

ABILITY HOUSING ASSOCIATION

Report and Financial Statements

For the year ended 30th September 2024

Registered Company No. 01261380



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ABILITY HOUSING ASSOCIATION**Report and Financial Statements for the year ended 30 September 2024****Company Information**

Company registration number:	01261380
Regulator of Social Housing registration number:	LH2174
Charity number:	271547
Registered office and principal address:	The Coach House Gresham Road Staines Upon Thames TW18 2AE
The Board:	Mandy Dunstan (Chair) (appointed 20 th March 2024) Sally Reay (Chair) (resigned 20 th March 2024) Dominic Wallace Jai Dosanjh Lynsey van Aswegen Dritan Uka Tim Jennings Vimal Gaglani Rinat Abdrasilov Kimberley Ellis Nicholas Barker (appointed 20 th March 2024) Adrian Smith (appointed 20 th March 24, resigned 1 st October 2024)
Senior Management Team:	
Chief Executive	Jeffrey Skipp
Director of Finance	Marcus Andrews
Director of Operations (Housing)	Stephanie Wood (appointed 11 th November 2024) Lucy Sivasundram (left 19 th September 2024)
Director of Care & Support	Lauren Green (appointed 15 th April 2024)
Company Secretary:	Marcus Andrews
Bankers:	Barclays 1 Churchill Place London E14 5HP
Solicitors:	Devonshires 30 Finsbury Circus London EC2M 7DT
Auditors:	Beever and Struthers Statutory Auditor 150 Minories London EC3N 1LS

Report of the Board

The Board presents its report and audited financial statements for Ability Housing Association ('The Association') for the year ended 30 September 2024.

The financial statements have been drawn up under United Kingdom Generally Accepted Accounting Practice, including FRS 102 ('the financial reporting standard applicable in the UK and Republic of Ireland'). The Association is registered under the Companies Act 2006 as a company limited by guarantee incorporated in England. It is registered with both the Charity Commission and the Regulator of Social Housing as a Registered Provider.

Principal activities and public benefit

The Association's principal activities are the provision, by construction or conversion, and the management of housing for people with disabilities and others in housing need and the provision of care and support to those individuals.

The Association is classified as a public benefit entity. The Board confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Association's aims and objectives and in formulating future plans.

Business review and future development

Details of the Association's performance for the year and future plans are set out in the Operating and Financial Review that follows this report.

Employees

The Association is accredited as an Investor in People. Salary levels are set in relation to the market and meet or exceed the requirements of the National Living Wage.

We are committed to equality of opportunity for all employees, and we monitor our recruitment processes to ensure that a diverse workforce is recruited and nurtured.

The Association shares information on its objectives, progress and activities through regular office and departmental meetings.

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Association has employed an external advisor to prepare detailed health and safety policies, ongoing support and provides staff training and education on health and safety matters.

Board members and executive directors

The present Board members and the executive directors of the Association are set out on page 3. The Board members are drawn from a wide background bringing together professional, commercial and local experience.

The executive directors are the chief executive and the other members of the Association's senior management team. They hold no interest in the Association's shares and act as executives within the authority delegated by the Board. The executive directors are employed on the same terms as other staff, their notice periods being six months.

Insurance policies indemnify Board members and officers against liability when acting for the Association.

Report of the Board

National Housing Federation (NHF) Code of Governance

Ability ensures full compliance with The NHF Code of Governance (2020 edition). Ability complies with the principal recommendations of the NHF Code of Governance.

Pensions

The Association contributes to the Social Housing Pension Scheme defined contribution pension for all staff not enrolled in a defined benefit scheme or opted out. This is Ability's auto-enrolment pension scheme. A small number of staff are members of Local Government Pension Scheme, a defined benefit final salary pension scheme. A number of former staff members are enrolled in the defined benefit final salary element of the Social Housing Pension Scheme.

Fraud

There were no frauds in the year.

Internal controls assurance

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

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

The process for identifying, evaluating and managing the significant risks faced by the Association is continuing, and has been in place throughout the period commencing 1st October 2023 up to the date of approval of the annual report and financial statements. The Board receives and considers reports from management on these risk management and control arrangements at each meeting during the year.

Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for audit, finance and risk and customer services committees
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks
- Robust strategic and business planning processes
- Detailed financial budgets and forecasts for subsequent years
- Formal recruitment, retention, training and development policies
- Established authorisation and appraisal procedures for all significant new initiatives and commitments
- Regular reporting by senior management to the appropriate committee of key business objectives, targets and outcomes
- Board approved whistleblowing and anti-theft and corruption policies
- Detailed policies and procedures in each area of the Association's work

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Audit, Finance & Risk Committee ('The AFR Committee') to review the

Report of the Board

effectiveness of the system of internal control on a regular basis. The Board receives reports from the Committee together with minutes of meetings.

The means by which the Audit, Finance & Risk Committee reviews the effectiveness of the system of internal control include considering risk reports, internal audit reports, management assurances, the external audit findings report and specialist reviews on areas such as support service contracts, health and safety and housing services. The Committee has received reports from the internal auditor and has reported its findings to the Board. The Board receives regular reviews from the Chief Executive of the effectiveness of the system of internal control for the Association and in turn conducts its own reviews through the year of the effectiveness of the system of internal control.

A fraud register is maintained and is reviewed by the Audit, Finance & Risk Committee at least twice a year.

The Board is therefore satisfied that the systems of internal control are sufficiently robust and have been operating throughout the year.

Statement of compliance

The Board confirms that the Strategic Report has been prepared in accordance with the principles set out in paragraph 4.7 of the 2018 SORP for Registered Social Housing Providers.


Events after the end of the reporting period

Following the end of the reporting period, Ability has repaid two of its loans in full. The Orchardbrook loan was repaid in October 2024 and the Barclays loan in December 2024. The balance of these loans outstanding at 30th September 2024 was £2,824k.

The Report of the Board was approved by the Board on 5th March 2025 and signed on its behalf by:



Mandy Dunstan
Chair



Dominic Wallace
Board Member



Marcus Andrews
Secretary

Operating and Financial Review and Strategic Report

Overview of the Financial Year

Ability Housing owns and manages 649 properties (plus some office accommodation) across 31 local authority areas in London and the South East, from Hastings to Bournemouth and Essex to Oxfordshire. We provide accessible housing for people who have impairments and disabilities and want to live independently in their communities.

There are five key commitments made in our Corporate Plan ('Better Together') which are:

- Provide Good Quality Homes and Neighbourhoods
- Deliver high quality Housing Management & Support Services
- To Recruit, Retain and Develop an engaged workforce
- To grow our services and increase our reach
- To maintain financial sustainability and deliver Value for Money (VFM)

The Social Housing (Regulation) Act 2023 introduced a legal requirement for social housing providers to undertake Tenant Satisfaction Measure (TSM's) surveys. Ability HA undertook a TSM survey with the results being returned August 2024. Ability also asked an additional question regarding our Intensive Housing Management service. The best way to judge if we are meeting our corporate objectives is to assess our performance against the experiences of our residents. The survey results are set out in table 1 (below).

