



LUNE VALLEY RURAL HOUSING ASSOCIATION LIMITED
Financial Statements
Year ended 31 March 2025

ASSOCIATION DETAILS

Registered Office	South Lakes Housing Bridge Mills Business Centre Kendal Cumbria LA9 4BD
Statutory Auditor	Beever and Struthers One Express 1 George Leigh Street Manchester M4 5DL
Managing Agent*	South Lakes Housing Bridge Mills Business Centre Kendal Cumbria LA9 4BD
Bankers	The Royal Bank of Scotland plc Fulwood Preston PR2 4JB
Registration	Co-operative and Community Benefits Society (26654R) Regulator of Social Housing (L3880)

*South Lakes Housing took on management from 1 October 2019. Prior to this the Managing Agent was Jigsaw Homes Group Limited, who remain the Association's Development Agent.

REPORT OF THE BOARD OF MANAGEMENT **For the year ended 31 March 2025**

The Board of Management present their annual report and the audited financial statements for the year ended 31 March 2025.

PRINCIPAL ACTIVITY

The principal activity of the Association is the provision of affordable housing for people with a strong local connection in the villages of North Lancashire and Northwest Yorkshire.

MEMBERS OF THE BOARD OF MANAGEMENT

The members of the Board of Management during the year ended 31 March 2025 were:

N Paxman	Chair
G Aspden	Board Member (Company Secretary)
T Dant	Board Member (Member Responsible for Complaints)
N Egdell	Board Member (Retired September 2024)
J Huddart	Board Member (Retired September 2024)
J Lighten	Board Member
C Newby	Board Member

There were two board member retirements during the year so the shareholder membership ceased, in line with the Rules. There are a total of 5 shares (all current Board Members).

ELECTION OF MEMBERS TO THE BOARD OF MANAGEMENT

In accordance with the rules of the Association, the appointment of the Board of Management will be considered at the Annual General Meeting to be held on 22nd September 2025.

REGISTRATION OF THE ASSOCIATION

The Association is registered under the Co-operative and Community Benefits Societies Act 2014 and with the Regulator of Social Housing as a Registered Provider.

ADMINISTRATION AND MANAGEMENT

The administration and management of the Association is carried out by South Lakes Housing Association (Co-operative and Community Benefits Society No. 31419R) a Registered Provider whose registered office is Bridge Mills Business Centre, Kendal, Cumbria, LA9 4BD.

AUDITOR

A resolution to appoint the External Auditors for the ensuing year will be proposed at the annual general meeting.

FINANCIAL STATEMENTS AND STATE OF THE ASSOCIATION'S AFFAIRS

The results for the year are shown in the Statement of Comprehensive Income on page 15. Movements in the Fixed Assets of the Association are set out in note 9 on page 26.

CHAIR'S REVIEW OF THE YEAR

Welcome to this year's annual report on the performance, financial position and activities of Lune Valley Rural Housing Association. Further detail is available within the annual tenant report, including a breakdown of our Tenant Satisfaction Measures (TSM).

The latest annual perception survey, using the new TSM methodology, shows that 76.9% of tenants are satisfied with LVRHA. The Board appointed Tim Dant as the Member Responsible for Complaints, a requirement of the new statutory Compliant Handling Code, issued by the Housing Ombudsman Service. Tim will work with our Managing Agent, South Lakes Housing, and will champion a positive complaint handling culture.

In 2024/25 there was a total investment of £234k in capital and revenue related repairs & maintenance expenditure. This included investing in the existing housing stock, ensuring that all properties meet the Decent Homes Standard and have higher energy efficiency performance. This has included responding to a small number of reports of damp and mould.

The Board completed the acquisition of 5 two-bedroomed homes at Dolphinholve from developers Jones Homes. The homes were allocated to new tenants at the beginning of the year. Our application to re-join Lancaster City Councils Strategic Housing Partnership was successful, meaning the ability to continue to develop new homes in this target market.

I would also like to thank all Board Members for the time and contribution. They all give their time on a voluntary basis, and this includes attendance at Board meetings, reviewing reports and providing insight into their specialist area of the business. I would also like to place on record the Board's appreciation for two former Board members who retired after completing their nine years maximum term of office – Nick Egdell and Janet Huddart.

