Report and Financial Statements 2024–25

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Association Information

Board and Advisors

The Board has ultimate responsibility for how Advance is run, and for determining its strategic objectives and future development. It is made up of non-executive members and the Chief Executive.

Board Members

Non-executive Members

Jonathan Higgs (Chair of the Board)
Martin Barrow-Starkey (Chair of People and Culture Committee from 18th March 2025)
Mark Coates (Chair of Service Quality Committee and Senior Independent Director, from 29th May 2024)
Jane Harrison (Chair of Audit and Risk Committee)
Nigel Hills
Vivien Knibbs (Chair of Remuneration Committee to 18th March 2025)
Rob Tovey
Rajan Sharma (from 1st August 2024)

Executive Member

Julie Layton	Chief Executive

Executive Leadership Team

Julie Layton	Chief Executive
Tracy Lanes	Executive Director of Support
Ian Gilders	Executive Director of Housing (to May 2024)
Lucy Sivasundram	Executive Director of Housing (from September 2024)
Sarah Toye	Executive Director of People and Change
Ratna Sukumaran	Executive Director of Finance and Technology (to November 2024)
Barrie Miles	Executive Director of Finance and Technology (from January 2025)

Company Secretary

Simon Bradfield (to June 2024)
Rhian Copland (from June 2024)

Principal and Registered Office

2 Witan Way
Witney
OX28 6FH

Auditors

Crowe UK LLP
4th Floor
St James House
St James' Square
Cheltenham
GL50 3PR

Bankers

Barclays Bank Plc
Level 28
1 Churchill Place
Canary Wharf
London
E14 5HP

Legal advice is procured from the panel of solicitors whose services are available through the Housing Associations' Legal Alliance.

Advance Housing and Support Limited is a registered society under the Co-operative and Community Benefit Societies Act 2014, registration number 21143R, and is registered with the Regulator of Social Housing as a Registered Provider, registration number LH0280.

Introduction

I am pleased to introduce our Annual Accounts for 2024-25.

It has been a strong year in terms of financial performance, despite ongoing financial pressures in both the Housing and Social Care sectors. Crucially, Advance has been able to retain its G1, V1 rating from the Regulator of Social Housing, which is an indicator of our robust approach to Governance and Financial viability.

Throughout this year, we have continued to invest in strengthening our core services: maintaining existing homes to a good standard and developing new homes; growing and equipping our workforce; and improving the systems that support the services we deliver.

Strengthening Governance and oversight – at a Board level and at an operational level – have been key priorities which will be important for driving improvements in the quality of service we can provide to customers in the years ahead.

In addition, we have continued to make good progress against the targets set out in our Strategic Plan, which you can read about in detail in the Annual Report section of this pack.

While we have not met all of our ambitious targets for the year, we have continued to move forward and to build the resilience of our organisation; strengthening our ability to meet the further financial and regulatory challenges ahead, and ensuring we are well placed to grow and thrive long into the future.

Julie Layton

Chief Executive

Strategic Report

FINANCIAL PERFORMANCE

Advance's turnover increased by 5.4% to £52.3m (2024: £49.6m) and operating costs by 4.5% to £49.8m (2024: £47.7m), resulting in the underlying surplus of £2,482k (2024: £1,917k). The operating surplus increased by 29.5% with increases in the Support surplus of £1,040k and decline in housing activity £475k.

Most of Advance's housing stock provides supported housing and was exempt from the Government's rent cap enabling a full CPI related rent increase. Business improvement dominated the year despite cost increases in maintenance costs, depreciation and the write-off of Active H Project costs, partly offset by lower service charge expenditure.

Support financial performance improved during the year to £351k operating surplus (2024: £689k loss). This was achieved by the 80% reduction on agency staff expenditure (£376k, 2024: 1,908k) with no impact on the quality of care. Consequently, support activity generated a positive contribution this financial year.

The overall surplus for the year was £2.6m (2024: £2.3m), which although below target still comfortably met the requirements of Advance's loan covenant.

Good working capital management during the year ensured that invoiced debts at the year-end had reduced to £1.7m (2024: £3.5m). The over 90 days reduced from £1.3m last year to £498k with a significant impact on the bad debt provision.

Capital structure and treasury management

Advance had strong liquidity at the year-end, improving by £0.7m to £8.1m cash providing a good buffer to manage short term cashflow pressures. Last year's performance was adversely affected by delays in collecting invoiced income and excessive spend on agency staff. Advance has strong treasury management processes designed to ensure that there is sufficient liquidity to meet committed requirements for the next 24 months.

Advance is compliant with all funding covenants as shown in the table below. These covenants may be reviewed as part of any future funding requirements.

Financial Covenants	Target	Forecast 2024-25	Actual 2024-25	Budget 2025-26
Interest cover	> 125%	379%	397%	295%
Headroom(£000's)	£1.2m	£1.2m	£1.5m	£1.2m
Gearing (bank definition)	< 30.0%	3.0%	2.4%	6%

The increased surplus for the year 2024-25 is reflected in the interest cover ratio and the headroom.

Development delays resulted in a lower than anticipated loan drawdown and is reflected in the lower gearing at the year end. Investment in new developments was significantly delayed and was £3.5m behind Plan. A few schemes in progress at the start of 24/25 were completed as expected but several schemes due to start during the year were delayed or cancelled altogether. The Tewksbury View scheme suffered from delays due to structural issues discovered after works had started.

Advance sets its own 'Golden Rules' in respect of the facility covenants and would trigger an early warning were the Interest Cover to fall below 125% or gearing to rise above 20%.

At 31 March 2025, Advance had drawn £2m from its secured loan facility (£10m, undrawn (2024). The facility is fully backed by property security and therefore can be readily drawn as required. This loan facility, along with the expected development grants, will provide the necessary financial capacity to deliver the development programme over the next two years.

Board approved the Budget for 2025/26 and the long-term business plan and is confident with the financial resilience of Advance. The plan includes Advance arranging a new £15m facility to be available for drawdown by the end of financial year 2026.