Table 1. Ability Housing Association TSM Results

Question	Sector Average (Satisfied)	Satisfied	Neither Satisfied nor Dissatisfied	Dissatisfied
1) Taking everything into account, how satisfied or dissatisfied are you with the service provided by Ability Housing Association?	69.4%	66.91%	11.27%	21.8%
*2) How satisfied or dissatisfied are you with the overall repairs service from Ability Housing Association over the last 12 months?	71.2%	72.67%	9.25%	18.01%
3) How satisfied or dissatisfied are you with the time taken to complete your most recent repair after you reported it?	66.9%	62.84%	9.63%	27.51%
4) How satisfied or dissatisfied are you that Ability HA provides a home that is well maintained?	69.4%	69.44%	10.54%	19.99%
5) Thinking about the condition of the property you live in, how satisfied or dissatisfied are that Ability HA provides a home that is safe?	76.5%	77.81%	12%	10.18%
6) How satisfied or dissatisfied are you that Ability HA listens to your views and acts upon them?	58.4%	53.08%	18.9%	27.99%
7) How satisfied or dissatisfied are you that Ability HA keeps you informed of the things that matter to you?	69.7%	56.19%	22.26%	21.52%
8) How satisfied or dissatisfied are you that Ability HA treats me fairly and with respect	76%	73.44%	10.9%	15.63%

Operating and Financial Review and Strategic Report

9) How satisfied or dissatisfied are you that Ability HA approach to complaints handling	33.9%	37.49%	19.64%	42.84%
10) How satisfied or dissatisfied are you that Ability HA keeps communal areas clean and well maintained	65.2%	68.49%	15.46%	16.01
11) How satisfied or dissatisfied are you that Ability HA makes a positive contribution to your neighbourhood?	62.4%	51.46%	35.66%	12.86%
12) How satisfied or dissatisfied are you with Ability HA approach to handling Anti-Social Behaviour?	57%	49.24%	36.94%	13.79%
**13) Intensive Housing Management support - how satisfied or dissatisfied do you feel with the quality of the support you received?	N/A	73.46%	11.56%	15.16%

*only applies to people who have had a repair in the last 12 months = 79.62% of respondents

**Ability own question not part of TSM suite

Our TSM results are in line with sector averages. It is reassuring that our service offer, and the view of our residents are broadly consistent with the experiences of other social housing tenants. This provides a good platform from which we can develop our service offer, improve our customer experience and using customer feedback, focus our teams and operational services on the areas which will maximise resident satisfaction.

During the year we commissioned the Tenant Participation Advisory Service (TPAS), to support Ability HA to develop a co-produced resident engagement strategy. Residents, frontline staff and board members attended Challenge, Discovery and Design sessions independently facilitated by TPAS – The outcome of this work led to seven key recommendations:

- Establish a new resident engagement group
- Design and implement customer services platform to promote effective two way communication
- Raise staff awareness of residents needs
- Residents at staff meetings
- Review resident communication channels
- Develop a range of resident engagement opportunities
- Develop and deliver a new resident engagement strategy

During the year we have appointed a resident engagement lead, who is a member of the Housing & Property senior management team, to project manage the development of resident engagement throughout Ability Housing Association, working with residents and managers to deliver the TPAS recommendations and develop a co-produced engagement strategy with clear success criteria and milestones.

Property and Assets

Repairs will be completed in target time: Working in partnership with our core contractors we have improved the performance of our repairs service across the year, achieving our target.

Planned Maintenance: We achieved our planned maintenance programme, which included the installation of 22 kitchens, 13 bathrooms and 33 boiler replacements.

Operating and Financial Review and Strategic Report

EPC: We did not meet our target of bringing 13 properties up to EPC or better during the year. This was primarily due to a focus on our repairs service and achieving 80% of repairs in target time. We have rescheduled the EPC programme and all properties will achieve EPC C or better before 2030.

Disposal Criteria for Void Properties: This has been implemented during the year and will inform future decisions on disposals based upon viability, geography and proximity to our core operating areas and the suitability for use as supported housing. The proceeds of any disposals will be reinvested in either new stock or investment in existing stock.

Housing Support and Management

Intensive Housing Management Support: We have co-produced with each resident a housing support plan which details the support residents need to sustain their tenancy. Based upon the support plan, each resident receives the appropriate support focussed on their individual need. The support is reviewed regularly during the year, to ensure the support is sufficient and focussed on tenancy sustainment and supporting residents to maintain an independent life with choice and control.

Annual Tenancy Audit and Property MOT: We have undertaken annual tenancy audits and MOT's with residents throughout the year. This is to ensure we understand any changes of circumstances affecting residents alongside a detailed inspection of the property with the resident, identifying any issues or concerns and if required ensuring any repairs are reported and rectified

Estate Inspections: We have enhanced our regular Estate Inspections, not only ensuring the Health and Safety of residents through frequent visits but also inviting residents to attend inspections, to discuss any issues or concerns alongside increasing contact with their Housing and Support Officer, strengthening the relationship and engagement with Ability Housing Association.

Compliments and Complaints**Compliments**

The total number of compliments received for the year was 14.

We identify this is an area we need to improve on in terms of increasing the awareness across the organisation of the importance of collecting compliments.

The key themes from the compliments received, include happiness with timescales of repairs completion and happiness with housing and contact staff in their support and in their assistance with repairs.

Complaints

We received 49 formal complaints in the year. The majority of complaints 44, were resolved at stage one. The key themes of these complaints were:

Theme	Number
Care and Support	4
Repairs and Maintenance	24
Housing	17
Staff Attitude	4
Total	49

Operating and Financial Review and Strategic Report

Of the 49 Complaints, 18 were upheld, 17 partially upheld and 14 not upheld. We had two complaints escalated to the Ombudsman, one of which was determined to have no maladministration and the other awaiting determination

Recruit, Retain and Develop an Engaged Workforce

The success of our business relies on Ability's most important resource: the staff teams who deliver services to our customers. This year we have created and published a People Strategy to sit beneath Ability's Corporate Plan

The People Strategy has been developed to provide clarity on what's needed to safeguard the quality of our services by recruiting, retaining and developing an engaged workforce. The principles underlying the strategy are as follows:

- Ability's Workforce Wellbeing Statement and Commitments
- Understanding our People – a focus on Equality, Diversity and Inclusion which are central to Ability's values, and
- Maintaining and building upon our Investors In People accreditation, in addition to ISO and Disability Confident badges

Key milestones of the People Strategy achieved through the year are as follows:

- Recruitment literature is continually reviewed to maximise our profile as an organisation, and our attractiveness to potential future candidates
- Our induction processes have been reviewed by line managers and newer staff members, identifying learnings which will continue to ensure that the probation period is effective and beneficial, promoting positive outcomes for the individual and the business.
- We have continued to build on our staff engagement programmes with all staff having the opportunity to interact in forums lead by senior managers, where individual feedback and suggestions are welcomed and heard
- Following Investors In People recommendations, senior leaders have increased presence and visibility to operational teams across the business.

To ensure staff teams are adequately equipped to deliver high quality services within the context of an increasingly challenging financial environment, we have reviewed and increased training budgets across the business. This will enable us to continue to deliver training in line with the Adult Social Care Workforce Strategy, and to meet the qualification requirements of the Social Housing (Regulation) Bill.

Care and Support

Ability delivers care and support services in four local authority areas in the south-east of England, supporting our customers to live as independently as possible in the community. We provide supported living and community support in people's homes for people with a learning disability, physical disabilities, and mental health needs.

Delivering high quality Support Services

Our annual care and support customer satisfaction survey, administered in December 2023, showed 95% of customers (on average) were satisfied with the service they received. The results were as follows:

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Question	2024	2023
Ability staff help me feel safe in my home	95.95%	95.92%
There is some flexibility in the way I receive my support as sometimes I don't want to stick to a fixed plan	91.89%	97.96%
I feel that staff listen to me and I feel comfortable discussing and planning my support with them	95.94%	97.96%
If I am not happy I know who to talk to	94.59%	95.92%
Staff know what is important to me and how I like to live my life	95.55%	97.28%

Of the 233 surveys sent Ability received 148 responses, equating to a 63.5% return rate (2023: 64.5%)

Based upon the views of customers at each of our services, we have developed service specific development plans which seek to improve the service customers receive and increase the quality of support provided. The intention for 2025 is to review progress against service development plans and refine the planning process, before agreeing updated development plans for each service.

All services performed consistently well during the year as measured by our performance indicators and quarterly quality audits. Our high performance has been validated by local authority quality monitoring and our CQC registered services have retained overall ratings of Good, within which some domains achieved Outstanding. Our Hillingdon Supported Living services achieved audit scores of 94%, 96% and 97% following inspections undertaken by the London Borough of Hillingdon.

