the financial statements which explains that the Board have resolved to transfer all assets, liabilities and operations to Harrogate Housing Association under a transfer of engagement, with an intended effective date of 30 September 2026. The Board therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in Note 2.

Our opinion is not modified in respect of this matter.

Independent Auditor's Report to the members of Harrogate Flower Fund Homes Limited

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the statement of Board Member responsibilities set out on page 8, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

The extent to which the audit was considered capable of detecting irregularities including fraud

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

- 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 NHF Code of Governance 2015, the Regulatory Standards, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation and health and safety legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed the 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 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.
- 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.

Independent Auditor's Report to the members of Harrogate Flower Fund Homes Limited

Use of our report

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

Menzies LLP
Statutory Auditor
One Express
1 George Leigh Street
Manchester
M4 5DL

Date: 19 May 2026

Harrogate Flower Fund Homes Limited

Statement of Comprehensive Income
For the year ended 31 December 2025

	Notes	2025 £	2024 £
Turnover	3	229,407	217,401
Operating expenditure	3	(169,716)	(153,477)
Operating surplus		59,691	63,924
Interest receivable	5	4,181	1,949
Interest and financing costs	6	(887)	(1,204)
Surplus before taxation		62,985	64,669
Taxation	9	-	-
Surplus for the year	7	62,985	64,669
Total comprehensive income for the year		62,985	64,669

All of the above results derive from the continuing operations of the Association. Your attention is drawn to the disclosure under the going concern accounting policy on page 18.

The notes on pages 18 to 29 form an integral part of these financial statements.

The financial statements on pages 14 to 29 were approved and authorised for issue by the Board on 5 May 2026 and were signed on its behalf by:-

Mr J Wallace ..... **Chair**

Mr S Brook ..... **Secretary**

Mr M Helm ..... **Treasurer**

Harrogate Flower Fund Homes Limited

Statement of Financial Position
As at 31 December 2025

	Notes	2025		2024	
		£	£	£	£
Fixed assets					
Tangible fixed assets – housing properties	11		2,109,060		2,106,556
Other tangible fixed assets	12		26,852		1,272
			2,135,912		2,107,828
Current assets					
Trade and other debtors	13	10,778		11,129	
Cash and cash equivalents	14	161,080		129,957	
		171,858		141,086	
Less:					
Creditors: amounts falling due within one year	15	(31,500)		(31,428)	
Net current assets			140,358		109,658
Total assets less current liabilities			2,276,270		2,217,486
Creditors: amounts falling due after more than one year	16		(225,037)		(229,242)
Total net assets			2,051,233		1,988,244
Reserves					
Non-equity share capital	18		22		23
Income and expenditure reserve			2,051,211		1,988,221
Total reserves			2,051,233		1,988,244

The notes on pages 18 to 29 form an integral part of these financial statements.

The financial statements on pages 14 to 29 were approved and authorised for issue by the Board on 5 May 2026 and were signed on its behalf by:-

Mr J Wallace ..... **Chair**

Mr S Brook ..... **Secretary**

Mr M Helm ..... **Treasurer**

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

	Non-equity share capital £	Income and Expenditure Reserve £	Total £
Balance at 1 January 2024	23	1,923,551	1,923,574
Total comprehensive income for the year	-	64,669	64,669
Shares issued during the year	1	-	1
Member share contributions	(1)	1	-
Balance at 31 December 2024	23	1,988,221	1,988,244
Total comprehensive income for the year	-	62,985	62,985
Shares issued during the year	4	-	4
Member share contributions	(5)	5	-
Balance at 31 December 2025	22	2,051,211	2,051,233

The notes on pages 18 to 29 form an integral part of these financial statements.

Harrogate Flower Fund Homes Limited

Statement of Cash Flows
For the year ended 31 December 2025

	2025		2024	
	£	£	£	£
Net cash generated from operating activities (see Note 1 below)		95,206		107,009
Cash flow from investing activities				
Purchase of tangible fixed assets	(65,828)		(18,493)	
Interest received	2,298		1,949	
Members contribution	4		1	
		(63,526)		(16,543)
Cash flow from financing activities				
Interest and financing costs	(557)		(940)	
Loan repayment	-		-	
		(557)		(940)
Net change in cash and cash equivalents		31,123		89,526
Cash and cash equivalents at beginning of the year		129,957		40,431
Cash and cash equivalents at end of the year		161,080		129,957
Note 1				
Surplus for the year		62,985		64,669
Adjustments for non-cash items:				
Depreciation of tangible fixed assets		37,744		35,825
Amortisation of government grants		(4,205)		(4,205)
Decrease/(increase) in trade and other debtors		1,904		1,727
Increase in trade and other creditors		72		9,738
Adjustments for investing or financing activities:				
Interest and financing costs		887		1,204
Interest received		(4,181)		(1,949)
Net cash generated from operating activities		95,206		107,009

The notes on pages 18 to 29 form an integral part of these financial statements.

