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LUNE VALLEY

Rural Housing Association
LIMITED

LUNE VALLEY RURAL HOUSING ASSOCIATION LIMITED
Financial Statements
Year ended 31 March 2026

Docusign Envelope ID: 18A061BA-C956-8AB1-8105-CA2FEC851DBA

ASSOCIATION DETAILS

Registered Office	*South Lakes Housing* *Bridge Mills Business Centre* *Kendal* *Cumbria* *LA9 4BD*
Statutory Auditor	*Forvis Mazars* *The Aviary, 4th Floor* *39 Booth Street* *Manchester* *M2 3HZ*
*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. On 31st March 2026 the FCA approved the transfer of engagements from Lune Valley Rural Housing Association to South Lakes Housing.*

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REPORT OF THE BOARD OF MANAGEMENT
For the year ended 31 March 2026

The Board of Management present their annual report and the audited financial statements for the year ended 31 March 2026.

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 2026 were:

N Paxman	*Chair*
G Aspden	*Board Member (Company Secretary)*
T Dant	*Board Member (Member Responsible for Complaints)*
J Lighten	*Board Member (served until 22nd January 2026)*
C Newby	*Board Member*

All board members stood down from the association following the FCA acceptance and registration of the transfer of engagements to another registered provider of social housing, South Lakes Housing. As a result of the dissolution there are also no longer any shareholders.

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.

FINANCIAL STATEMENTS AND STATE OF THE ASSOCIATION'S AFFAIRS
The results for the year are shown in the Statement of Comprehensive Income on page 16. Movements in the Fixed Assets of the Association are set out in note 9 on page 28.

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CHAIR'S REVIEW OF THE YEAR

The year to 31 March 2026 has been a defining period for Lune Valley Rural Housing Association, culminating in the successful completion of the Transfer of Engagements to South Lakes Housing. This decision followed careful consideration by the Board, underpinned by a clear strategic rationale to ensure the long-term sustainability of services, continued investment in homes, and improved outcomes for residents set against the backdrop of increasing financial and regulatory pressures.

The merger reflects a strong and established partnership, with South Lakes Housing having provided management services to Lune Valley for over 6 years. Throughout the year, significant progress was made against key milestones in the merger process. A robust business case was developed and refined following comprehensive due diligence undertaken by both organisations. This included financial, legal, governance and property reviews to ensure that all risks and opportunities were fully understood. The Boards of both organisations formally approved the merger in January and February 2026, with shareholder approval secured at two Special General Meetings.

A central principle throughout the process was the meaningful engagement of residents. A structured consultation programme was undertaken, ensuring residents had the opportunity to understand the proposals, ask questions, and provide feedback. The Board carefully considered this feedback, which helped shape the final business case and provided assurance that the merger was in residents' best interests. Residents were reassured that the merger would not result in changes to their tenancy rights, rent arrangements or access to repairs services, providing stability and continuity through the transition.

Engagement extended beyond residents to include key stakeholders and partners. Early and ongoing dialogue was undertaken with funders and regulators to ensure compliance with all governance and legal requirements. Lune Valley's lender, CAF Bank, was formally engaged to provide consent to the transaction, and we were grateful for their support. The submission of the statutory notification to the Financial Conduct Authority on 31st March 2026 marked a key milestone in completing the legal requirements of the Transfer of Engagements.

The successful completion of the merger represents a significant milestone in Lune Valley's journey. By joining South Lakes Housing, residents are now part of a larger, financially resilient organisation with increased capacity to invest in homes and communities, while retaining the values and local focus that have characterised Lune Valley's work. From an association which started in 1989 developing its first homes in Hornby, Lancashire it has grown steadily as a community-based provider of affordable rented housing, focused exclusively on rural areas across the Lune Valley, finishing with a portfolio of 118 homes with our new scheme at Giggleswick. It was befitting that our last meeting was the 200th meeting of a volunteer board. I would like to place on record my thanks to our residents, board and members, shareholders, local authorities, parish councils, and former managing agents for their support and commitment for 37 years.

As part of my new role on the South Lakes Housing board, I will continue to ensure that it delivers on its commitment to residents and continues the legacy in developing new affordable housing across the Lune Valley.