During the year we have further focused our services on delivering personalised and customer led support, seeking to maximise the choice and control each customer has over their lives. We have continued to develop our person-centred planning tools, ensuring customers are at the centre of the service they receive. Training in strength-based approaches is part of the rolling training programme for care and support teams. This helps to ensure that staff work with customers in an asset-based way, enabling and encouraging customers to take positive risks to maximise independence.

Grow our Services and Increase our Reach

We have continued to develop our services through organic growth and have achieved this in some services by allocating accommodation to individuals with higher and more complex support needs. We have also been accepted onto several local authority framework agreements and dynamic purchasing systems (DPS) and will continue applications for target geographical areas. In September, we successfully recruited to the Head of Business Development role, which is a key achievement and milestone in our growth strategy.

Throughout the year, we submitted numerous bids as part of competitive tender processes with local authorities. Unfortunately, we were unable to submit stage 2 bids in two competitions after being successful at stage 1. In one case, this was due to the need to prioritise other bids, and in the other, the increases in National Insurance Contributions and National Living Wage made the contract financially unviable.

Maintain financial sustainability

The most significant challenge to maintaining financial sustainability in care and support continues to be securing adequate local authority fee increases, particularly given significant increases in National Insurance Contributions and the National Living Wage (NLW). Ability supports the increase to the NLW and aspires to pay our care and support staff above this rate, however, this is contingent upon Local Authority annual inflationary fee increases being commensurate with both living wage and broader inflationary increases impacting care and support providers. Whilst we acknowledge the financial pressures facing local

Operating and Financial Review and Strategic Report

authorities in England, Ability and many other care and support providers will continue to bear increased financial risk given the already tight margins that exist.

Winning new business has the potential to create economies of scale, however, it is becoming increasingly difficult to find contracts that represent full cost recovery as LA budgets are squeezed ever further. The draft business development strategy will continue to be refined now the Head of Business Development is in post. This will seek to define opportunities for diversifying both our funding streams and our service offer, providing these align with Ability's core ethos and values and target geographical growth areas.

Ability's Plans for the future

Ability Housing association's corporate plan - Better Together - sets out our key objectives to September 2026. Ability's service approach is underpinned by the principles of personalisation and co-production and support planning tools follow a strengths-based approach, ensuring that support and care plans are individually tailored and promote choice, control and autonomy.

Over the next two years our corporate plan focuses on the following key objectives:

- Provide good quality homes and neighbourhoods
- Deliver high quality Housing Management & Support Services.
- To recruit, retain and develop an engaged workforce.
- To grow our services and increase our reach.
- To maintain financial sustainability and deliver value for money

Better Together

By 2026 Ability Housing Association will be able to demonstrate that:

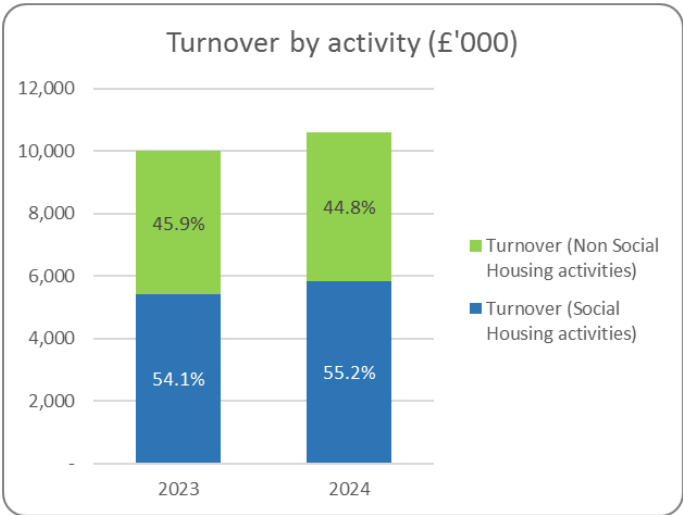
- We provide high-quality homes for our residents with a timely and qualitative repairs service. We have invested significantly in our properties, and no home has an energy rating below EPC D, with all homes to be at a rating of EPC C or above by 2030.
- We have co-produced with every customer the service they receive based on their needs, preferences and aspirations. We will have engaged with residents in their neighbourhoods to improve the local area and agreed with them a local plan to be implemented.
- We have relaunched our Customer Committee, involving customers in the development of Ability's organisational strategies and plans, evaluating our performance and service delivery.
- Our Housing & Support Officers are both proactive and responsive, supporting customers to maintain independent living and achieve their aspirations.
- Our care and support services have delivered high-quality co-produced support focused on the needs, preferences and aspirations of the individual, ensuring everyone has choice and control over the support they receive and the life they lead.
- Our workforce is well-managed, engaged, and trained to deliver high-quality services and outcomes with our customers.
- We have grown our care and support business by 20%, increasing our reach and the number of people who benefit from Ability's services, while increasing our economies of scale, that will support the financial success of this part of our business going forward.

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- We have reinvested money from homes we have disposed of to create more opportunities for people to receive supported housing and care and support from Ability in our core areas of operation.
- We are financially strong, with management decisions based on robust data and information. We will be efficient and effective, ensuring our resources are targeted, delivering high-quality services to the people we serve.

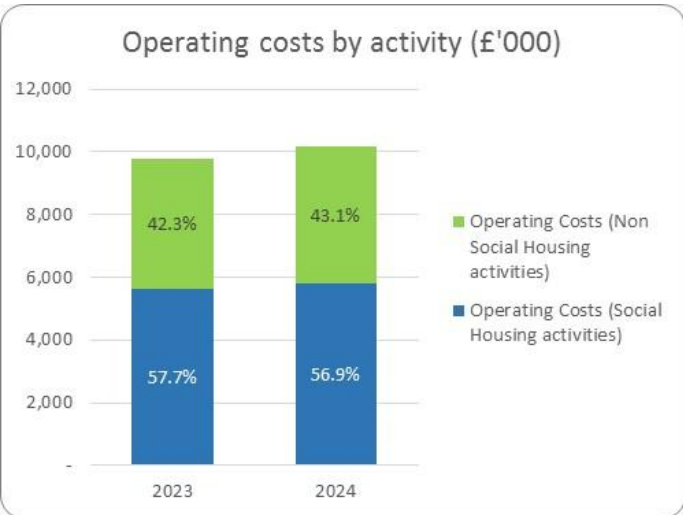
Financial Review

Ability’s overall turnover increased by 6.0% in 2024 to £10,589k (2023: £9,987k). Income from social housing activities increased by 8.1% to £5,840k (2023: £5,404k), whilst income from non-social housing activities increased by 3.6% to £4,749k (2023: £4,583k).



The above graph shows that an increasing percentage of Ability’s turnover is coming from social housing activities. This is due to the rents having increased on average more than the Local Authority contract income. Rents have increased in line with the Government policy, based on September CPI + 1%, but the volume of housing activity is relatively static, with no significant change to number of properties.

Operating costs increased by 4.2% to £10,174k (2023: £9,763k).



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The graph shows that the portion of operating costs attributable to non-social housing activity has increased this year. The increase was mainly due to the increased costs of our Support staff as we continue to pay in line with the national living wage.

Ability's operating surplus was £453k (2023: £224k), which represents 4.3% of turnover (2023: 2.2%). The year's result was due to increased income from rents, combined with reduced expenditure on routine maintenance resulting in part from improved internal processes and contract management.

Interest receivable was £170k (2023: £120k) due to higher interest rates and a healthy cash balance for the year.

Capital structure and treasury policy

Ability had strong liquidity during the year, with £4,707k cash at 30th September 2024 (2023: £4,657k). The cash balance equates to 5-6 months of operating expenditure.