The Board are committed to developing new homes within rural communities for local people, whilst continuing to invest in the quality and energy efficiency of existing homes. We continue to seek Board members with the right skills who share our vision and commitment to quality affordable homes and a locally representative Board.

Nick Paxman

Chair, 18th August 2025

FINANCIAL PERFORMANCE

The financial accounts for the year to 31 March 2025 show another stable financial year with a surplus of income over expenditure of £198k, which was £106k higher than budget. This has increased reserves to £2.98m (£2.78m in 2023/24).

These results place the Association in a strong position to support the Board's continued plans for development of new homes and investing in existing homes. At the end of the financial year the Association has cash balances of £566k, a decrease from the previous year's balance (£1,010k). The Association's cash balances exceeded its approved financial Golden Rules of maintaining a minimum £250k cash buffer to help mitigate some of the risks posed by the volatility in the economy.

In June 2022 the Association completed a refinancing exercise of new loan facilities of £2.65m with CAF Bank Limited. The Association drew £1.65m on completion 24 June 2022, which is fixed at 4.5%, repaying the existing drawn loans with Nationwide Building Society and Clydesdale Bank Plc, with £1.0m of secured available facilities to draw to support the Association's development plans in Dolphinholme (5 homes added in 2024/25) and Giggleswick (9 homes due in 2025/26). The loan facilities are subject to fixed interest rates for 10 years. Undrawn facilities incur a non-utilisation fee of 0.8% per annum. In February 2026 an additional £1m in funding from CAF Bank was formalised to be used for investment plans and future property acquisitions. The combined CAF facility £3.53m is now cross-collateralised.

OPERATIONAL PERFORMANCE

The Association also continues to invest in the improvement of existing properties with 100% meeting the Decent Homes Standard. £357k has been spent on major repairs and planned maintenance works, to ensure that we exceed the Government's Decent Homes Standards.

Despite the risk of the 'cost of living crisis' upon customers, bad debt provision remains low at £43k. There have also been minimal voids losses in the year (£1.8k vs a budget of £10.5k).

Turnover in the 2024/25 year was broadly in line with budget at £743k for the year.

The Association has continued to maintain and improve homes to a high standard through its planned works programme. Responsive maintenance to Lune Valley properties is carried out by South Lakes Housing (based in Kendal) and Gas servicing through its contractor, Rothwells. All properties have an up-to-date gas safety certificate and 5-year electrical certificate. Repairs performance has been a challenge with 93% of emergency repairs completed on time and 64% non-emergency repairs completed on time. The Managing Agent has recently increased the number of trade operatives and new contractors to speed up waiting times for repairs. Recruitment and retention continue to be a challenge for this area of the business.

Energy efficiency is one of Lune Valley's strategic objectives and good progress is being made on the Energy Performance Certificate (EPC) surveying programme to ensure that there is robust data underpinning the assumptions within the Financial Plan. The Board have been successful in securing up to Social Housing Decarbonisation Funding investing in 8 homes with c£73k investment in insulation and solar PV etc. 92% of homes have an EPC of C or above.

Current rent arrears have increased slightly from 4.05% in 2023/24 to 4.61% in 2024/25, and the focus remains and engaging with those tenants that owe over £1k, recognising the hardship that some tenants are facing.

There were 4 empty properties relet during the year (7 in the previous year), with rent loss as a % of debit being 0.24% in 2024/25 compared to 1.03% in 2023/24.

The grounds maintenance service was reprocurd and we have changed contractor from Continental Landscapes to JR Vegetation Management Ltd. This includes 12 site visits in the months between April and September and three visits in the months of November, January and March. The Grounds maintenance at Cherry Tree Close is provided by Pilling Parish Council.

The association accounts for housing assets at cost and has no employees or complex financial instruments. The scope for material estimates to impact the accounts is therefore very limited. A provision for impairment of debts has been calculated in line with the accounting policy.

VALUE FOR MONEY

The Board continues to look for opportunities to reduce operating costs and improve value for money for current tenants whilst generating surpluses for new development. The Board receives sufficient and regular assurance from South Lakes Housing and Jigsaw Group about the costs of management and development. The Board will consider future strategic opportunities during 2025/26 including reviewing delivery structures.