Nick Paxman
Chair, 10th September

2026

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FINANCIAL PERFORMANCE

The financial accounts for the year to 31 March 2026 show another stable financial year with a surplus of income over expenditure of £187k, which was £112k higher than budget. On 31 March 2026, following full transfer of engagement to South Lakes Housing the reserves were £Nil (£2.98m in 2024/25).

OPERATIONAL PERFORMANCE

The Association continued to invest in the improvement of existing properties with 100% meeting the Decent Homes Standard and 98.3% of homes had an up-to-date stock condition survey carried out within the last five years.

TSM perception survey – 29 residents took part in the annual survey which was conducted by telephone and via the website. The results are disappointing with overall satisfaction at 65.5%, compared to 76.9% in the previous year. The margin for error is very high at almost 15%. Declines are most evident in repairs, anti-social behaviour (ASB) and neighbourhood contribution. Safety (85.2%) and fair & respectful treatment (83.3%) remain relative strengths. Feedback highlights frustration with timescales, follow-up, and communication gaps, rather than staff attitude. The Board and its managing agent recognise that improvements to waiting times for repairs, where there is an ongoing transformation project which is aiming to address the recommendations, is key to raising overall satisfaction levels. Several changes have been made to the maintenance service including new leadership and ending a contract with another housing association to create capacity.

Turnover in the 2025/26 year was broadly in line with budget at £785k (2025: £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 76.8% of repairs being completed on time (69.1% in 2024/25) showing a 7.7% improvement.

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 utilised Social Housing Decarbonisation Funding to assist with investment in insultation and solar PV etc. 94.92% of homes have an EPC of C or above (compared to 92% in 2024/25). As the merger with South Lakes Housing has gone ahead the remaining homes will be added to its Warm Homes programme.

Current rent arrears have increased slightly from 4.61% in 2024/25 to 5.02% in 2025/26, and the focus remains and engaging with those residents that owe over £1k, recognising the hardship that some residents are facing.

There were 6 empty properties relet during the year (4 in the previous year), with rent loss as a % of debit being 0.41% in 2025/26 compared to 0.24% in 2024/25.

The grounds maintenance service was reprocured, 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.

VALUE FOR MONEY

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The Board received sufficient and regular assurance from South Lakes Housing about the costs of management. In last year's report the Board referred to the need to consider future strategic opportunities during 2025/26 including reviewing delivery. The Board considered the business case for the merger with South Lakes Housing.

The Value for Money case was centred on:

- *Reducing financing costs and improving treasury efficiency*
- *Enhancing financial resilience and borrowing capacity*
- *Achieving operational efficiencies through scale*
- *Optimising investment decisions and asset management*
- *Improving service delivery outcomes for residents*
- *Mitigating the risks associated with operating at small scale*

In line with Government Rent Standard and Rent Policy Statement, the Board increased rents by CPI plus 1% in October 2025 (2.7%) in line with the Regulator of Social Housing Rent Standard and Government formula. Following the merger with South Lakes Housing on 31st March 2026 the annual rent review will be moved from October to April to align with South Lakes Housing. 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 resident and set rents for affordable homes on a new valuation. The is permitted under the Rent Standard and the additional capacity is used to fund much-needed housing within our rural communities.

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	2025/26 Actual	2024/25 Actual	2024/25 Sector*
Reinvestment %	*a*	*10.1%*	*10.9%*	*7.5%*
New supply delivered (social housing)	*a*	*6.3%*	*4.7%*	*1.3%*
New supply delivered (non-social housing)		*0%*	*0%*	*0%*
Gearing	*b*	*22.0%*	*19.4%*	*46.0%*
Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI)	*c*	*218%*	*305%*	*113.%*
Headline social housing cost per unit	*d*	*£4,481*	*£3,937*	*£5,690*
Operating Margin (social housing lettings)		*39.0%*	*38.8%*	*20.0%*
Operating Margin (overall)		*39.0%*	*38.8%*	*17.4%*
Return on Capital Employed (ROCE)	*e*	*4.4%*	*4.6%*	*3.0%*

**Based on 2024 Regulator's aggregate accounts published March 2025 for Associations with <2,500 units*

VALUE FOR MONEY (Continued)

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Some further background is provided below:

a) *Reinvestment measures new properties acquired and works to existing properties. Seven new properties were completed during the year, and investment works in existing properties took place.*

b) *Gearing has increased due to drawdown of the remaining CAF2 loan facility before expiry for continued development acquisitions and 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 because of increased interest costs.*

d) *Social housing cost per unit has increased in 2025/26 as the overall level of spend on investment works in existing properties 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 had a volunteer Board of management to set its strategic direction and ensure good governance. Board members had a range of relevant experience, local knowledge, and expertise to discharge their responsibilities, including:

- *Property management and resident and resident 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 certified 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. Graham was supported by the South Lakes Housing Governance Team and Company Secretary, ensuring that governance and regulatory returns were compliant and completed on time. This included the Regulator of Social Housing, Housing Ombudsman, Financial Conduct Authority and Information Commissioners Office. The Board received quarterly reports on regulatory and governance compliance.