At the end of the year, borrowings amounted to £5,757k (2023: £6,132k) of which £536k falls due to be paid within the next year (2023: £442k). At 30th September 2024, 100% of the Association's borrowings were at fixed rates of interest (2023: 100%). The rates of interest range from 1.65% to 10.69%, although the majority of the debt (£5,602k) is fixed at either 1.65% or 6.69%, with only £155k of the outstanding balance fixed at the higher rate of 10.69%. The situation is reviewed regularly with lenders and with the Board, but it is felt that the current position is positive as variable rate risk has been eliminated, giving certainty over future interest payments. The Association borrows and lends only in Sterling and so is not exposed to currency risk.

Ability was compliant with all lenders' covenants in 2024.

Reserves

At the year-end reserves amounted to £17,648k (2023: £17,288k). Ability does not have any restricted reserves earmarked for specific purposes. All reserves have been generated via Ability's principal activities and are solely for the provision and management of housing and support services in the future.

Operating and Financial Review and Strategic Report

Value for Money

The Association has a Value for Money strategy which seeks to ensure we make the best use of the various forms of capital we have at our disposal. As a small housing association, we have a fixed level of resources, operating in a challenging environment with a high level of demand for our services. Ability aims to maximise its social value by ensuring that its resources are used effectively to deliver the right balance of cost, performance and quality of services.

For the year to 30 September 2024 we have calculated VFM metrics in accordance with the Regulator of Social Housing 'Value for Money Metrics Technical Note Guidance April 2024'. The results are as follows:

METRIC	2024	2023	Peer Group Average
1. Reinvestment %	0.6%	0.4%	5.8%
2a. New Supply Delivered (Social Housing Units) %	-	-	1.2%
2b. New Supply Delivered (Non-Social Housing Units) %	-	-	-
3. Gearing %	4.6%	5.4%	1.5%
4. EBITDA MRI Interest Cover %	334.3%	286.1%	468.4%
5. Headline Social Housing cost per unit £	£ 7,807	£ 7,260	£ 18,934
6a. Operating Margin (Social Housing Lettings) %	0.5%	(4.6%)	10.0%
6b. Operating Margin (Overall) %	3.9%	2.2%	4.9%
7. Return on Capital Employed %	0.8%	0.4%	3.9%

The specialist nature of the services delivered by Ability makes it difficult to benchmark our VFM metrics. In order to provide a peer group comparison we have used the VFM metrics extracted from the published accounts of three other social housing providers of a similar nature to Ability. However, factors such as the number of properties, geographic location, customer groups, and the fact that Ability has predominantly self-contained units means that the majority of social housing providers are not directly comparable, and the peer group results are of limited value.

Reinvestment % (metric 1) shows a small increase because Ability spent more on improvements to its existing properties in 2024 than in the prior year, but it is still below the peer group average. However, future years spend plans are supported by our asset management strategy, which is underpinned by a full stock condition survey, ensuring that spend where investment is necessary.

New Supply (metrics 2a and 2b) are both zero as Ability has not developed nor acquired any additional housing units in the year. Ability is currently not developing new properties.

Gearing (metric 3) shows a reduction in the year from 5.4% in 2023 to 4.6% in 2024. This is because the balance outstanding in respect of fixed term loans has reduced following further repayments in the year. Although Ability's gearing level is slightly higher than the peer group, gearing is expected to reduce over time as loans are repaid.

EBITDA MRI (metric 4) has increased in the year from 286.1% in 2023 to 334.3% in 2024. This shows that Ability can comfortably cover its loan interest payments and is generating cash to invest in its properties and services.

Headline social housing cost per unit (metric 5) has increased by 7.5% in the year, from £7,260 in 2023 to £7,807 in 2024). This due to an increase in property related expenditure as well as increases

Operating and Financial Review and Strategic Report

in housing management costs, due to general economic inflation. Compared to the peer group average, Ability's costs are relatively low, although this is partly due to the difficulty of establishing a comparable peer group average cost, given the variety of operating models in the specialist housing sector.

Operating margin on social housing (metric 6a) showed an improvement in the year, from -4.6% in 2023 to 0.5% in 2024. This is due largely to increased income and a lower level of spend on repairs. Ability's operating margin is significantly lower than that of the peer group, which demonstrates this is an area for improvement to ensure that Ability can continue to provide a quality service to its residents and also invest in its properties.

Operating margin overall (metric 6b) is up by 1.7%, from 2.2% in 2023 to 3.9% in 2024. The improved margin results from both increases in income and reductions in operating costs and means that Ability is only 1.0% lower than the peer group average.

Statement of compliance

In preparing this Operating and Financial Review, the Board has followed the principles set out in the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers.

The Board also confirms compliance with The Regulator of Social Housing's Governance and Financial Viability standard.

Statement of the responsibilities of the Board for the report and financial statements

The Board is responsible for preparing the Report of the Board, Operating and Financial Review, Strategic Report and financial statements in accordance with applicable law and regulations.

Company law requires the Board to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The financial reporting standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Association for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2018, 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 presume that the Association will continue in business.

The Board are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and enable it to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

The Board members confirm that:

- So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware
- The directors have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

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

Annual general meeting

The annual general meeting will be held on 18th March 2025.

External auditors

A proposal will be made at the AGM to appoint the external auditors for the 2024-25 financial year.

The Operating and Financial Review and Strategic Report were approved by the Board on 5th March 2025 and signed on its behalf by:



Mandy Dunstan
Chair

Report of the Independent Auditors

To the members of Ability Housing Association for the year ended 30 September 2024

Opinion

We have audited the financial statements of Ability Housing Association (the 'Association') for the year ended 30 September 2024 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity (Reserves), the Statement of Financial Position, the 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 30 September 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 Companies Act 2006, 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 annual report, other than the financial statements and our auditor's report thereon. The Board is 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.

Report of the Independent Auditors

To the members of Ability Housing Association for the year ended 30 September 2024

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.

Opinions on other matters prescribed by the Companies Act 2006

- In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Report of the Board and the Operating and Financial review and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Board and the Operating and Financial review and Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board and the Operating and Financial review and Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Association, or returns adequate for our audit have not been received from branches not visited by us; or
- the Association's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of the Board

As explained more fully in the Statement of the Responsibilities of the Board set out on page 17, 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.

Report of the Independent Auditors

To the members of Ability Housing Association for the year ended 30 September 2024

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 Companies Act 2006, 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.

Report of the Independent Auditors

To the members of Ability Housing Association for the year ended 30 September 2024

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 Association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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.



Elizabeth Hatchman
Senior Statutory Auditor

For and on behalf of
Beever and Struthers

Statutory Auditor
150 Minorities
London
EC3N 1LS

Date: 12 March 2025

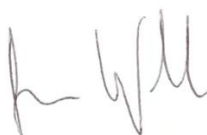
Statement of Comprehensive Income	Note	2024 £'000	2023 £'000
Turnover	2	10,589	9,987
Operating costs	2	(10,174)	(9,763)
Gain on disposal of property, plant & equipment	6	38	-
Operating surplus	5	453	224
Interest receivable	7	170	120
Interest payable and similar charges	8	(265)	(266)
Surplus on ordinary activities before taxation		358	78
Tax on surplus for the year		-	-
Surplus prior to transfer to reserves		358	78
Other Comprehensive Income			
Actuarial gains / (losses) in respect of pension scheme		2	(66)
Total comprehensive income for the year		360	12

The notes on pages 26 to 51 form part of these financial statements.

The financial statements on pages 22 to 51 were authorised and approved for issue by the Directors on 5th March 2024 and were signed on its behalf by:



Mandy Dunstan
Chair



Dominic Wallace
Board Member



Marcus Andrews
Secretary

Statement of Changes in Equity (Reserves)**Income and Expenditure Reserve**

	£'000
Balance at 30 th September 2022	17,276
Surplus for the year	78
Actuarial losses in respect of pension scheme	(66)
Balance at 30 th September 2023	<u>17,288</u>
Surplus for the year	358
Actuarial gain in respect of pension scheme	2
Balance at 30 th September 2024	<u>17,648</u>

The notes on pages 26 to 51 form part of these financial statements.