VALUE FOR MONEY

Approach

Advance's value for money approach aims to optimise the benefits derived from its resources in an economic, cost-effective and efficient manner.

The key principle underpinning Advance's value for money approach is to maintain long-term financial viability so that it can continue to offer quality services and support customers.

Performance

Performance is measured against the strategic objectives.

Performance indicators are based on the VFM metrics. Advance has benchmarked its value for money performance against its targeted peer group.

The Board has focused on value for money to ensure it underpins the delivery of the business plan in the most effective way. Strong budgetary control and business planning processes have ensured the continued financial viability of Advance and have enabled the organisation to achieve its objectives.

Advance continues to focus on delivering good quality services, which are of paramount importance to its customers and have benefits for society. The impact of services can be seen in the 'Making the difference' report in this pack. The Board uses financial and non-financial measures to target specific service areas and to monitor progress in delivering financial savings or improving quality.

Benchmarking Performance

In the table below, the 2024/25 metrics for Advance are compared to the published 2023/24 benchmark figures. Two sets of comparative data are shown:

- Regulator of Social Housing's Global Accounts 2023/24, sector median
- Peer group median 2023/24. The selected peer group consists of comparable specialist supported housing providers with less than 5,000 homes.

The Regulator's Metrics

Metric		Advance				Median of peer group**	Median of Global Accounts***
		Actual 2023/24	Target 2024/25	Actual 2024/25	Target 2025/26	2023/24	2023/24
1	Reinvestment percentage	9.3%	12.6%	8.0%	n/a	6.6%	7.7%
2A	New supply delivered - social housing units	2.0%	4.7%	3.1%	3.7%	0.3%	1.4%
2B*	New supply delivered – non-social housing units	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3	Gearing	-1.0%	4.1%	-0.6%	4.2%	11.8%	45.6%
4	EBITDA MRI Interest cover	509%	405.1%	429.6%	392.4%	128.4%	122.0%
5	Headline social housing cost per unit	£17,336	£17,907	£18,093	£17,874	£13,325	£5,136
6A	Operating margin (social lettings only)	11.7%	10.5%	10.6%	10.8%	8.3%	20.4%
6B	Operating margin (overall)	3.9%	4.9%	4.7%	4.6%	5.0%	18.5%
7	Return on capital employed	2.1%	2.7%	2.3%	2.2%	2.1%	2.8%

Notes: * Advance does not develop new non-social housing units.
** Median peer group made up of providers that have total housing stock under 5000 units and are specialist supported housing providers
*** Source – Global Accounts, RSH 2023

The 2024/25 actual performance, as set out in the above metrics, has been compared to the projections made in the previous year.

Operating Margins: The overall margin was slightly below target (4.7% compared to plan 4.9%) and the social housing letting (SHL) margin (10.6%) is slightly better than planned (10.5%).

Compared to previous year, overall margin improved by 0.9% (2024 3.9%) whilst SHL margin slightly declined by 1.1% (2024 11.7%). This reflected the declined overall surplus on Housing but strong operational performance in Support performance. Advance's overall margin was lower compared to the median Supported Housing providers due to the higher proportion of Support business than most of our peers.

Earnings Before Interest Tax Depreciation and Amortisation, Major Repairs Included (EBITDA MRI) interest cover Ratio: The lower interest cost on the planned loan draw down resulted in a much-improved cover ratio against the target.

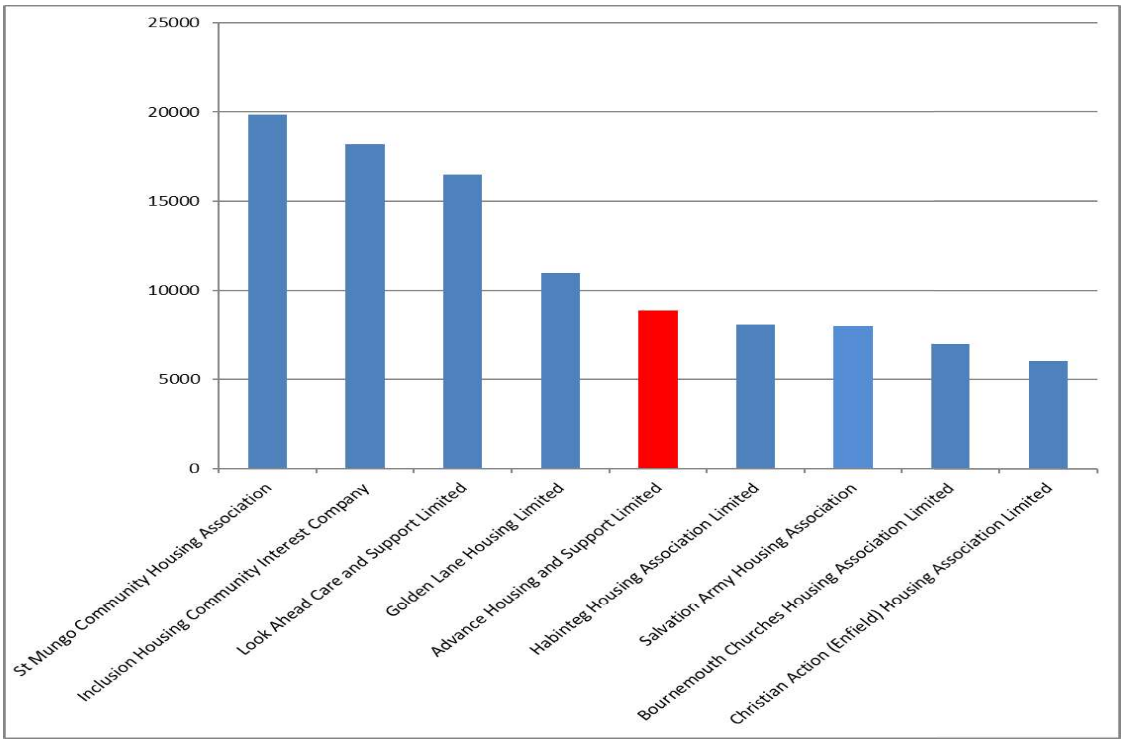
Advance's ratio for this measure is above the median of both the peer group and the Regulator of Social Housing Global Accounts, reflecting a relatively low interest cost because of low borrowings. At 430%, the measure is lower than last year (509%) due to the loan drawdown.