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

GOVERNANCE (Continued)

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On appointment, board members signed 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 had 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 updates on performance, complaints handling, resident satisfaction measures, development schemes, financial performance, board membership and succession, and governance compliance maintenance.

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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 2026 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.

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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 10 September 2026

Signed on their behalf by .....
N Paxman (Chair)

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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 2026 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Cashflow Statement and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2026 and of its surplus 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

We draw attention to Note 1 to the financial statements which explains that the Board intend to dissolve the entity following the transfer of engagements on 31 March 2026 and 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 1. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Board of Management Report, other than the financial statements and our auditor's report thereon. The Board Members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

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 requires us to report to you if, in our opinion:

- *a satisfactory system of control over transactions has not been maintained; or*
- *the Association has not kept proper books of account; or*
- *the financial statements are not in agreement with the 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 Board Members' responsibilities statement set out on page 10, the Board Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board Members are 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 directors either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the Association and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, GDPR, health and safety regulation, anti-money laundering regulation and tax legislation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- *Inquiring of management and, where appropriate, those charged with governance, as to whether the Association is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;*
- *Inspecting correspondence, if any, with relevant licensing or regulatory authorities;*
- *Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and*
- *Considering the risk of acts by the Association which were contrary to applicable laws and regulations, including fraud.*

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

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

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as Co-operative and Community Benefit Societies 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

In addition, we evaluated the Board Members' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- *Making enquiries of the Board Members and management on whether they had knowledge of any actual, suspected or alleged fraud;*
- *Gaining an understanding of the internal controls established to mitigate risks related to fraud;*
- *Discussing amongst the engagement team the risks of fraud; and*
- *Addressing the risks of fraud through management override of controls by performing journal entry testing.*

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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.

Use of the audit report

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

Signed by:

Forvis Mazars LLP

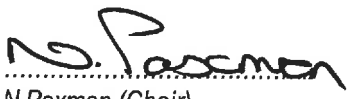
Forvis Mazars
The Aviary, 4th Floor
39 Booth Street
Manchester
M2 3HZ
Date 22-Sep-26

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Statement of Comprehensive Income
For the Year Ended 31 March 2026

	Note	2026 £	2025 £
Turnover	*2*	*785,487*	*743,355*
Operating expenditure	*3*	*(479,106)*	*(454,711)*
Operating surplus		**306,381**	**288,644**
Interest receivable		*14,264*	*10,172*
Interest and financing costs	*6*	*(133,423)*	*(101,094)*
Surplus before tax		**187,222**	**197,722**
Taxation		-	-
Total comprehensive income for the year		**187,222**	**197,722**

The financial statements on pages 14 to 29 were signed on behalf of the Board on 10 September 2026 by:



N Paxman (Chair)

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Statement of Financial Position at 31 March 2026

	Note	2026 £	2025 £
Fixed assets			
Tangible fixed assets	*9*	-	*5,791,503*
Current assets			
Trade & other debtors	*10*	-	*48,899*
Cash and cash equivalents	*11*	-	*566,230*
		-	**615,129**
Less: Creditors:			
Amounts due within one year	*12*	-	*(182,528)*
Net current assets		-	**432,601**
Total assets less current liabilities		-	**6,224,104**
Creditors: amounts falling due after more than 1 Year	*13*	-	**(3,244,618)**
Total net assets		-	**2,979,486**
Reserves			
Non-equity share capital	*16*		*5*
Income & expenditure reserve		-	*2,979,481*
Total reserves		-	**2,979,486**

The financial statements on pages 14 to 29 were signed on behalf of the Board on 10 September 2026 by:

N Paxman (Chair)

The notes on pages 18 to 29 form an integral part of these account

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Statement of Changes in Reserves
At 31 March 2026