In line with Government Rent Standard and Rent Policy Statement, the Board increased rents by CPI plus 1% in October 2024 (7.7%) and will increase rents by 2.7% from October 2025 in line with the Regulator of Social Housing Rent Standard and Government formula. The Board has a policy to implement the Rent Standard rent flexibility to increase social housing rents by 5% when a social rented property becomes empty and is let to a new tenant and set rents for affordable homes on a new valuation. This is permitted under the Rent Standard and the additional capacity is used to fund much-needed housing within our rural communities.

Lune Valley Rural Housing Association Limited
Financial Statements
Year Ended 31 March 2025

In 2018 The Regulator of Social Housing published a set of value for money metrics, a requirement under the Value for Money Standard. These measures are intended to capture performance across the sector in a fair and comparable way. The figures for the Association are shown in the table below along with a comparator for the sector.

	Ref	2024/25 Actual	2023/24 Actual	2023/24 Sector*
Reinvestment %	a	10.9%	2.2%	4.4%
New supply delivered (social housing)	a	4.7%	0%	0.3%
New supply delivered (non-social housing)		0%	0%	0%
Gearing	b	19.4%	14.4%	34.1%
Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI)	c	305%	289%	150%
Headline social housing cost per unit	d	£3,937	£3,497	£5,768
Operating Margin (social housing lettings)		38.8%	34.7%	19%
Operating Margin (overall)		38.8%	34.7%	15.3%
Return on Capital Employed (ROCE)	e	4.6%	3.74%	2.3%

*Based on 2024 Regulator's aggregate accounts published March 2024 for Associations with <2,500 units

Some further background is provided below:

- a) Reinvestment measures new properties acquired and works to existing properties. Five new properties were completed during the year and investment works in existing properties took place.
- b) Gearing has increased due to lower cash balances despite continued investment in housing assets.
- c) Earnings before interest, tax, depreciation and amortisation, major repairs included is intended to indicate the level of revenue surplus compared to the cost of finance (mainly bank interest), adjusted for non-cash revenue items and to include the impact of capitalised major repair costs in the year. The association's indicator remains significantly above the sector average, although has reduced since prior year principally as a result of increased operating costs.
- d) Social housing cost per unit has increased in 2024/25 as the overall level of spend on management service and routine maintenance costs was slightly higher in year.
- e) The operating margins and Return on Capital Employed are relatively high compared to the sector average.

GOVERNANCE

The Association has a volunteer Board of management to set its strategic direction and ensure good governance. Board members have a range of relevant experience, local knowledge, and expertise in order to discharge their responsibilities, including:

- Property management and resident and tenant issues – including other Housing Association governance experience.
- Rural housing needs and rural community issues.
- Working with parish councils and local authorities.
- Development, building and maintenance.
- Construction, quality and health & safety
- General business skills including management and decision making.
- Gas and heating expertise.

The Board continues to certify compliance with the National Housing Federation 2015 Code of Governance '*Promoting board excellence for housing associations*', the Regulator of Social Housing's Regulatory Standards, and the Housing Ombudsman's Complaint Handling Code. The Board have reflected on the challenges associated with the NHF 2020 Code of Governance and agreed to keep the Code of Governance under review and continue to adopt the 2015 Code of Governance, as it better reflected the structure of a small Housing Association with no employees or Audit Committee. Some additional policy areas have been developed to plug gaps identified within the 2020 Code self-assessment including, Equality, Diversity and Inclusion, Business Continuity Plan and Whistleblowing Policy.

In August 2024 the Board appointed Graham Aspden as the Company Secretary, taking over from Nick Egdell who retired from the Board following the completion of his 9-year maximum term of office as a board member. Graham is supported by the South Lakes Housing Governance Team and Company Secretary, ensuring that governance and regulatory returns are compliant and completed on time. This includes the Regulator of Social Housing, Housing Ombudsman, Financial Conduct Authority and Information Commissioners Office. The Board receives quarterly reports on regulatory and governance compliance.

The Board of Management considers the Association to be compliant with Regulator of Social Housing Governance and Financial Viability Standard.