1. General information

The Association 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.

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 2018.

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 pounds sterling.

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

The above basis for preparation of the accounts assume the Association will continue in existence for at least 12 months after the signing of the accounts. This is not the intention as per the going concern note below.

Going concern

The Managing Agent confirmed in December 2025 it would not be renewing the management agreement when it expires on 30 September 2026. After due and careful consideration the Board determined on 21 April 2026 to undertake a transfer of engagement under S110 of the Co-operative and Community Benefit Societies Act 2014 of the assets and liabilities of the Association to the Managing Agent, Harrogate Housing Association. Harrogate Housing Association will take on the responsibility for the settlement of the Association's liabilities. There will be no risk to any creditor of the Association. The current intended date of transfer is 30 September 2026.

The Association remains a financially sustainable entity but as a result of the transfer decision the financial statements have been prepared on a basis other than going concern, in its true accounting definition. Under that definition, as no consideration will be exchanged for the net assets and liabilities, the assets should be included in the accounts at their net realisable value of nil. This would not reflect the intent of the agreement reached with Harrogate Housing Association nor the underlying financial strength of the Association.

The accounts have therefore been prepared as if the Association will continue in existence. The transfer will be accounted for in full in the accounts prepared on cessation of the Association.

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.

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, the Association has considered whether 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.

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.

Turnover and revenue recognition

Turnover represents rental income receivable and amortised capital grant 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.

Service charges

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

2. Principal accounting policies (continued)

Taxation

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation.

Freehold land is not depreciated.

Fixed asset additions under £500 are not capitalised.

Housing properties
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.

UELs for identified components are as follows:

Structure	80 years
Roofs	70 years
Windows and doors	30 years
Gas boilers	15 years
Electric heating	20 years
Kitchens	20 years
Bathrooms, mechanical systems, electrics	30 years
Stair lifts	10 years
Envirovents, Eurovents and loft heaters	10 years

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

Office and other equipment	5 years
Fire alarms and associated equipment	20 Years

Property managed by agents

Where the Association carries the majority of the financial risk on property managed by agents, income arising from the property is included in the Statement of Comprehensive Income.

The assets and associated liabilities are included in the Association's Statement of Financial Position.

2. Principal accounting policies (continued)

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.

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.

Financial Instruments

The Association only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

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.

3. Particulars of turnover, operating expenditure and operating surplus

	Turnover £	2025 Operating Expenditure £	Operating Surplus £
Social housing lettings (see note 4)	229,407	(169,716)	59,691
Total	229,407	(169,716)	59,691

	Turnover £	2024 Operating Expenditure £	Operating Surplus £
Social housing lettings (see note 4)	217,401	(153,477)	63,924
Total	217,401	(153,477)	63,924

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

	General needs housing	Total 2025	Total 2024
Income	**£**	**£**	**£**
Rent receivable net of identifiable service charges and net of voids	205,459	205,459	197,828
Service charge income	19,743	19,743	15,368
Amortised government grants	4,205	4,205	4,205
Total turnover from social housing lettings	229,407	229,407	217,401
Operating expenditure			
Management	74,517	74,517	68,702
Service charge costs	18,070	18,070	13,597
Routine maintenance	17,938	17,938	17,363
Planned maintenance	7,748	7,748	9,415
Major repairs expenditure	15,213	15,213	8,734
Bad debts	-	-	-
Depreciation of housing properties	36,230	36,230	35,666
Total operating expenditure on social housing lettings	169,716	169,716	153,477
Operating surplus on social housing lettings	59,691	59,691	63,924
Voids losses	1,555	1,555	-

5. Interest receivable

	2025	2024
	£	**£**
Bank interest received	4,181	1,949

6. Interest and financing costs

	2025	2024
	£	**£**
Loan interest	557	940
Costs associated with financing (amortised set up costs)	330	264
	887	1,204

The loan interest above represents the interest and non-utilisation cost on a £75,000 loan facility from Harrogate Housing Association. There were no drawdowns on the loan during the year. The loan was cancelled by the Association on 5 August 2025 as it was deemed no longer to be required/The loan was a variable rate, full revolving facility on an arms length basis on normal commercial terms.