	Income and expenditure reserve £	Non-equity share capital £	Total £
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**
Surplus from Statement of Comprehensive Income	*187,222*	-	*187,222*
Issued shares	-	*1*	*1*
Shares write-off	-	*(6)*	*(6)*
Transfer of Engagement to SLH	*(3,166,703)*		*(3,166,703)*
Balance as at 31 March 2026	**-**	**-**	**-**

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

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Statement of Cash Flows
For the Year Ended 31 March 2026

	2026 £	2025 £
Net cash generated from operating activities (see note i)	**490,509**	**329,615**
Cash flow from investing activities		
Purchase of tangible fixed assets	*(638,009)*	*(629,333)*
Transfer of engagement to SLH	*(995,177)*	*-*
Grants received	*-*	*27,415*
Interest received	*14,264*	*10,172*
	(1,128,413)	**(262,131)**
Cash flow from financing activities		
Interest paid	*(131,125)*	*(98,168)*
Loan financing costs	*-*	*(41,750)*
Loans drawn	*750,000*	*-*
Repayment of borrowings	*(56,692)*	*(42,108)*
Net change in cash and cash equivalents	**(566,230)**	**(444,157)**
Cash and cash equivalents at the beginning of the year	**566,230**	**1,010,387**
Cash and cash equivalents at the end of the year	**-**	**566,230**

Note i to the cash flow statement

	2026 £	2025 £
Cash flow from operating activities		
Surplus for the year	*187,222*	*197,722*
Adjustment for non-cash items:		
Depreciation of tangible fixed assets	*101,953*	*91,775*
(Increase) / Decrease in trade and other debtors	*(12,215)*	*(12,356)*
Increase / (Decrease) in trade and other creditors	*117,428*	*(15,908)*
Adjustment for investing or financing activities:		
Amortisation of grants	*(23,038)*	*(22,540)*
Amortisation & write-off of loan financing costs	*3,766*	*2,897*
Interest and financing cost	*129,657*	*98,197*
Interest received	*(14,264)*	*(10,172)*
Net cash generated from operating activities	**490,509**	**329,615**

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Notes to the Financial Statements for the year ended 31 March 2026

Legal Status

Up until 31st March 2026 Lune Valley Rural Housing Association Limited was incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and was registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing. The registered office was South Lakes Housing, Bridge Mills Business Centre, Kendal, Cumbria, LA9 4BD.

On 31st March 2026 Lune Valley Rural Housing Association completed a Transfer of Engagements (ToE) with South Lakes Housing under section 110 of the Co-operative and Community Benefit Societies Act 2014. This was accepted by the Financial Conduct Authority (FCA) and copies sent to the Regulator of Social Housing and Homes England. The Board approved the resolution on 26th January 2026 following due diligence and resident engagement. The resolution was passed by two special general meetings of shareholders on 9th February and 23rd February 2026.

The legal effect of a ToE is the vesting of all of the assets and undertakings of the transferring body (Lune Valley Rural Housing Association) into the recipient (South Lakes Housing). The association completed a 'nil return' for the 2026 Regulator of Social Housing (RSH) Statistical Data Return confirming it no longer held any social housing assets. All property titles are with Land Registry to be updated into the name of South Lakes Housing and once confirmation has been received a Section 126 certificate will be submitted to the FCA to cancel Lune Valley Rural Housing Association's registration. Following on from this the RSH will be notified and they will then remove the association as a registered provider.

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 have not been prepared on a going concern basis. On 31 March 2026 there was a transfer of engagements to South Lakes Housing and it is the intention of the Board to liquidate the entity.

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

Following the transfer of the net assets and liabilities on 31 March 2026, The Association can no longer be considered as a going concern.

All activities are discontinued as at 31 March 2026 and following submission of these financial statements to the Regulator of Social Housing, it is the intention of the Board to dissolve the Association.

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1. Principal Accounting Policies (continued)

Transfer of Engagement

On the 31 March 2026 the Association transferred its engagements to South Lakes Housing. The transfer has been accounted for as a donation. The assets and liabilities of the Association were transferred at their fair value with corresponding amount recognised as a gain in the Statement of Comprehensive Income of South Lakes Housing.

The following table sets out the assets and liabilities transferred

Fixed assets	*£ 635,428*
Debtors	*£ 45,274*
Cash at bank	*£ 995,177*
Creditors and deferred income	*(£3,878,565)*

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.