Statement of Financial Position at 30th September 2024

	Note	2024 £'000	2023 £'000
Tangible fixed assets			
Housing properties	11	50,615	51,427
Other tangible fixed assets	12	526	486
		<u>51,141</u>	<u>51,913</u>
Current assets			
Trade and other debtors	13	1,167	781
Cash and cash equivalents		4,707	4,657
		<u>5,874</u>	<u>5,438</u>
Creditors: amounts falling due within one year	14	(2,802)	(2,575)
Net current assets		<u>3,072</u>	<u>2,863</u>
Total assets less current liabilities		<u>54,213</u>	<u>54,776</u>
Creditors: amounts falling due after more than one year	15	(36,358)	(37,258)
Pension provision	19	(207)	(230)
Total Net Assets		<u>17,648</u>	<u>17,288</u>
Capital and reserves			
Income and Expenditure reserve		17,648	17,288
Total Reserves		<u>17,648</u>	<u>17,288</u>

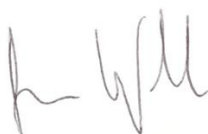
Company registration number: 01261380

The notes on pages 26 to 51 form part of these financial statements.

The financial statements on pages 22 to 51 were authorised and approved for issue by the Directors on 5th March 2025 and were signed on its behalf by:



Mandy Dunstan
Chair



Dominic Wallace
Board Member



Marcus Andrews
Secretary

Statement of Cash Flows

	Note	2024 £'000	2023 £'000
Net cash generated from operating activities	i	794	748
Cash flow from investing activities			
Interest Received		170	120
Purchase and construction of housing properties		(316)	(193)
Proceeds from the sale of tangible fixed assets		158	-
Purchase of other tangible fixed assets		(116)	(69)
		(104)	(142)
Cash flow from financing activities			
Repayment of borrowings		(375)	(418)
Interest Paid		(265)	(266)
		(640)	(684)
Net change in cash and cash equivalents		50	(78)
Cash and cash equivalents at the beginning of the year		4,657	4,735
Cash and cash equivalents at end of the year		4,707	4,657

Note i	2024 £'000	2023 £'000
Cash flow from operating activities		
Operating surplus for the year	453	224
Adjustments for non-cash items		
Depreciation and impairment of tangible fixed assets	1,000	997
Grant amortisation	(388)	(384)
(Increase) in trade and other debtors	(386)	(169)
Increase in trade and other creditors	131	76
Pension movements	-	20
(Gain) / loss on pension investments	-	(66)
Grant recycled	(51)	-
Gain on disposals of property	(38)	-
Adjustments for investing or financing activities		
Loss on disposal of tangible fixed assets	73	50
Net cash generated from operating activities	794	748

The notes on pages 26 to 51 form part of these financial statements.

Notes to the financial statements

Legal Status

The Association is registered under the Companies Act 2006 as a company limited by guarantee. It is registered with both the Charity Commission and the Regulator of Social Housing as a Registered Provider. The principal activity of the Association is disclosed in the Report of the Board. The registered address is The Coach House, Gresham Road, Staines Upon Thames, Middlesex, TW18 2AE.

1. Accounting policies**Basis of accounting**

The financial statements of the Association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 ('FRS 102') and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. The financial statements are prepared on the historical cost basis of accounting. As a public benefit entity, the Association has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102.

The financial statements are presented in Sterling (£), the functional and presentational currency of the Association. The figures are presented in £'000 (thousands).

Going concern

The Association's business activities, its current financial position and factors likely to affect its future development are set out within the Operating and Financial Review and Strategic Report. The Association is able to meet its commitments in respect of long-term debt facilities used to finance reinvestment and development programmes, along with the Association's day to day operations. The Association's financial plan (updated in November 2024) shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants. On this basis, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Turnover

Turnover comprises rental and service charge income receivable in the year, and other services included at the invoiced value of goods and services supplied in the year and grants receivable in the year. Service charge income is calculated on a variable charge basis.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Charges for support services funded under Care and Support are recognised as they fall due under the contractual arrangements with Administering Authorities.

Value added tax

The Association is not registered for VAT, and therefore all amounts are inclusive of VAT.

Notes to the financial statements

Corporation tax

The Association is recognised by HMRC as a charity. During the current year the Association is claiming exemptions from corporation tax on its income and gains. All of the Association's income and gains will be applied to its charitable purposes.

Interest payable

Interest payable is charged to the Statement of Comprehensive Income in the year. No interest is capitalised.

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 profit or loss, 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 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 paragraph 11.8(c) of FRS 102 are measured at cost less impairment.

Financial instruments held by the Association are classified as follows:

- Cash is held at cost; and
- Financial assets such as receivables are classified as loans and receivables and held at amortised cost using the effective interest method; and
- Financial liabilities such as loans are held at amortised cost using the effective interest method.

Debtors

Short term debtors are measured at transaction price, less any impairment. Where deferral of payment terms has been agreed at below market rate, and where material, the balance is shown at the present value, discounted at a market rate

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured at amortised cost, net of transaction costs.

Employee Benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Notes to the financial statements

Retirement benefits

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

The detailed pensions policy can be seen at the beginning of note 19.

Housing properties

Housing properties are principally properties held for the provision of social housing or otherwise to provide social benefit and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, and expenditure incurred in respect of improvements. Donated land / assets or assets acquired at below market value are initially recognised at fair value in the Statement of Financial Position and depreciated by component on a straight-line basis over the estimated UELs of the component categories.

Works to existing properties are works which replace a component that has been treated separately for depreciation purposes along with those works which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business are capitalised as improvements.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as current asset and related sales proceeds included in turnover; and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for impairment.

Government Grants

Government grants include grants receivable from Homes England, local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure (excluding land) under the accruals model.

Grants relating to revenue are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current assets or liabilities.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with the Regulator of Social Housing in England and Wales. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the Statement of Financial Position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to the Statement of Comprehensive Income. Upon disposal of the associated property, the Association is required to recycle these proceeds and recognise them as a liability.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds

Notes to the financial statements

are received or receivable. A grant that imposes specified future performance-related conditions on the Association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Depreciation of housing properties

Freehold land is not depreciated. Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

The Association separately identifies the major components which comprise its housing properties and charges depreciation so as to write down the cost of each component to its estimated residual value, on a straight-line basis, over its estimated useful economic life.

The Association depreciates the major components of its housing properties over the following timescales:

Structure	100 years
Roof	60 years
Kitchen	20 years
Bathroom	25 years
Boiler	15 years
Heating System	30 years
Windows & Doors	20 years
Electrics	30 years

Other tangible fixed assets

Other tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land.

The principal annual rates used for other assets are:

Freehold offices	1% - 2%
Long leasehold property	Over life of lease
Furniture, fixtures and fittings	25%
Computer equipment	33.3%
Vehicles	25%
Office equipment	25% - 33.3%
Company CRM/Financial system	10%

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus / deficit for the year.

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Association. All other leases are classified as operating leases.

Notes to the financial statements

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring the surplus or deficit. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Association recognises annual rent expense equal to amounts owed to the lessor. The aggregate benefit of lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

Properties for sale

Shared ownership first tranche sales completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Provisions for liabilities

Provisions are recognised when the Association has a present obligation (legal or constructive) as a result of a past event, it is probable that the Association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in profit or loss in the period it arises.

Holiday pay accrual

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

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements. The items in the financial statements where these judgements and estimates have been made include:

- **Social care contracts**

Management judgement is applied in determining the extent to which the risks and benefits are transferred to the Association when considering the income to be recognised.

Notes to the financial statements

- **Estimation uncertainty**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

- **Useful lives of depreciable assets**

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to Decent Homes Standards which may require more frequent replacement of key components.