Gearing: Advance's cash balance increased by £0.6m to £8,145k since 31 March 2024 and was £1.9m higher better than planned mainly due to reduced development activity, increased debt collection and better overall financial performance. The loan balance has increased by £1.3m since 31 March 2024. As a result, the expected increase in gearing did not occur and remains negative due to a net positive cash balance. Generally, supported housing providers have a low gearing and Advance's borrowing levels are comparatively low among the supported housing peer group.

Headline cost per unit: The headline cost per unit of £18,093 can be split between housing only cost £9,562 and support £8,531. The overall unit cost increased by £757 within both elements and the 4.4% increase is broadly in line with inflation during the period.

	Advance				Advance			Median of peer group**	
	Actual 2020/21	Actual 2021/22	Actual 2022/23	Actual 2023/24	Target 2024/25	Actual 2024/25	Target 2025/26	2022/23	2023/24
Headline social housing cost per unit – excluding care and support costs	£7,116	£7,574	£7,942	£8,877	£9,383	£9,562	£9,266	£7,942	£8,877
Headline social housing cost per unit – care and support costs only	£6,203	£6,471	£8,170	£8,459	£8,524	£8,531	£8,608	£5,128	£4,448
housing cost per unit	£13,319	£14,045	£16,112	£17,336	£17,907	£18,093	£17,874	£13,070	£13,325

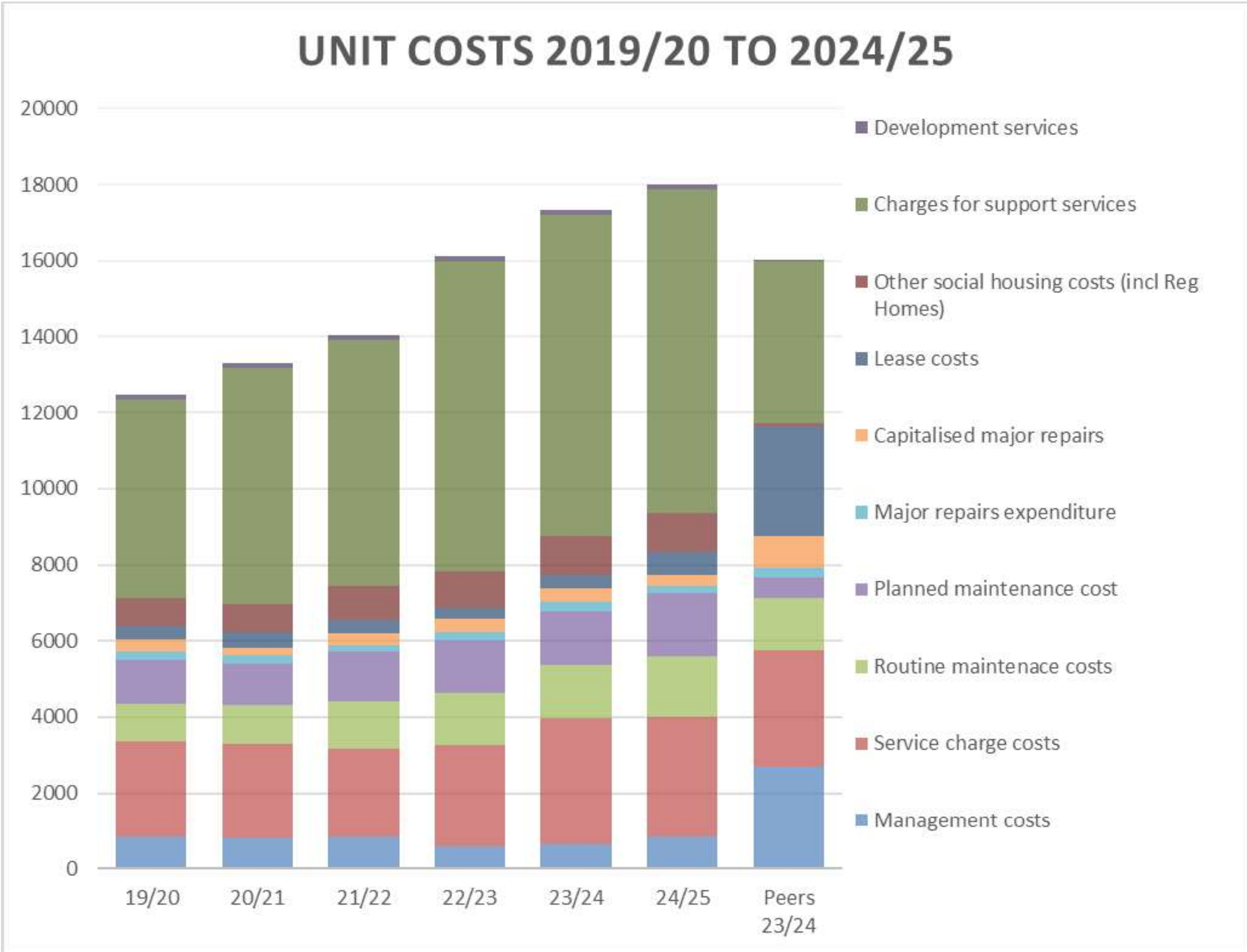
Excluding Support costs, Advance's housing element unit cost was at the peer group median for 2023/24 (as for 22/23) indicating that Advance's experience of inflationary pressures between these years was in line with peers.



Housing unit costs for 2024/25 were £77/unit more than budget. Housing unit costs have increased by £583 from 2023/24, an increase of 5.2% which is above inflation. This was mainly driven by a 24% increase in maintenance costs of £1.0m and included a £0.5m increase in capital component spend. The maintenance cost increase was offset by a £133k year-on- year reduction in service charge costs due to lower prices on gas and electricity.