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.*

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1. Principal Accounting Policies (continued)

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 Association 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.

Tangible fixed assets and depreciation

Housing properties

Tangible fixed assets are stated at cost, less accumulated depreciation. Freehold land is not depreciated.

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

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.

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1. Principal Accounting Policies (continued)

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.

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.

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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	2026 £	2025 £
Turnover	*3*	*785,487*	*743,355*
Operating expenditure	*3*	*(479,106)*	*(454,711)*
Operating surplus		**306,381**	**288,644**

3. Breakdown of operating revenues from Social Housing

	General Housing 2026 £	General Housing 2025 £
Turnover		
Rent receivable net of identifiable service charge and net of voids	*753,040*	*695,989*
Service charge income	*9,409*	*13,827*
Other income	*-*	*10,999*
Amortised government grants	*23,038*	*22,540*
Turnover from Social Housing Lettings	**785,487**	**743,355**
Operating Expenditure		
Management	*(196,202)*	*(186,403)*
Services charge costs	*(10,291)*	*(16,009)*
Routine maintenance	*(122,395)*	*(109,237)*
Planned maintenance	*(18,041)*	*(16,220)*
Major repairs expenditure	*(21,411)*	*(31,574)*
Bad debts	*(8,813)*	*(3,493)*
Depreciation and component write off of housing properties	*(101,953)*	*(91,775)*
Operating Expenditure on Social Housing Lettings	**(479,106)**	**(454,711)**
Operating Surplus from Social Housing Lettings	**306,381**	**288,644**
Void Losses (being rental income lost as a result of property not being let, although available for letting)	*(3,070)*	*(1,806)*

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4. Units owned and in development

	2026 No.	2025 No.
Owned	*118*	*111*
In development	*-*	*9*
Balance b/f	*111*	*106*
Acquired	*7*	*5*
Disposed – Transfer of Engagement to SLH	*(118)*	*-*
Balance c/f	**-**	**111**
Average weekly rental income per unit (£) as at reporting date	*126.04*	*125.71*

All units have been transferred to South Lakes Housing.
At 31 March 2026, there were 2 properties under development that were committed purchases from developers under s106 agreements and will be transferred to SLH.

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 (2025: 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:

	2026 £	2025 £
N Paxman	*-*	*329*
	-	**329**

The Association does not have any employees.

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6. Financing costs

	2026 £	2025 £
On loans repayable in more than 5 years	*119,501*	*91,693*
Costs associated with financing	*13,922*	*9,401*
	133,423	**101,094**

7. Surplus on ordinary activities

	2026 £	2025 £
Auditors' remuneration (excluding VAT):		
Audit of the financial statements	*10,000*	*11,199*
Corporation Tax Return	-	-
Depreciation of housing properties	*93,100*	*91,775*
Amortisation of Social Housing Grant	-	*(22,540)*

8. Taxation

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

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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 2025	*7,223,952*	*65,549*	*7,289,501*
Additions	*-*	*477,584*	*477,584*
Works to existing properties	*160,425*	*-*	*160,425*
Schemes completed	*526,654*	*(526,654)*	*-*
Component Disposals	*(60,769)*	*-*	*(60,769)*
Transfer of Engagement Disposals	*(7,850,262)*	*(16,479)*	*(7,866,741)*
As at 31 March 2026	**-**	**-**	**-**
Depreciation			
At 1 April 2025	*(1,497,998)*	*-*	*(1,497,998)*
Charged in the year	*(93,100)*	*-*	*(93,100)*
Disposals	*49,785*	*-*	*49,785*
Transfer of Engagement Disposals	*1,541,313*	*-*	*1,541,313*
As at 31 March 2026	**-**	**-**	**-**
Net book value 31/3/2026	**-**	**-**	**-**
Net book value 31/3/2025	*5,725,954*	*65,549*	*5,791,503*

All properties are freehold.
Disposals represent the net book value of tangible fixed assets transferred on 31 March 2026.