Impairment

The Association considers whether indicators of impairment exist in relation to tangible assets. Indicators considered include external sources of information such as market value, market interest rates and returns on investment, actual or proposed changes to the technological, economic or legal environment, obsolescence or damage to the asset, operational changes or internal reporting which indicates that the asset is performing worse than expected. The Association also considers expected future performance of the asset. Any impairment loss is charged 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 less costs to sell or its value in use. A cash generating unit is normally an Association of properties at scheme level whose cash income can be separately identified.

Following a trigger for impairment, the Association performs impairment tests based on a value in use calculation. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the business plan for the next 5 years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes. The Association has identified no additional cash generating units for impairment assessment purposes at a property scheme level during this financial year.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Notes to the financial statements

2. Particulars of turnover, cost of sales, operating costs and operating surplus

	Turnover £'000	2024 Operating costs £'000	Operating Surplus £'000
Social housing lettings	5,761	(5,731)	30
Other social housing activities			
Management services	56	(56)	-
Management services - lettings	23	-	23
	5,840	(5,787)	53
Non social housing activities			
Charges for support services	4,754	(4,387)	367
Covid 19 Local Authority Grants	(5)	-	(5)
	4,749	(4,387)	362
	10,589	(10,174)	415

	Turnover £'000	2023 Operating costs £'000	Operating Surplus £'000
Social housing lettings	5,332	(5,578)	(246)
Other social housing activities			
Management services	52	(52)	-
Management services - lettings	20	-	20
	5,404	(5,630)	(226)
Non social housing activities			
Charges for support services	4,581	(4,133)	448
Covid 19 Local Authority Grants	2	-	2
	4,583	(4,133)	450
	9,987	(9,763)	224

Notes to the financial statements

3. Particulars of income and expenditure from social housing lettings

	General Needs Housing £'000	Supported Housing £'000	2024 Total £'000	2023 Total £'000
Rent receivable net of identifiable service charges	721	3,778	4,499	4,127
Service charge income	140	734	874	820
Amortised government grants	62	326	388	385
Turnover from social housing lettings	923	4,838	5,761	5,332
Management	(268)	(1,405)	(1,673)	(1,581)
Services	(142)	(746)	(888)	(793)
Routine Maintenance	(155)	(812)	(967)	(1082)
Planned Maintenance and major repairs	(108)	(563)	(671)	(603)
Bad debt provision	(6)	(31)	(37)	(63)
Property lease charges	(88)	(464)	(552)	(467)
Depreciation of housing properties	(151)	(792)	(943)	(989)
Reversal of impairment loss	-	-	-	-
Operating costs on social housing lettings	(918)	(4,813)	(5,731)	(5,578)
Operating surplus / (deficit) on social housing lettings	5	25	30	(246)
Voids	54	281	335	273

Notes to the financial statements

4. Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation was as follows:

	2023	Additions	Disposals	Other	2024
	No.	No.	No.	No.	No.
Social housing					
General housing	43	-	-	-	43
Supported housing	534	-	-	-	534
Low cost home ownership	2	-	(1)	-	1
Total owned	579	-	(1)	-	578
Accommodation managed for others	71	-	-	-	71
Total managed	650	-	(1)	-	649
Non-social housing					
Respite unit	8	-	-	-	8
Owned but managed by others					
General needs	11	-	-	-	11
Total owned and managed	669	-	(1)	-	668

5. Operating surplus / (deficit)

The operating surplus / (deficit) is arrived at after charging:

	2024 £'000	2023 £'000
Depreciation of freehold housing properties	660	658
Depreciation of leasehold housing properties	281	280
Depreciation of other tangible fixed assets	59	59
Operating lease rentals		
- Office equipment	9	7
- Land and buildings	552	467
Auditor's remuneration (excluding VAT)		
- For audit services	16	17
- For other services – covenant compliance	-	1

Notes to the financial statements

6. Gain on disposal of fixed assets

	2024 £'000	2024 £'000	2023 £'000
	Housing properties	Total	Total
Proceeds of sale	158	158	-
Cost of sale	120	120	-
Surplus / (Loss) on disposal	38	38	-

7. Interest receivable and similar income

	2024 £'000	2023 £'000
Interest receivable and similar income	170	120

8. Interest payable and similar charges

	2024 £'000	2023 £'000
Loan and bank overdrafts	252	254
Defined Benefit pension operating cost	13	12
	265	266

9. Employees

Average number of employees expressed in full-time equivalents (calculated based on a standard working week of 40 hours per week for Support workers, and 35 hours per week for all other employees):

	2024 No.	2023 No.
Administration	11	11
Housing, support and care	106	108
	117	119
 Average monthly number of employees	 135	 136

Notes to the financial statements

9. Employees (continued)

The full-time equivalent number of staff who received remuneration (including directors):

	2024 No.	2023 No.
£60,000 - £69,999	3	2
£70,000 - £79,999	1	1
£80,000 - £89,999	2	-
£90,000 - £99,999	-	1
£100,000 - £109,999	1	-

Employee costs	2024 £'000	2023 £'000
Wages and salaries	4,110	3,874
Social security costs	396	363
Defined Benefit pension operating cost	166	155
	<u>4,672</u>	<u>4,392</u>

10. Directors, members and executive directors

Employee costs	2024 £'000	2023 £'000
Aggregate emoluments of directors (including pension contributions)	340	283
Emoluments of the highest paid director (excluding pension contributions and including benefits in kind)	100	97
Total expenses reimbursed to directors not chargeable to UK income tax		
- Board members	-	-
- Executives	-	-

The Chief Executive is a member of the Social Housing Pension Defined Contribution Scheme. He is an ordinary member of the pension scheme, and no enhanced or special terms apply. Pension contributions totalled £5k (2023: £5k) in respect of the Chief Executive. The Directors and executive directors are considered to be key management personnel.

Board members

None of the Board members received emoluments (2023: £Nil).

Notes to the financial statements

11. Tangible fixed assets - properties

	Freehold Social housing properties held for letting	Leasehold housing properties held for letting	Total housing properties held for letting	Completed shared ownership properties	Total housing properties
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 October 2023	47,943	15,700	63,643	188	63,831
Works to existing properties	197	119	316	-	316
Disposals	(165)	(87)	(252)	(113)	(365)
At 30 September 2024	<u>47,975</u>	<u>15,732</u>	<u>63,707</u>	<u>75</u>	<u>63,782</u>
Depreciation and impairment					
At 1 October 2023	8,854	3,550	12,404	-	12,404
Charged in year	660	281	941	-	941
Released on disposal	(137)	(42)	(179)	-	(179)
At 30 September 2024	<u>9,377</u>	<u>3,789</u>	<u>13,166</u>	<u>-</u>	<u>13,166</u>
Net book value					
At 30 September 2024	<u>38,598</u>	<u>11,943</u>	<u>50,541</u>	<u>75</u>	<u>50,616</u>
At 30 September 2023	<u>39,089</u>	<u>12,150</u>	<u>51,239</u>	<u>188</u>	<u>51,427</u>

Expenditure on works to existing properties

	2024 £'000	2023 £'000
Components capitalised	316	193
Amounts charged to Statement of Comprehensive Income	<u>1,638</u>	<u>1,685</u>
	<u>1,954</u>	<u>1,878</u>

Notes to the financial statements

Social housing assistance	2024 £'000	2023 £'000
Total accumulated social housing grant received or receivable at 30 September:		
Recognised in the Statement of Comprehensive Income	388	385
Held as deferred income	31,523	31,956
	<u>31,911</u>	<u>32,341</u>
 Housing properties book value, net of depreciation	 2024 £'000	 2023 £'000
Freehold land and buildings	38,673	39,277
Long leasehold land and buildings	11,943	12,150
	<u>50,616</u>	<u>51,427</u>

Annually housing properties (cash generating units) are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Impairment charges of £116k have been taken in respect of two properties, one freehold and one leasehold, each comprising one unit of accommodation. The properties are both vacant due to structural issues and the impairment charges reflect the expenditure required to bring them back into use. The carrying values of the properties (prior to the recognition of the impairment charges) are £110k (leasehold property) and £52k (freehold property).