The 5% pay award to frontline staff, combined with the changes to National Insurance will further push up headline unit cost next year (2025/26) with most of this impact being in support with no additional unit numbers. The increase is targeted to be offset by increased support fees.

The graph below shows the breakdown in unit costs over the last 5 years (for peers it is the median of each individual cost as it is not possible to break down the total median and so is different from the figure in 3.6). Comparing 2024/25 with 2023/24, there is an obvious increase in the maintenance proportion of unit costs, especially planned maintenance, and capitalised major repairs.



Compared to peers, Advance has proportionately lower Housing management costs, but this is due to the way different providers allocate overheads (some providers treat all as Housing Management whereas Advance allocates overheads across other cost types). Advance also continues to have a higher proportion of revenue to capital maintenance. This is due to Advance's shared ownership stock (c 33% of the overall stock), for which all repairs are recoverable as revenue.

ROCE: ROCE at 2.3% was slightly behind target (2.7%) and driven by the decreased profit on sale of fixed assets. However, this ROCE was slightly better than prior year (2.1%) and is the median for the peer group.

Reinvestment/New Supply delivered; Only 41 of the 45 budgeted new HOLD properties were delivered resulting in a lower reinvestment ratio. Expenditure on capital components increased to £1.4m in the last quarter of the year and remained below plan. Similarly, the new supply ratio was below target as we achieved new rented stock units of 29 compared to the planned 67. Although adverse to budget, new supply was up by 1.1% points compared to 2023/24. Advance continues to perform better than both the Global Accounts and peer group median on this measure. In 2025/26 the target is to develop 45 new shared ownership units 31 new rented, 17 existing properties modified, and 56 units to be acquired via stock transfer.

Changes in Unit costs

In 2024/25, Advance's unit cost excluding support service costs increased by 7.7% and excluding service charge costs, Advance's Housing unit cost increased by just 12%. This has been driven by the increase in spend for Maintenance and repairs costs.

It is expected that other providers will have experienced similar changes in unit cost due to increased inflation. Specific changes in unit costs are set out below.

	Actual 24 to Actual 25 Excluding Support £ per unit	Actual 24 to Actual 25 Including Support £ per unit	Target 25 to Actual 25 £ per unit	Actual 25 toTarget 26 £ per unit
Opening unit cost	**8,877**	**17,336**	**17,907**	**18,093**
Routine day to day maintenance	145	145	102	27
Planned/major repairs	278	278	(20)	91
Capitalised repairs	(43)	(43)	19	123
Service charge costs	265	265	316	(279)
Decants/compensation/legal fees	(21)	(21)	(40)	(42)
Registered home costs	(1)	(1)	(119)	(177)
Other	62	62	(79)	(31)
Care and support - inflationary/agency	0	72	7	69
Closing unit cost	**9,562**	**18,093**	**18,093**	**17,874**

Planned and major repairs increased 24.9% from prior year as was expected. This was because last year, planned maintenance and capital major repairs started later in the year due to delays in the verification process and contractor failure in progressing works under the Social Housing Decarbonisation Fund. This year, we were able to commence our programme of works to enable a smoother delivery.

Last year, repairs and maintenance were adversely impacted by the unexpected failure of Advance's largest maintenance contractor which resulted in delays to some planned and cyclical work whilst a new contractor was sourced. With a new contractor in place, the volume of maintenance works increased to clear the backlog and ensure that we are maintaining our stock so that the residents live in secure places.

Service Charge costs were higher in 2024/25 as the 22 flats at the new scheme in Kingsway required furnishing and fittings. Increased activity within various schemes resulted in higher communal cleaning expenditure in addition to a catchup on internal decorations, replacement furniture and fittings.

Advance continues to invest in its systems and processes to improve efficiency and effectiveness. Whilst these improvements represent value for money in terms of the outcomes for customers, they will increase unit cost. Additionally, the longer-term challenge of improving the carbon efficiency of housing stock will require investment (estimated at £16m over the next 30 years) which will also increase unit cost.

Value for Money Savings Plan

The Board approved the three-year Value for Money Savings Plan to March 2026 to align it to the current Strategic Plan. The Value for Money Savings Plan for 2023-26 has been fully refreshed and updated for changes in the operating environment and the 2024/25 savings.

Table 3: Value for Money Savings Plan

	2024/25			Target
	Target	Actual		2025/26
	£000s	£000s		£000s
Housing	475	49		235
Support	287	419		292
Central overheads	75	132		143
Total	**837**	**600**		**670**

Advance achieved £237k less savings than targeted for the year on cost reducing measures. Performance in relation to target in each area was as follows:

Housing

Housing savings achieved were £426k behind target. This was due to the two largest targets not being achieved.

Advance was unable to progress decarbonisation works through Midlands Net Zero Hub as quickly as hoped for and only realised £27k of the targeted £213k grant income. Primarily the funding is matched 50/50 subject to key criterion. To enable the project management Advance has engaged the services of OVO Energy for implementation and support. The funding programme is over a two-year term.

The targeted voids improvement was not achieved (£180k target) due to the following factors:

1. Shortage of support staff across England which severely delayed the ability to tenant as quickly as expected void units when they were ready to let.
2. Local Authority Commissioners taking longer than expected to agree funding packages thus creating longer void times for properties that were ready to let.
3. On long term voids that had agreement to recommission there were longer than expected delays in Local Authorities agreeing grant funding, design or placement of tenants as agreed.

4. Delays with contractor turnaround times in the midlands due to resourcing trades adequately.
5. Cornwall CC removing Void Loss Guarantee for void units they had nomination agreements on from September 2024.
6. Larger number of decants that required void units to be used due to significant repair issues such as flooding, fire, accidents and structural issues. This mean units that would have been let had to have existing tenants occupy them while their main property was repaired.