7. Surplus for the year	2025 £	2024 £
Is stated after charging/(crediting):		
Auditor's remuneration (excluding VAT):		
In their capacity as auditors	8,050	6,400
In respect of other services	350	350
Depreciation of housing properties	36,230	35,666
Depreciation of other fixed assets	1,514	159
Amortisation of government grants	(4,205)	(4,205)

8. Accommodation managed by others	Under management at the end of year 2025 Number of properties	2024 Number of properties
General needs housing – social rent	27	27
General needs housing – intermediate rent	6	6
	33	33

All properties are owned by the Association but managed by other bodies.

9. Taxation

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

10. Employees and Key Management Personnel

The Association has no employees (2024 – None). Key management personnel are defined as the Members of the Board. The day to day management of the properties is undertaken by Harrogate Housing Association Limited from their offices in Harrogate.

No Board member received any remuneration in the year (2024 – £Nil).

No Board members received re-imbursed expenses in the year (2024 – £2,482).

11. Tangible fixed assets – housing properties	Social housing	Housing properties total
	£	£
Cost		
At 1 January 2025	2,635,467	2,635,467
Replacement of components	38,734	38,734
Disposal of components	-	-
At 31 December 2025	2,674,201	2,674,201
Depreciation		
At 1 January 2025	528,911	528,911
Charge for the year	36,230	36,230
Eliminated on disposals	-	-
At 31 December 2025	565,141	565,141
Net book value		
At 31 December 2025	2,109,060	2,109,060
At 31 December 2024	2,106,556	2,106,556
Housing properties comprise:		
Freeholds		2,109,060
Long leasehold		-
		2,109,060

12. Other tangible fixed assets

	Equipment	Other fixed assets total
Cost	**£**	**£**
At 1 January 2025	1,590	1,590
Additions	27,094	27,094
Disposals	-	-
At 31 December 2025	28,684	28,684
Depreciation		
At 1 January 2025	318	318
Charge for the year	1,514	1,514
Disposals	-	-
At 31 December 2025	1,832	1,832
Net book value		
At 31 December 2025	26,852	26,852
At 31 December 2024	1,272	1,272

13. Trade and other debtors	2025	2024
	£	£
Amounts falling due within one year:		
Rental debtors	87	19
Prepayments and accrued income	6,945	6,164
Other debtors	3,746	4,946
	10,778	11,129

14. Cash and cash equivalents	2025	2024
	£	£
Cash at bank	161,080	129,957

15. Creditors: amounts falling due within one year	2025	2024
	£	£
Trade creditors	3,510	1,338
Rents and service charges paid in advance	10,246	7,540
Accruals and deferred income	11,688	16,537
Other creditors	1,851	1,808
Unamortised government grants (Note 17)	4,205	4,205
	31,500	31,428

16. Creditors: amounts falling due after more than one year	2025	2024
	£	£
Unamortised government grants (Note 17)	225,037	229,242
Total	225,037	229,242

17. 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	233,447	237,652
Released to income in the year	(4,205)	(4,205)
	229,242	233,447
Amounts due to be released < 1 year	4,205	4,205
Amounts due to be released > 1 year	225,037	229,242
	229,242	233,447

18. Non-equity share capital

	2025	2024
	£	£
Allotted, issued and fully paid:		
At 1 January	23	23
Issued during the year	4	1
Surrendered during the year	(5)	(1)
At 31 December	22	23

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.

19. Capital commitments

At the balance sheet date there were no contracted capital commitments (2024 – £Nil). There were also no other capital commitments (2024 - £Nil).

20. Contingent liabilities

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

21. Grant and financial assistance

	2025 £	2024 £
The total accumulated government grant and financial assistance received or receivable at 31 December	336,380	336,380
Held as deferred capital grant	229,242	233,447
Recognised as income in the Statement of Comprehensive Income	107,138	102,933
	336,380	336,380

22. Related party transactions

Related parties consist of the Board members and Harrogate Housing Association Limited, the Managing Agent.

No Board members received expenses in the year (2024 – £2,482). There were no tenant board members in 2025 (2024 – None).

During the year the Association purchased services from Harrogate Housing Association Limited totalling £52,964 (2024- £51,703). The non utilisation fee of £557 (2024 – £940) and interest of £Nil (2024 – £Nil) on the loan facility provided by Harrogate Housing Association is included.

At the balance sheet date £Nil (2024 – £Nil) was owed to Harrogate Housing Association Limited. None of the fee (2024 – None) and none of the interest (2024 – None) was owed by the Association at the year end.

The loan facility which was £75,000 ended on 5 August 2025. It was made on an arms length basis on normal commercial terms.

23. Analysis of changes in net debt

	At 1 January 2025	Cash flows	Other non-cash changes	At 31 December 2025
Cash at bank	129,957	31,123	-	161,080
	129,957	31,123	-	161,080