Amounts do not include capitalised interest; all interest charges are written off to expenditure as incurred. At the year-end a total of 199 (2023: 199) properties were subject to charges securing loan funding. Of these, 119 properties with a Net Book Value of £12,161k (2023: 119 properties with a Net Book Value of £12,299k) secured the total Barclays facility, 70 properties with a Net Book Value of £3,595k (2023: 70 properties with a Net Book Value of £3,633k) secured the Dexia loan and 10 properties with a Net Book Value of £603k (2023: 10 properties with a Net Book Value of £608k) secured the Crown Mortgage loans (Orchardbrook / Fresh PLC).

Notes to the financial statements

12. Tangible fixed assets – other

	Freehold offices £'000	Vehicles and office equipment £'000	Furniture fixtures and fittings £'000	Long life systems and computer equipment £'000	Service charge recoverable assets and WIP £'000	Total £'000
Cost						
At 1 October 2023	501	1,011	369	263	225	2,369
Additions	-	-	-	-	116	116
Disposals	-	(18)	-	-	-	(18)
At 30 September 2024	<u>501</u>	<u>993</u>	<u>369</u>	<u>263</u>	<u>341</u>	<u>2,467</u>
Depreciation						
At 1 October 2023	257	1,011	369	156	90	1,883
Charged in year	10	(18)	-	22	45	59
At 30 September 2024	<u>267</u>	<u>993</u>	<u>369</u>	<u>178</u>	<u>135</u>	<u>1,942</u>
Net book value						
At 30 September 2024	<u>234</u>	<u>-</u>	<u>-</u>	<u>85</u>	<u>206</u>	<u>525</u>
At 30 September 2023	<u>244</u>	<u>-</u>	<u>-</u>	<u>107</u>	<u>135</u>	<u>486</u>

13. Debtors

	2024 £'000	2023 £'000
Due within one year		
Rent and service charges receivable	757	739
Less: provision for bad and doubtful debts	(466)	(429)
	<u>291</u>	<u>310</u>
Other debtors	635	311
Prepayments and accrued income	241	160
	<u>1,167</u>	<u>781</u>

Notes to the financial statements

14. Creditors: amounts falling due within one year

	2024	2023
	£'000	£'000
Loans (note 18)	536	442
Trade creditors	405	338
Rent and service charge accounts in credit	297	246
Rent and service charges received in advance	-	14
Taxation and social security	26	23
Recycled Capital Grant Fund (note 16)	51	35
Accruals and deferred income	1,050	1,019
Holiday pay accrual	50	70
Deferred grant income	387	388
	<u>2,802</u>	<u>2,575</u>

15. Creditors: amounts falling due after more than one year

	2024	2023
	£'000	£'000
Loans (note 18)	5,221	5,690
Deferred grant income (note 17)	31,137	31,568
	<u>36,358</u>	<u>37,258</u>

16. Recycled capital grant fund

	2024	2023
	£'000	£'000
At 1 October	35	35
Grants recycled	51	-
Grants written off	(35)	-
At 30 September	<u>51</u>	<u>35</u>

Notes to the financial statements

17. Deferred Grant Income

	2024	2023
	£'000	£'000
At 1 October	31,956	32,341
Disposals	(45)	-
Released to income	(388)	(385)
At 30 September	<u>31,523</u>	<u>31,956</u>
Due in one year	387	388
Due after one year	<u>31,136</u>	<u>31,568</u>

The gross amount of grant received prior to amortisation was £39,137k (2023: £39,188k).

18. Loan analysis

	2024	2023
	£'000	£'000
Due within one year		
Housing loans	536	442
Due after more than one year		
Housing loans	5,221	5,690
Total loans	<u>5,757</u>	<u>6,132</u>

Security

Housing loans are secured by fixed charges on individual properties.

Terms of repayment and interest rates

The loans are repaid in monthly, quarterly or half yearly instalments over the agreed period of the loan. The final instalments fall to be repaid in the period 2031 to 2039. Interest rates on borrowings ranges from 1.65% to 10.69%. At 30 September 2024 the Association had undrawn loan facilities of £0k (2023: £0k).

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	2024	2023
	£'000	£'000
Within one year or on demand	536	442
One year or more but less than two years	499	469
Two years or more but less than five years	1,704	1,597
Five years or more	3,018	3,624
	<u>5,757</u>	<u>6,132</u>

Notes to the financial statements
19. Pension Provision

The SHPS Defined Benefit obligation is accounted for in accordance with the provisions of FRS 102 as adopted by SHPS. The SHPS Growth Plan provision continues to be accounted for as a provision based on the net present value of payments agreed at the year end. The provision will be adjusted following the triennial valuations in the pension scheme, either increasing or decreasing the provision with the opposite entry being shown as operating costs within income and expenditure. The unwinding of the discount is shown as a finance cost.

The Association participates in two funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) and the Local Government pension scheme under a TUPE transfer agreement and one multi-employer defined contribution scheme.

Contingent Liability – Social Housing Pension Scheme

We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before mid-2025 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

Social Housing Pension Scheme
Fair value of plan assets, present value of defined benefit obligation, and defined benefit asset (liability)

	2024	2023
	£'000	£'000
Fair value of plan assets	1,089	996
Present value of defined benefit obligation	1,294	1,245
Surplus (deficit) in plan	(205)	(249)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(205)	(249)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	<u>(205)</u>	<u>(249)</u>

Notes to the financial statements

Reconciliation of opening and closing balances of the defined benefit obligation	£'000
Defined benefit obligation at 30 September 2023	1,245
Current service cost	-
Expenses	2
Interest expense	69
Member contributions	-
Actuarial losses (gains) due to scheme experience	3
Actuarial losses (gains) due to changes in demographic assumptions	(18)
Actuarial losses (gains) due to changes in financial assumptions	78
Benefits paid and expenses	(85)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at 30 September 2024	<u>1,294</u>

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

	£'000
Fair value of plan assets at 30 September 2023	996
Interest income	56
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	65
Employer contributions	57
Member contributions	-
Benefits paid and expenses	(85)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at 30 September 2024	<u>1,089</u>

The actual return on plan assets (including any changes in share of assets) over the period from 30 September 2023 to 30 September 2024 was £121,000.

Notes to the financial statements

Defined benefit costs recognised in Statement of Comprehensive Income (SOCl)

	£'000
Current service cost	-
Expenses	2
Net interest expense	13
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in Statement of Comprehensive Income (SOCl)	<u>15</u>

Defined benefit costs recognised in Other Comprehensive Income (OCI)

	£'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	65
Experience gains and losses arising on the plan liabilities - gain (loss)	(3)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	18
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(78)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	2
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in Other Comprehensive Income - gain (loss)	<u>2</u>

Assets	2024 £'000	2023 £'000
Global Equity	132	77
Absolute Return	-	18
Distressed Opportunities	-	35
Credit Relative Value	-	35
Alternative Risk Premia	-	15
Liquid Alternatives	175	-
Emerging Markets Debt	44	7
Risk Sharing	-	72
Insurance-Linked Securities	4	14
Property	41	45
Infrastructure	-	113

Notes to the financial statements

Assets	2024 £'000	2023 £'000
Private Equity	1	-
Real Assets	113	-
Private Debt	-	46
Opportunistic Illiquid Credit	-	51
Private Credit	135	-
High Yield	-	2
Cash	18	10
Corporate Bond Fund	20	-
Liquid Credit	6	-
Long Lease Property	-	32
Secured Income	28	48
Liability Driven Investment	368	380
Currency Hedging	2	(7)
Net Current Assets	2	3
Total assets	1,089	996