Actions being taken to improve value for money in 2025-26 include:

- Continued focus on voids to keep void levels at less than 5% of income. Weekly voids meetings to go through each void, plus strategic asset management meetings to drive through remodelling and other options for properties not suitable for longer term use.
- Maximising future contributions from the Social Housing Decarbonisation Fund and the Sustainable Warmth Grant. Increased delivery is needed in 2025/2026.

Support

Support's value for money targets were £419k and £132 better than target. Cost savings were focused on the review of management posts and the reduction of agency costs.

Rationalisation of operational management, business development and quality improvement posts achieved a £120k cost savings

Agency usage delivered £209k savings by using Marr Procurement to source a single neutral vendor with lower hourly rates.

Actions being taken to improve value for money in 2025-26 include:

- Continued scrutiny of underperforming contracts with a view to handing back those which are unviable due to the rates paid by commissioners.
- Review of night support staffing arrangements to ensure provision and reward is in line with the rest of the sector.

Central Overheads

Reducing central overheads through a review of systems and processes and staffing structures achieved savings of £132k and £57k better than target. The biggest savings came from reduced staffing and moving ICT to Infrastructure as a Service, at a lower cost than owning infrastructure.

Actions being taken to improve value for money in 2025-26 include:

- Retaining additional staff savings made in 2024-25.
- Reducing training costs through better utilisation of the apprenticeship levy.

In addition to the financial value for money initiatives, Advance will focus on a range of other initiatives already set out in our strategy, including:

- Enabling improved process efficiency; improved customer service and self-service; reduction in offline processes/ spreadsheets/ trackers and data duplication; improved mobile working.

- Introduction of e-rostering and digitisation of Support quality toolkit, resulting in efficiencies in invoicing, staff payments, returns, quality assessments etc

Value for money metrics presented by the Board to reflect Advance's 2023-26 strategic objectives

Advance's strategic objectives for 2023/26 are set out in the Strategic Plan 2023-26. Relevant value for money metrics are set out in the commentary in section 3 above.

GOVERNANCE

The Board is committed to the highest standards of corporate governance. The system of governance, leadership and management is a key factor in the successful delivery of the purpose and strategic objectives of Advance.

The governance structure during 2024/25 was as follows:

The Board

The Board retains ultimate responsibility for determination of the overall strategy, values and ethos of Advance, and for decisions that have significant implications for the organisation. It is comprised of non-executive members and one executive member – the Chief Executive. The Board delegates some responsibilities to sub-committees and to the Executive Leadership Team. The Customer Partnership provides an important link between the organisation and its customers.

Audit and Risk Committee

This Committee provides additional scrutiny and assurance to the Board over Advance's systems of internal control and risk management. The Safeguarding Panel reports to the Committee. At the end of 2024/25, there were five non-executive members of the Committee.

Service Quality Committee

The Service Quality Committee is responsible for maintaining a detailed focus on customer experience and insight, service quality and outcomes, reviewing themes from inspections and ensuring that the voice of the customer shapes all aspects of service delivery. At the ens of 2024/25, the Committee comprised four non-executive members and the Chief Executive.

People and Culture Committee

During 2024/25, the Board extended the scope of the Remuneration Committee to establish a People and Culture Committee, comprising three non-executive members. The Committee is responsible for overseeing Board and Committee member recruitment, appraisal, succession and training. It is also responsible for reviewing the overall employee pay and rewards package, providing scrutiny of the People Strategy and overseeing the organisation's culture against its core values, including ED&I.

Executive Leadership Team

This consists of the Chief Executive and the four Executive Directors of Housing, Support, Finance and Technology and People and Change. The team, which meets at least monthly, has responsibility for the day to day running of Advance, and for implementing the strategies agreed by the Board.

Housing Customer Partnership

This consists of Customers, Board members and Senior managers. It meets quarterly to monitor and challenge Advance's performance, review wider customer feedback and input onto key decisions.

Attendance at main Board and Committee meetings for the year to 31 March 2025 was as follows:

Board Member	Board	Board Away Days	Audit and Risk Committee	Service Quality Committee
Jonathan Higgs (Chair of the Board)	7/7	2/2		
Mark Coates (Chair, Service Quality Committee)	5/7	2/2		3/4
Jane Harrison (Chair, Audit and Risk Committee)	7/7	2/2	4/4	
Vivien Knibbs (Chair, Remuneration Committee to March 2025)	7/7	2/2	4/4	
Rob Tovey	4/7	2/2		4/4
Martin Barrow-Starkey	7/7	2/2	3/4	
Nigel Hills	6/7	2/2	3/3*	2/2*
Rajan Sharma	7/7	2/2	3/4	
Julie Layton (Executive Member)	7/7	2/2		4/4
Paul Newman (Committee Co-optee)				1/1*
Ross Kuklinski (Committee Co-optee)				1/1*

NOTE: *Nigel Hills transferred from Audit and Risk Committee to the Service Quality Committee from August 2024 to February 2025. Paul Newman and Ross Kuklinski were co-opted as independent committee members in December 2024.

The Board has continued to focus on improvements in the governance of Advance. Key actions from the Governance Plan 2024/25 are set out below:

- The Board approved a Succession Plan, appointed Rajan Sharma as a full member and appointed two co-optees to the Service Quality Committee. SQC now has four non-executive members and one executive member and has a breadth of skills and experience.
- A new governance platform was implemented to support efficient and effective meetings and decision-making.
- The remit of the Remuneration Committee was extended to include broader matters of people and culture. The Committee now operates under the name of People and Culture Committee and meets regularly to discuss matters on its agreed forward plan in accordance with its terms of reference.

During 2024/25, an external review of Board effectiveness was commissioned, and the findings have been incorporated into the 2025/26 Governance Plan.

Compliance with regulatory standards

In November 2024, the RSH completed the annual Stability Check and refreshed its assessment of compliance with the Governance and Financial Viability Standard. The grades were confirmed as G1 and V1.