On appointment, board members sign a statement committing themselves to the following:

- Commitment to the Association's vision, values objectives and core policies, working constructively with Board colleagues, managing agent and contractors to fulfil them.
- Contribution to the Association's strategic direction, control and performance monitoring, drawing on personal skills and experience as required.
- Provision of support and advice to the Officers of the Association.
- Commitment to collective responsibility for board decisions and the maintenance of confidentiality of Board and Committee papers and discussions.
- Commitment to prepare for and attend Board Meetings and participate in training sessions where possible and relevant.
- Agreement to declare any relevant interests in accordance with the Association's procedures and, at all times, to avoid any occasion for suspicion and any appearance of improper conduct.
- Signed commitment to a Board Member Services Agreement.
- Commitment to the Code of Governance and to all related policies.

The Board has a sound system of internal controls, risk management and governance related documentation including;

- Succession and Recruitment Policy.
- Business Continuity Plan.
- Gifts and Hospitality Policy and Register.
- Board Induction and Training Plan.
- Board Members Appraisals.
- Governance Improvement Plan.
- Equality, Diversity & Inclusion Policy.
- Strategic Risk Register – with quarterly reviews by the Board.
- Complaints Policy.
- Compensation Policy.
- Whistleblowing Policy.
- Role Profile and Person Specification for the Board Chair position.
- National Housing Federation Code of Governance 2015
- Housing Ombudsman Complaint Handling Code Self-Assessment and Service Improvement Report 2025.
- Board Member Services Agreement, signed by each Board Member.

The Board also received reports on changes to social housing regulation throughout the year, brought about by the Social Housing (Regulation Act) 2023 and implications for compliance around; Tenant Satisfaction Measures, Complaints Handling, Access to Information Requirements, Consumer Standards and Competence & Conduct. This is being managed by the Managing Agent with assurance reporting to Board, with the Board's Forward Plan of meetings designed to ensure adequate coverage and review of key consumer related policies to ensure compliance with the new regulations.

STATEMENT OF THE RESPONSIBILITIES OF THE BOARD FOR INTERNAL CONTROL AND THE FINANCIAL STATEMENTS

The Board of Management is responsible for preparing the report and financial statements in accordance with applicable law and regulations. The Co-operative and Community Benefits Societies Act 2014 and Registered Social Housing Legislation requires the Board of Management to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Association and the income and expenditure of the Association for that year. In preparing those financial statements, the Board of Management is required to:

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

The Board of Management are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Association and to enable them to ensure that the financial Statements at any time comply with the Co-operative and Community Benefits Societies Act 2014, The Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing in England 2022. It has a general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The Board of Management is responsible for maintaining a sound system of control which:

- Focuses on the significant risks that threaten the Association's ability to meet its objectives.
- Provides reasonable assurance of the safeguarding of assets.

The Board of Management are responsible for reviewing the effectiveness of the system of internal control.

The internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute, assurance against material misstatement or loss. Key elements include:

- A commitment to quality and competence and an appropriate organisational structure with clearly defined lines of responsibility and delegation of authority, which combine to create an appropriate control environment.
- Procedures to identify major business risks in a timely manner using the risk management process recommended by the Regulator of Social Housing.
- Information systems for detailed financial reporting, budgeting and planning against which performance is monitored. Performance indicators are used to identify trends in current financial and non-financial data.
- Financial control procedures based upon clearly defined responsibilities and authorities of the Board of Management.

The process for identifying, evaluating and managing the significant risks faced by the Association is ongoing with a quarterly review of the risk register at every Board meeting. The risk register is aligned to the Board's Strategic Objectives – growth, energy efficiency, quality landlord and good governance. This process has been in place for the year ended 31 March 2025 and up to the date of approval of the annual report and financial statements and is regularly reviewed by the Board of Management. No weaknesses in internal control resulted in material losses, contingencies, or uncertainties, which require disclosure in the financial statements or the auditors' report on the financial statements.

The Board of Management's current policy on the prevention, detection and reporting of fraud is as per South Lakes Housing Association policy.

We the Board of Management of the Association who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- There is no relevant audit information of which the Association's auditors are unaware, and
- We have taken all the steps that we ought to have taken as Board of Management members, in order to make ourselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Approved by the Board of Management on 18 August 2025

Signed on their behalf by
N Paxman (Chair)

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LUNE VALLEY RURAL HOUSING ASSOCIATION LIMITED

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2024 and of 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.