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Key assumptions

	2024 % per annum	2023 % per annum
Discount Rate	4.99%	5.70%
Inflation (RPI)	3.07%	3.29%
Inflation (CPI)	2.68%	2.77%
Salary Growth	3.68%	3.77%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 30 September 2023 imply the following life expectancies:

	Life expectancy at age 65 years (Years)
Male retiring in 2024	20.5
Female retiring in 2024	23.0
Male retiring in 2044	21.8
Female retiring in 2044	24.4

Notes to the financial statements

Scheme: TPT Retirement Solutions – The Growth Plan

The company participates in the scheme, a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2022 to 31 January 2025: £3,312,000 per annum (payable monthly)

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 30 September 2025: £11,243,000 per annum (payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Notes to the financial statements

	30 September 2024 £	30 September 2023 £	30 September 2022 £
Present value of provision	1,691	6,571	11,167

Reconciliation of opening and closing provisions

	2024 £	2023 £
Provision at start of period	6,571	11,167
Unwinding of the discount factor (interest expense)	225	505
Deficit contribution paid	(5,106)	(5,106)
Remeasurements - impact of any change in assumptions	1	5
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	<u>1,691</u>	<u>6,571</u>

Income and expenditure impact

	2024 £	2023 £
Interest expense	225	505
Remeasurements – impact of any change of assumptions	1	5
Remeasurements – amendments to the contribution schedule	-	-
Contributions paid in respect of future service*	<u>3,464</u>	<u>4,195</u>
Costs recognised in income and expenditure account	<u>3,690</u>	<u>4,705</u>

* includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

Assumptions

	30 September 2024 % per annum	30 September 2023 % per annum	30 September 2022 % per annum
Rate of discount	5.24	5.88	6.00

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Notes to the financial statements

Surrey County Council Pension scheme

The Association makes payments as an Admitted Body to the Surrey County Council Pension Fund for employees who were members of that scheme on 1st April 2008 under the terms of a TUPE transfer. This is a funded defined benefit scheme that covers Surrey County Council employees and Scheduled and Admitted Bodies under the Local Government Pension Scheme Regulations 1997.

The Association has been notified by the Scheme Administrator that they are unable to satisfactorily identify the Association's share of the underlying Scheme assets and liabilities and accordingly the pension costs are accounted for as defined contribution. The scheme administrator has confirmed that the Association has no liability for past service deficit contributions.

The total employer contribution payable in the year was £38k (2023: £33k). At 30 September 2024 the Association had 3 (2023: 3) active members in the fund. Expected payments in the next financial year amount to approximately £39k.

Contingent liability – defined benefit pension schemes

Ability Housing Association is aware of the 2023 ruling in the Virgin Media vs NTL Pension Trustee case and subsequent court of appeal ruling published in July 2024. These ruled that certain amendments made to the NTL Pension Plan were invalid because they were not accompanied by the correct actuarial confirmation. There remains significant uncertainty as to whether the judgments will result in additional liabilities for UK pension schemes, and it is possible that the Department of Work & Pensions will introduce legislation to allow changes to be certified retrospectively. A detailed review of historic documentation will be needed to determine whether the changes made by the Scheme were valid (assuming retrospective certification does not become an option), and such a review will take some time to complete. As a result, Ability Housing Association cannot be certain of the potential implications (if any) and therefore a sufficiently reliable estimate of any effect on the obligation cannot be made.

20. Reconciliation of net cash flow to movement in net debt

	2024	2023
	£'000	£'000
Increase / (Decrease) in cash	50	(78)
Cash inflow from change in debt	375	418
Change in net debt resulting from cash flows	<u>425</u>	<u>340</u>
 Movement in net debt for the period	 425	 340
Net debt at 1 October	<u>(1,474)</u>	<u>(1,814)</u>
Net debt at 30 September	<u><u>(1,049)</u></u>	<u><u>(1,474)</u></u>

Notes to the financial statements

21. Analysis of changes in net debt

	1 Oct 2023 £'000	Cashflow £'000	30 Sep 2024 £'000
Cash at bank and in hand	4,657	50	4,707
Loans	(6,132)	375	(5,757)
Changes in net debt	<u>(1,475)</u>	<u>425</u>	<u>(1,050)</u>

22. Contingent assets / liabilities

Government Grant

The Association receives capital grant from Homes England (formerly Homes and Communities Agency), which is used to fund the acquisition and development of housing properties and their components. In certain circumstances, upon disposal of grant funded properties, the Association is required to recycle this grant by crediting the Recycled Capital Grant Fund, which if not reassigned, could be subject to repayment (see note 16 for further details).

The Association owns one property where defects in the external wall system have been identified. A provisional estimate of the costs to the Association of the required works to resolve these issues is between £533k and £648k, however the costs remain unconfirmed. In addition, the Association is pursuing legal action against the contractor to recover all direct and associated costs and initial legal advice suggests that the claim is likely to be successful. Given the uncertainties involved, no provision has been recognised in the financial statements.

23. Leasing commitments

Operating lease payments amounting to £467k (2023: £450k) are due within one year. The leases to which these amounts relate expire as follows:

	2024 £'000	2023 £'000
Office equipment		
Expiring in one year or less	1	2
Between one and two years	-	1
Total office equipment	<u>1</u>	<u>3</u>
Land and buildings		
Expiring in one year or less	466	448
Between one and two years	72	72
Between two and five years	216	216
Over five years	504	576
Total land and buildings	<u>1,258</u>	<u>1,312</u>
Total operating leases	<u>1,259</u>	<u>1,315</u>

Notes to the financial statements

24. Related parties

There are currently no beneficiary members of the directors (2023: nil).

There have been no related party transactions in the year (2023: none).

25. Financial liabilities excluding trade creditors – interest rate risk profile

The Association's financial liabilities are sterling denominated. The interest rate profile of the Association's financial liabilities at 30 September was:

	2024	2023
	£'000	£'000
Floating rate	-	-
Fixed rate	5,757	6,132
Total (note 18)	<u>5,757</u>	<u>6,132</u>

The fixed rate financial liabilities have a weighted average interest rate of 4.46% (2023: 4.22%) and the weighted average period for which it is fixed is 1 year to 16 years (2023: 1 year to 17 years).

The debt maturity profile is shown in note 18.

Borrowing facilities

The Association has no undrawn committed borrowing facilities at 30 September 2024.

Financial assets

Other than short term debtors, financial assets held are cash deposits in notice and current accounts, all of which is measured at historic cost. They are sterling denominated and the interest rate profile at 30 September was:

	2024	2023
	£'000	£'000
Floating rate on cash deposits	3,200	3,200
Financial assets on which no interest is earned	1,507	1,458
	<u>4,707</u>	<u>4,658</u>

26. Share Capital

The Association is a company limited by guarantee and therefore has no share capital. Each member (see numbers below) agrees to contribute £1 in the event of the company winding up.

	2024	2023
	No.	No.
At 1 October	15	17
Joining during the year	-	1
Leaving during the year	(1)	(3)
At 30 September	<u>14</u>	<u>15</u>

Notes to the financial statements

27. Capital commitments

At the year end the Association had capital commitments of £Nil (2023: £Nil).

28. Financial instruments

	2024	2023
	£'000	£'000
Financial assets		
<u>Measured at cost</u>		
Cash and cash equivalents	4,707	4,657
Measured at amortised cost		
Rent and service charges receivable	757	739
Other debtors	635	311
Accrued income	135	148
Total financial assets	6,234	5,855
Financial liabilities		
<u>Measured at amortised cost</u>		
Loans	5,757	6,132
Trade creditors	702	584
Accrued expenditure	732	867
Total financial liabilities	7,191	7,583

29. Events after the end of the reporting period

Following the end of the reporting period, Ability has repaid two of its loans in full. The Orchardbrook loan was repaid in October 2024 and the Barclays loan in December 2024. The balance of these loans outstanding at 30th September 2024 was £2,824k.