The Board, having assessed and considered its responsibilities, certifies that Advance complies with the requirements of the Regulator of Social Housing's Governance and Financial Viability Standard and Consumer Standards including "all relevant law". Advance operates several regulated Care Quality Commission-registered schemes. As at March 2025, the Care Quality Commission's inspection regime has rated all except two of Advance's registered schemes as 'Good'. The two others were rated as 'Requires Improvement' in 2022/23 and actions have been completed to prepare these services for re-inspection, but no further inspections were received during 2024/25.

The Board has adopted the National Housing Federation (NHF) Code of Governance 2020 and the NHF Code of Conduct 2022. It monitors performance against the codes and confirms compliance with them for the financial year 2024/25. Advance has in place its own Code of Conduct, which fully reflects the NHF Code.

The Board has implemented the Housing Ombudsman's Complaint Handling Code 2024, aiming to resolve complaints raised by our customers quickly and to use the learning from complaints to drive service improvements.

RISK MANAGEMENT

The Board is aware of the key risks faced by Advance and has assessed their likely impact on achieving the organisation's strategic objectives

The risk assurance framework covers strategic and operational risks, and is regularly reviewed by the Executive Leadership Team, the Audit and Risk Committee and by the Board. Controls are identified for all risks and an assessment made as to their effectiveness. Actions to improve controls are set out in the framework, as well as performance indicators that give early warning of a risk being triggered, so that mitigating action plans can be invoked as required.

During the year, the Audit and Risk Committee selected risks to be analysed in-depth and will continue to do so during 2025/26.

The top five highest-rated risks identified by the Board (based on data at the end of the financial year 2024/25), and the primary controls in place to deal with them, are set out in the table below:

Risk	Risk Controls
Serious detriment to our customers including safeguarding risk	1. Clearly documented and up-to-date policies, procedures and workplans including safeguarding, complaints and whistleblowing, which require upward reporting 2. Quality and Compliance toolkits 3. Business Continuity Plans (incl. out of hours arrangements) 3. Overarching Assurance Framework and Business Assurance audit programme in place 4. Support wide Controls and Management monitoring 5. External expertise from Citation including a H&S Policy Statement, Handbook and audit programme. 6. Learning and development programme delivered for all staff, including induction programme and refresher courses 7. Customer feedback, including customer and friends and family survey 8. Complaints framework, including route cause analysis and regular review of common themes and lessons learnt 7. Incident reporting, monitored by Safeguarding and H&S Panels
Support becomes unviable	1. Prudent budget in place with a monthly financial review. 2. Contract Management supported by individual scheme management accounts. Variances are investigated and poor performance challenged. Schemes are given a financial RAG rating and Scheme Improvement Plans introduced for all underperforming schemes. 3. Formal review of services delivering negative contributions / with long term poor financial performance to consider ongoing sustainability. 4. Close monitoring of the Agency usage to ensure within forecast 5. Bi-weekly financial scrutiny meetings between Finance and Support to determine the most efficient way of deploying resources and keeping costs under control

Risk	Risk Controls
	6. Business Appraisal Panel (BAP) assesses appropriateness of new business opportunities to ensure sustainable contribution for the life of the contract. 7. Support Business Development Strategy, which identifies risk and priority areas for sustainable growth and allocation of Business Development resource 8. Proactive voids management plan. 9. Uplift management, including active engagement with commissioners with formal requests for annual price uplifts sent early and monitored bi-weekly
Do not adequately train staff	1. L&D Programme in place and mandatory training matrix 2. Compliance with mandatory training closely monitored and reported
Financial loss and/ or reputational damage because information security or systems are compromised	1. Technical Controls: Firewall, Mail & Web Filter, Network Access Controls, Anti Ransomware, Egress Prevent and Defend, multi-factor authentication and immutable backup 2. 24/7 monitoring of network and systems by facilities management third party provider 3. Information Security Policy, including staff training & awareness 4. BCP Framework, including staff training & awareness 5. Backup, Disaster Recovery and Cyber Recovery Plans and rehearsals 6. ISO27001 Information Management System alignment 7. GDPR Framework, including staff training & awareness
Not optimising use of housing stock	1. Asset Management Strategy and Strategic Asset Management Steering Group 2. Proactive liaison with Local Authorities and Commissioners to fill voids 3. Operating Procedures, including Housing Officer targets for voids management and weekly voids meeting

Risk	Risk Controls
	4. Prudent approach to rents/charges for new development and existing, with awareness of future risks

Internal Controls

The Board has ultimate responsibility for ensuring Advance has in place a system of controls that is appropriate to the various business environments in which it operates. The system is designed to manage the risk of failure to achieve business objectives and give reasonable assurance against material misstatement or loss.

Based upon the work undertaken in 2024/25, the Audit and Risk Committee has complied with its terms of reference to review the effectiveness of the system of internal control. The Committee believes there is sufficient evidence to confirm the opinion of the Executive Leadership Team that adequate systems of internal control existed and operated throughout the year, that there is a culture of continuous improvement across the organisation and that systems are aligned to the on-going management of the significant risks facing the association.

No material weaknesses were identified which would have resulted in material misstatement or loss and which would require disclosure in the financial statements. There has not been any breakdown in internal financial control during the year that has caused significant loss to Advance.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk within the 'risk appetite' documented by the Board, rather than eliminate the risk of failure to achieve business objectives and it is recognised by the Board that this system provides reasonable, but not absolute, assurance against material misstatement or loss. The development of the system is a continuing process. The system of internal control also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of Advance assets and interests.

Fraud

Advance does not tolerate fraud, and action is taken to reduce fraud through the control systems in place. An overarching Theft and Loss, Anti-Fraud, Anti-Bribery and Tax Evasion policy is in place. Work is ongoing to monitor and enhance the control environment throughout Advance in order to reduce the risk. All instances of identified fraud, and other losses which potentially could have been the result of fraud, are reported to the Audit and Risk Committee.

No cases of fraud were identified in the year 2024/25.