Planned expenditure on works to existing properties

	2026	2025
	£	£
Components capitalised	*160,425*	*77,601*
Amounts charged to the income and expenditure account	*21,411*	*31,574*
	181,836	**109,175**

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10. Trade and other debtors

	2026	2025
	£	£
Amounts falling due within one year:		
Rent arrears	-	*47,465*
Less: provision for bad debts	-	*(42,788)*
	-	**4,677**
Cash in transit	-	*(1,844)*
Other debtors	-	*9,493*
Prepayments and accrued income	-	*36,573*
	-	**48,899**

11. Cash and cash equivalents

	2026	2025
	£	£
Cash at bank	-	*566,230*
	-	**566,230**

12. Creditors: amounts falling due within one year

	2026	2025
	£	£
Loans (note 14)	-	*44,460*
Deferred Capital Grant (note 15)	-	*23,695*
Rents in Advance	-	*6,888*
Accruals and deferred income	-	*40,803*
Other creditors	-	*66,682*
	-	**182,528**

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13. Creditors: amounts falling due after one year	**2026**	**2025**
	£	**£**
Loans (note 14)	-	*1,644,039*
Deferred Capital Grant (note 15)	-	*1,600,579*
	-	**3,244,618**

14. Debt analysis	**2026**	**2025**
	£	**£**
Loans repayable by instalments		
In One Year or Less	-	*44,460*
Between One and Two Years	-	*46,719*
Between Two and Five Years	-	*154,653*
In Five Years or More	-	*1,548,865*
	-	**1,794,697**
Loan issue costs	-	*(106,198)*
	-	**1,688,499**

Loan Facilities were provided by CAF Bank and were secured by specific charges on the Association's housing properties. The CAF1 loan £1.51M (2025: £1.55M) was repayable in monthly instalments to be fully repaid at June 2047 and had a fixed interest rate of 4.81%. In addition, the CAF2 loan facility £979k (2025: £246k), following £750k drawdown during the year, was repayable in monthly instalments to be fully repaid at February 2049 and was 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-collaterisation across CAF facilities.

On 31 March 2026, the loan facilities were transferred to South Lakes Housing who fully repaid them on the same day.

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

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15. Deferred capital grant

	2026	2025
	£	£
As at 1 April	-	*1,619,399*
Grant received in the year	-	*27,415*
Released to income in the year	-	*(22,540)*
As at 31 March	-	*1,624,274*

		£
Amount due to be released < 1 year	-	*23,695*
Amount due to be released >1 year	-	*1,600,579*
	-	*1,624,274*

16. Non-equity share capital

	2026	2025
	£	£
Shares of £1 par value each issued and fully paid		
As at 1 April	*5*	*7*
Issued in period	*1*	*-*
Written-off in period	*(6)*	*(2)*
As at 31 March	-	*5*

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

	2026	2025
	£	£
Capital expenditure that has been contracted for but has not been provided for in the financial statements	-	*590,669*
Capital expenditure that has been authorised by the Board but has not been contracted for	-	*254.764*

Prior to the financial year end the Association had committed to the acquisition of the remaining two (2025: nine) properties in relation to the development scheme at Lords Close, Giggleswick. The authorised but not contracted figure comprises £97,295 (2025: £254,764) relating to capital major repairs. At 31 March 2026, these capital commitments were transferred to SLH.

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18. Grant and financial assistance

	2026	2025
	£	£
The total accumulated government grant and financial assistance received or receivable at 31 March:		
Held as deferred capital grant	*1,583,270*	*1,624,274*
Recognised as income in the Statement of Comprehensive Income	*663,989*	*640,951*
	2,247,259	**2,265,225**

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 £406,666 (2025: £389,855). At the balance sheet date £Nil (2025: £66,682) 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, £nil (2025: £4,141) 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 2026 and no amounts outstanding (2025: £nil).*

Related party balances are not secured.

20. Changes in net debt

	At 1 April 2025	Cash Flows	Non-cash Movements	Transfer of Engagement	At 31 March 2026
	£	£	£	£	£
Cash and cash equivalents	*566,230*	*428,947*	*-*	*(995,177)*	*-*
Housing loans due in one year	*(44,460)*	*56,692*	*(76,345)*	*64,113*	*-*
Housing loans due after one year	*(1,644,039)*	*(750,000)*	*72,579*	*2,321,460*	*-*
	(1,122,269)	**(264,361)**	**(3,766)**	**(1,390,396)**	**-**

21. Post Balance Sheet Events

These financial statements are prepared as the final set of financial statements before the Association is dissolved. The Board will action dissolution once the financial statements have been submitted to the Regulator of Social Housing.

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