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 Strategic 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's Responsibilities set out on page 9, 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.

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.
- 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:

**Statement of Comprehensive Income
For the Year Ended 31 March 2025**

	Note	2025 £	2024 £
Turnover	2	743,355	657,652
Operating expenditure	3	(454,711)	(429,275)
Operating surplus		288,644	228,377
Interest receivable		10,172	10,711
Interest and financing costs	6	(101,094)	(90,179)
Surplus before tax		197,722	148,909
Taxation			-
Total comprehensive income for the year		197,722	148,909

The financial statements on pages 15 to 30 were approved and authorised for issue by the Board on 22 September 2025 and were signed on its behalf by:

..... N Paxman (Chair)

..... C Newby (Board Member)

..... G Aspden (Secretary)

The results relate wholly to continuing activities and the notes on pages 19 to 30 form an integral part of these accounts.

**Statement of Financial Position
 at 31 March 2025**

	Note	2025 £	2024 £
Fixed assets			
Tangible fixed assets	9	5,791,503	5,253,892
Current assets			
Trade & other debtors	10	48,899	36,545
Cash and cash equivalents	11	566,230	1,010,387
		615,129	1,046,932
Less: Creditors:			
Amounts due within one year	12	(182,528)	(191,307)
Net current assets		432,601	855,625
Total assets less current liabilities		6,224,104	6,109,517
Creditors: amounts falling due after more than 1 Year	13	(3,244,618)	(3,327,751)
Total net assets		2,979,486	2,781,766
Reserves			
Non-equity share capital	16	5	7
Income & expenditure reserve		2,979,481	2,781,759
Total reserves		2,979,486	2,781,766

The financial statements on pages 15 to 30 were approved and authorised for issue by the Board on 22 September 2025 and were signed on its behalf by:

..... N Paxman (Chair)

..... C Newby (Board Member)

..... G Aspden (Secretary)

The notes on pages 19 to 30 form an integral part of these accounts.

**Statement of Changes in Reserves
 At 31 March 2025**

	Income and expenditure reserve £	Non-equity share capital £	Total £
Balance as at 31 March 2023	2,632,850	7	2,632,857
Surplus from Statement of Comprehensive Income	148,909	-	148,909
Issued shares	-	1	1
Shares write-off	-	(1)	(1)
Balance as at 31 March 2024	2,781,759	7	2,781,766
Surplus from Statement of Comprehensive Income	197,722	-	197,722
Issued shares	-	-	-
Shares write-off	-	(2)	(2)
Balance as at 31 March 2025	2,979,481	5	2,979,486

The notes on pages 19 to 30 form an integral part of these accounts.

Statement of Cash Flows
For the Year Ended 31 March 2025

	2025	2024
	£	£
Net cash generated from operating activities (see note i)	329,615	310,502
Cash flow from investing activities		
Purchase of tangible fixed assets	(629,333)	(20,685)
Grants received	27,415	18,896
Interest received	10,172	10,711
	(262,131)	319,424
Cash flow from financing activities		
Interest paid	(98,168)	(78,337)
Loan financing costs	(41,750)	-
Loans drawn	-	250,000
Repayment of borrowings	(42,108)	(36,075)
Net change in cash and cash equivalents	(444,157)	455,012
Cash and cash equivalents at the beginning of the year	1,010,387	555,375
Cash and cash equivalents at the end of the year	566,230	1,010,387

Note i to the cash flow statement

	2025	2024
	£	£
Cash flow from operating activities		
Surplus for the year	197,722	148,909
Adjustment for non-cash items:		
Depreciation of tangible fixed assets	91,775	86,601
(Increase) / Decrease in trade and other debtors	(12,356)	(49,887)
(Decrease) / Increase in trade and other creditors	(15,908)	67,749
Adjustment for investing or financing activities:		
Amortisation of grants	(22,540)	(22,338)
Amortisation & write-off of loan financing costs	2,897	2,803
Interest and financing cost	98,197	87,376
Interest received	(10,172)	(10,711)
Net cash generated from operating activities	329,615	310,502

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

Legal Status

Lune Valley Rural 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 South Lakes Housing, Bridge Mills Business Centre, Kendal, Cumbria, LA9 4BD.