Reviewing effectiveness of controls

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

- Risk management – Board and Executive Leadership Team members are aware of, and experienced in, risk management techniques and have fully embraced the development of risk management across the organisation through its risk management policies and the risk assurance framework. The Board adopted a risk-based approach to internal controls that is embedded within the normal management and governance process and described in the Risk Management policy.

- Identification and evaluation of key risks - Management responsibility has been clearly defined for the identification, evaluation and control of significant risk. This is regularly reviewed and updated by the Board. The Board reviews and determines the top risks facing the organisation and there is a formal and ongoing process of management review in each area of Advance's activities. This process is co-ordinated through regular reporting to the Board and the Audit and Risk Committee. The Executive Leadership Team regularly considers reports on significant risks facing Advance and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.
- Monitoring and corrective action - A process of regular management reporting on control issues provides hierarchical assurance to successive levels of management and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements or where health and safety is concerned.
- Control environment and control procedures - The Board retains responsibility for a defined range of issues covering strategic, financial and compliance matters including treasury strategy and major new investment projects. This responsibility is supported by Advance's policies with regard to the quality, integrity and ethics of its employees. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, information security, data and asset protection and fraud prevention and detection.
- Information and financial reporting system - Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board. The Board also regularly reviews Key Performance Indicators (KPIs) to assess progress towards the achievement of key business objectives, targets and outcomes.

The Board has received assurance reports from the Chief Executive and the Audit and Risk Committee, which endorsed the review of the adequacy and effectiveness of the system of internal control for the year ended 31 March 2024 and up to the date of signing these financial statements.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the risks faced by Advance. The process has been in place throughout the year and is regularly reviewed by the Board.

Internal Audit

The Audit and Risk Committee retained RSM during 2024/25 to provide an independent internal audit function to audit and improve the system of internal control in addition to the internal Business Assurance function.

The Audit and Risk Committee reviewed all reports produced by RSM and received reports on the work of the Business Assurance team. Progress on the internal audit programme by RSM, and the resulting actions, are kept under scrutiny by the Audit and Risk Committee on behalf of the Board. The audit programmes provided positive assurance that reasonable systems of internal control existed and operated throughout the year and that those systems were aligned to an ongoing process for the management of the significant risks facing the organisation.

Specifically, RSM's Annual Internal Audit Report for 2024/25 sets out their opinion that: 'The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.'

Board Members' Responsibilities

Board members are responsible for preparing the report of the Board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law and social housing legislation require the Board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards as reflected in FRS102 and applicable law).

In preparing these financial statements, the Board members 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 UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social 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 members are responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the Association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Association's website is the responsibility of the Board members. The Board members' responsibility also extends to the on-going integrity of the financial statements contained therein.

Going Concern

In June 2024, the Board reviewed the Association's long-term financial projections to 2052/53, and the stress-testing of these projections against different scenarios reflecting the risks faced by Advance that the Board has identified. The budget and long-term financial projections, including under various stress-test scenarios, show that Advance will not breach bank covenants.

The Board will continue to review the financial projections with the Executive Leadership Team and make any necessary changes to continue to work with our customers and stakeholders to deliver exceptional services.

Given the strength of the financial position, availability and liquidity of undrawn loan facilities totalling £8m, and on the basis of the review of the long-term financial projections and stress-testing, the Board is confident that the Association's plans are affordable. While uncertainty exists, there is not a material uncertainty, and the Board considers it appropriate for the accounts to be prepared on a going concern basis.

Public Benefit Entity

Advance's aims, objectives and activities demonstrate public benefit as defined by the Charity Commission and the Board ensures that planned activities meet the organisation's objectives. Advances work supports those on the margins of society to overcome the challenges they face in their lives.

As a public benefit entity, Advance has applied the public benefit entity 'PBE' prefixed paragraphs of FRS102.

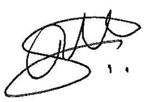
Information for Auditors

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

Statement of Compliance

The Board confirms that this Board report has been prepared in accordance with the principles set out in Paragraph 4.7 of the Statement of Recommended Practice (SORP) for Registered Social Housing Providers.

By order of the Board



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Jonathan Higgs Chair of
the Board
02 September 2025.

Independent Auditor's Report

Opinion

We have audited the financial statements of Advance Housing and Support Limited (the "Association") for the year ended 31 March 2025 which comprise the Statement of Comprehensive Income, the St2atement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2025 and the Association's surplus or deficit for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Association; or
- a satisfactory system of controls over transactions has not been maintained; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement, 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 have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

We obtained an understanding of the legal and regulatory frameworks within which the Association operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Co-operative and Community Benefit Societies Act 2014 (and related Directions and regulations), the Housing and Regeneration Act 2008 and other laws and regulations application to a registered social housing provider in England together with the Housing SORP. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statements items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Association's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Association for fraud. The laws and regulations we considered in this context for UK operations were requirements imposed by the Regulator of Social Housing and the Care Quality Commission (CQC), health and safety, taxation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of care and support income, other contract income and property sales and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence, designing audit procedures over the timing of the above income streams and reading minutes of meetings of those charged with governance.

Owing 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, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, 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 non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

Use of our report

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

Crowe UK LLP.

Crowe U.K. LLP

Statutory Auditor

4th Floor
St James House

St James Square
Cheltenham, GL50 3PR

Date: 08 September 2025

Statement of Comprehensive Income

For the year ended 31 March 2025

	Notes	2025 £000	2024 £000
Turnover	2	52,320	49,631
Operating expenditure	2	(49,838)	(47,714)
Underlying surplus		**2,482**	**1,917**
Gain on disposal of housing property	6	494	740
Operating surplus	7	**2,976**	**2,657**
Interest receivable	8	115	134
Interest and financing costs	9	(518)	(471)
Surplus before and after tax		**2,573**	**2,320**
Actuarial gain/(loss) in respect of pension schemes	12	194	(763)
Total comprehensive surplus/(deficit)/ for the year		**2,767**	**1,557**

The Association's results relate wholly to continuing activities. The Notes form part of these financial statements.