1. Principal Accounting Policies

The Association's financial statements have been prepared in accordance with applicable United Kingdom Financial Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers SORP 2018.

Basis of accounting

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 pounds.

The Association's financial statements have been prepared in compliance with FRS102. In complying with FRS102 the Association meets the definition of a Public Benefit Entity (PBE).

Going Concern

The Association's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. No significant concerns have been noted in the budget for 2025/26 budget or the Long Term Financial Plan updated for 2025/26 and therefore we consider it appropriate to continue to prepare the financial statements on a going concern basis.

Robust financial forecasting and monitoring systems in place give the Board reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, and for this reason, it continues to adopt the going concern basis in the financial statements.

Stringent cashflow monitoring and reporting arrangements ensure the Association has sufficient liquidity at all times and that funders' covenants will continue to be met.

A key mitigating factor is that as at 31 March 2025 the Association held significant uncommitted cash balances (in relation to the operational cash flows) and undrawn facilities £1.75m (2024: £0.75m); the Long Term Financial Plan has been prepared on the basis of keeping £250k as unallocated cash balances which equates to nearly 40% of expected annual turnover for 2024/25. Stress testing was completed on the plan and reported to the Board in June 2025. This showed that although there were some risk factors there were sufficient mitigations to address these. The Board consider it appropriate to continue to prepare the financial statements on a going concern basis.

Critical accounting 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 Statement of Financial Position 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 if the asset is held for social benefit or to earn commercial rentals. The Association has determined that social rent rented properties are for social benefit.

1. Principal Accounting Policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

b) Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

c) Bad Debt Provision

The provision is calculated for each individual tenancy in line with the most recent payment patterns. The provision rates used at the reporting date have been reviewed in light of the current economic climate and rising costs of living and are judged to be prudent and appropriate.

d) 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.

Impairment triggers are defined as:

- Changes in Government policy on rental income,
- Property remaining empty for significant periods of time,
- Properties where significant works have been identified in a stock condition survey.

Turnover and revenue recognition

Turnover represents rental income receivable, service charges receivable and amortised capital grant. Income is recognised in relation to the period when goods or services have been supplied. Rental income is recognised when the property is available to let, net of voids.

Service charges

Service charge income and costs are recognised on an accruals basis. The Group operates variable service charges on a scheme-by-scheme basis in full consultation with residents. The charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced service charge and deficit being recovered by a higher charge.

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 account in the year in which redemption took place.

1. Principal Accounting Policies (continued)

Tangible fixed assets and depreciation

Housing properties

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

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

Freehold land is not depreciated.

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:

	Years
Structure	100
Roofs	90
Door, Window, Roofline	35
Bathroom	32
Solar Panels. Electrics	30
Kitchens	22
Boilers	15
Ventilation Systems	10

Capitalisation of interest and administration costs

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 their intended use.

Property managed by agents

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.

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 income statement in other operating expenses.

1. Principal Accounting Policies (continued)

Social Housing and other government grants

Where developments have been financed wholly or partly by Social Housing Grant (SHG), 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. SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of Turnover.

When SHG 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.

Financial Instruments

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through the Statement of Comprehensive Income, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs that the entity may incur on sale or other disposal.

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Commitments to receive or make a loan to another entity which meet the conditions in para 11.8(c) of FRS102 are measured at cost less impairment.

Financial instruments held by the Association are classified as follows:

Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method.

Value Added Tax

The Association does not charge VAT on its income and is unable to recover the VAT it incurs on expenditure. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by the Association and not recoverable.

Taxation

Lune Valley Rural Housing Association has charitable status and is therefore exempt from UK Corporation Tax on its charitable activities.

2. Turnover, Operating Expenditure and Surplus

The association has no other activity than Social Housing Lettings. All the turnover, operating expenditure and the resulting operating surplus as set out in the Statement of Comprehensive Income arise from General Needs housing. This is summarised below with further detail in note 3.

	Note	2025 £	2024 £
Turnover	3	743,355	657,652
Operating expenditure	3	(454,711)	(429,275)
Operating surplus		288,644	228,377

3. Breakdown of operating revenues from Social Housing

	General Housing 2025 £	General Housing 2024 £
Turnover		
Rent receivable net of identifiable service charge and net of voids	695,989	613,452
Service charge income	13,827	11,946
Other income	10,999	9,916
Amortised government grants	22,540	22,338
Turnover from Social Housing Lettings	743,355	657,652
Operating Expenditure		
Management	(186,403)	(150,971)
Services charge costs	(16,009)	(14,468)
Routine maintenance	(109,237)	(109,479)
Planned maintenance	(16,220)	(18,269)
Major repairs expenditure	(31,574)	(16,953)
Bad debts	(3,493)	(22,202)
Depreciation and component write off of housing properties	(91,775)	(96,933)
Operating Expenditure on Social Housing Lettings	(454,711)	(429,275)
Operating Surplus from Social Housing Lettings	288,644	228,377
Void Losses (being rental income lost as a result of property not being let, although available for letting)	(1,806)	(6,461)

4. Units owned and in development

	2025	2024
	No.	No.
Owned	111	106
In development	9	-
Balance b/f	106	106
Acquired	5	-
Disposed	-	-
Balance c/f	111	106

Average weekly rental income per unit (£) as at reporting date	125.71	116.86
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All units are managed by South Lakes Housing.

At 31 March 2025, there were 9 properties under development that were committed purchases from developers under s106 agreements.

5. Directors and key management personnel

The Directors and key management personnel are defined as the Board of Management. None of the Board of Management received any emoluments during the period (2024: Nil).

The administration and management of the Association is carried out by South Lakes Housing Association (Co-operative and Community Benefits Society No. 31419R), a Registered Social Landlord whose registered office is South Lakes Housing Association, Bridge Mills Business Centre, Kendal, Cumbria, LA9 4BD. Lune Valley Rural Housing Association has no paid Executive Officers.

Expenses reimbursed to the Board of Management not chargeable for UK income tax during the period were:

	2025	2024
	£	£
N Paxman	329	244
	329	244

The Association does not have any employees.

6. Financing costs

	2025	2024
	£	£
On loans repaid during the year	-	-
On loans repayable in more than 4 years but less than 5 years	-	-
On loans repayable in more than 5 years	91,693	78,843
Costs associated with financing	9,401	11,336
	<u>101,094</u>	<u>90,179</u>

7. Surplus on ordinary activities

	2025	2024
	£	£
Auditors' remuneration (excluding VAT):		
Audit of the financial statements	11,199	4,994
Corporation Tax Return	-	-
Depreciation of housing properties	91,775	96,933
Amortisation of Social Housing Grant	(22,540)	(22,338)

8. Taxation

Lune Valley Rural Housing Association has charitable status and is therefore exempt from UK Corporation Tax on its charitable activities.

9. Tangible fixed assets

Housing properties

	Social housing properties for letting completed	Social housing properties for letting under construction	Total fixed assets
	£	£	£
Cost			
As at 1 April 2024	6,618,018	60,571	6,678,589
Additions	-	551,732	551,732
Works to existing properties	77,601	-	77,601
Schemes completed	546,754	(546,754)	-
Component Disposals	(18,421)	-	(18,421)
As at 31 March 2025	7,223,952	65,549	7,289,501
Depreciation			
At 1 April 2024	(1,424,697)	-	(1,424,697)
Charged in the year	(91,358)	-	(91,358)
Disposals	18,057	-	18,057
As at 31 March 2025	(1,497,998)	-	(1,497,998)
Net book value 31/3/2025	5,725,954	65,549	5,791,503
Net book value 31/3/2024	5,193,321	60,571	5,253,892

All properties are freehold.

Planned expenditure on works to existing properties

	2025	2024
	£	£
Components capitalised	77,601	54,851
Amounts charged to the income and expenditure account	31,574	16,953
	109,175	71,804

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10. Trade and other debtors	2025	2024
	£	£
Amounts falling due within one year:		
Rent arrears	47,465	41,467
Less: provision for bad debts	(42,788)	(39,778)
	4,677	1,689
Cash in transit	(1,844)	(9,739)
Other debtors	9,493	30,876
Prepayments and accrued income	36,573	13,719
	48,899	36,545

11. Cash and cash equivalents	2025	2024
	£	£
Cash at bank	566,230	1,010,387
	566,230	1,010,38

12. Creditors: amounts falling due within one year	2025	2024
	£	£
Loans (note 14)	44,460	38,059
Deferred Capital Grant (note 15)	23,695	23,049
Rents in Advance	6,888	6,144
Accruals and deferred income	40,803	30,045
Other creditors	66,682	94,010
	182,528	191,307

13. Creditors: amounts falling due after one year	2025	2024
	£	£
Loans (note 14)	1,644,039	1,731,401
Deferred Capital Grant (note 15)	1,600,579	1,596,350
	3,244,618	3,327,751

14. Debt analysis	2025	2024
	£	£
Loans repayable by instalments		
In One Year or Less	44,460	38,059
Between One and Two Years	46,719	75,269
Between Two and Five Years	154,653	382,554
In Five Years or More	1,548,865	1,340,923
	1,794,697	1,836,805
Loan issue costs	(106,198)	(67,345)
	1,688,499	1,769,460

Loan Facilities are provided by CAF Bank and are secured by specific charges on the Association's housing properties. The CAF1 loan £1.55m (2024: £1.59m) is repayable in monthly instalments to be fully repaid at June 2047 and has a fixed interest rate of 4.81%. In addition, the CAF2 loan facility £246k (2024: £250k) is repayable in monthly instalments to be fully repaid at February 2049 and is incurring interest at a variable rate of 1.6% above the Bank of England Base Rate. In February 2025, a further CAF3 £1m facility was finalised with cross-collateralisation across CAF facilities.

As at 31 March 2025, the Association has £1.75m (2024: £0.75m) in undrawn loan facilities.

Loan arrangement fees are capitalised and amortised over the remaining life of the loan.

15. Deferred capital grant

	2025	2024
	£	£
As at 1 April	1,619,399	1,626,801
Grant received in the year	27,415	14,936
Released to income in the year	(22,540)	(22,338)
As at 31 March	1,624,274	1,619,399
	£	£
Amount due to be released < 1 year	23,695	23,049
Amount due to be released >1 year	1,600,579	1,596,350
	1,624,274	1,619,399

16. Non-equity share capital

	2025	2024
	£	£
Shares of £1 par value each issued and fully paid		
As at 1 April	7	7
Issued in period	-	1
Written-off in period	2	(1)
As at 31 March	5	7

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.

17. Capital commitments

	2025	2024
	£	£
Capital expenditure that has been contracted for but has not been provided for in the financial statements	590,669	500,331
Capital expenditure that has been authorised by the Board but has not been contracted for	254,764	922,772

At the financial year end the Association had committed to the acquisition of nine properties in relation to the development scheme at Lords Close, Giggleswick which is due to complete in stages during the coming year. The authorised but not contracted figure comprises £254,764 (2024: £266,554) relating to capital major repairs.

18. Grant and financial assistance

	2025	2024
	£	£
The total accumulated government grant and financial assistance received or receivable at 31 March:		
Held as deferred capital grant	1,624,274	1,619,399
Recognised as income in the Statement of Comprehensive Income	640,951	618,411
	2,265,225	2,237,810

19. Related parties

The following are related parties:

- South Lakes Housing Association is the managing agent which provides administrative and maintenance services. During the year the Association purchased services from South Lakes Housing Association totalling £389,855 (2024: £318,401). At the balance sheet date £66,682 (2024: £94,010) was owed to South Lakes Housing Association. Some elements of rental income are collected by South Lakes Housing on behalf of the Association. At the year end, £4,141 (2024: £17,452) was due to the Association from South Lakes Housing.
- Transactions with key management personnel and their close family members (including compensation paid); there were no related party transactions in the year to 31 March 2025 and no amounts outstanding (2024: £nil).

Related party balances are not secured.

20. Changes in net debt

	At 1 April 2024	Cash Flows	Non-cash Movements	At 31 March 2025
	£	£	£	£
Cash and cash equivalents	1,010,387	(444,157)	--	566,230
Housing loans due in one year	(38,059)	42,108	(48,509)	(44,460)
Housing loans due after one year	(1,731,401)	-	87,362	(1,644,039)
	(759,073)	(402,049)	38,853	(1,122,269)