The financial statements were authorised and approved by the Board on 02 September 2025 and were signed on its behalf by:

Jonathan Higgs
Chair:

Jane Harrison
Chair of Audit & Risk Committee:

Rhian Copland
Company Secretary:

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Statement of Changes in Reserves

	Income and Expenditure Reserve £000
Balance at 31 March 2023	**31,937**
Surplus for the year	2,320
Actuarial loss on pension schemes for the year	(763)
Balance at 31 March 2024	**33,494**
Surplus for the year	2,573
Actuarial gain on pension schemes for the year	194
Balance at 31 March 2025	**36,261**

The Notes form part of these financial statements.

Statement of Financial Position

At 31 March 2025

	Notes	2025	2024
		£000	£000
Fixed assets			
Housing properties	13	127,984	121,904
Office property, plant and equipment	14	2,590	2,626
Total fixed assets		**130,574**	**124,530**
Current assets			
Trade and other debtors	15	4,736	5,965
Cash and cash equivalents		8,145	7,439
Total current assets		**12,881**	**13,404**
Less: creditors amounts falling due within one year	16	(12,846)	(11,536)
Net current assets		**35**	**1,868**
Total assets less current liabilities		**130,609**	**126,398**
Creditors: amounts falling due after more than one year	17	(91,222)	(88,808)
Provisions for liabilities			
Pension liability	12	(2,874)	(3,818)
Other provisions	26	(252)	(278)
Total net assets		**36,261**	**33,494**
Reserves			
Non-equity share capital	21	-	-
Income and expenditure reserve		36,261	33,494
Total reserves		**36,261**	**33,494**

The Notes form part of these financial statements.

The financial statements were authorised and approved by the Board on 02 September 2025 and were signed on its behalf by:

Jonathan Higgs Chair:	Jane Harrison Chair of Audit & Risk Committee:	Rhian Copland Company Secretary:
………………………	…………………………	………………………………

Statement of Cash Flow

For the year ended 31 March 2025

	Notes	2025 £000	2024 £000
Net cash generated from operating activities		**4,917**	**3,518**
Cash flow from investing activities			
Purchase of tangible fixed assets	13/14	(10,945)	(11,761)
Proceeds from sale of tangible fixed assets	6	1,914	1,790
Grants received		3,837	6,860
Grant Repaid	20	0	(12)
Interest received	8	115	134
Cash flow from financing activities			
Interest paid		(353)	(277)
Repayment of borrowings	28	1,221	(823)
Net change in cash and cash equivalents		**706**	**(571)**
Cash and cash equivalents at beginning of year		7,439	8,010
Cash and cash equivalents at end of year		**8,145**	**7,439**
Cash flow from operating activities			
Surplus for the year		2,976	2320
Adjustments for non-cash items			
Depreciation of tangible fixed assets	13/14	3,464	3,256
Grant amortisation	19	(2,094)	(1,955)
Impairment			
Decrease/(increase) in trade and other debtors		1,229	1,592
Decrease/(increase) in trade and other creditors		625	(261)
Decrease/(increase) in provisions		4	(2)
Pension costs less contributions payable		(723)	(725)
Carrying amount of tangible fixed asset disposals	13/14	1,112	909
Adjustments for investing or financing activities:			
Proceeds from the sale of tangible fixed assets	6	(1,914)	(1,790)
Government grants utilised in the year			
Interest payable	9	353	308
Interest received	8	(115)	(134)
Net cash generated from operating activities		**4,917**	**3,518**

The Notes form part of these financial statements.

Notes to the Financial Statements

LEGAL STATUS

Advance Housing and Support Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing.

1. Principal Accounting Policies

Basis of accounting

These financial statements have been prepared in accordance with applicable law and Generally Accepted Accounting Practice (UKGAAP) including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice for Registered Providers of Social Housing (SORP 2018).

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. The financial statements are presented in Sterling (£).

Advance is a public benefit entity in accordance with FRS 102 and has applied the Public Benefit Entity sections of FRS 102.

Going concern

The Financial Statements for Advance have been prepared on a going concern basis and Advance fully expects to be able to meet its outgoing commitments and other liabilities as they fall due into the future.

The annual budget provides evidence that covers the 2025/26 financial year and includes information on both revenue activities and capital investment expected to occur during the financial year. The Treasury Management Strategy looks at the implications of the revenue and capital budgets on cash flow during the year, the Business Plan extends the timeframe covered by the budget and the Stress Testing provides information on the likely impact of changes to the assumptions that underpin both the annual budget and the longer-term Business Plan.

The annual budget for 2025/26 shows a forecast surplus of £2.4m after interest targeted for the financial year and reasonable headroom in relation to the interest cover covenant of £1.1m. The budget was built on a prudent set of assumptions with operational budget holders being involved in its preparation at a detailed level. Revenue budgets include a flat assumption of 8% uplift for Support contracts which would be considered the biggest risk to achieve. This was reduced by 1% as contingency to reflect the risk. Robust discussions are happening with Local Authorities to achieve timely decisions and ensure Advance is materially on track to achieve this. The budget also includes estimates of planned capital expenditure required to maintain the operational capacity of the organisation.

The first two months Management Accounts to May 2025, show a slightly increased surplus compared to budget, with savings in central overheads and lower interest payments partly offset by lower than budgeted inflationary uplifts as negotiations with local authorities are still progressing. These negotiations aim for any increased rate to be backdated to the 1 April 2025.

Advance is not reliant upon market sales to generate surplus. In addition, Advance's capital structure is less reliant on bank debt (£5.5m as at March 2025) and strong cash balance (£8.1m) with c54% of the debt on fixed interest rates. Therefore, Advance has strong financial resilience.

There have been no other major changes to either the internal or external operating environments since the budget was agreed that might have a significant impact on the budget. We therefore believe that the budget as stated, the Business Plan and associated stress tests, continue to provide a sound basis on which to view the short-term expectations with regards to income, expenditure and capital investment plans.

Whilst generating a surplus will increase reserves and the financial strength of Advance, it does not directly translate into an increase in the cash balances held by Advance. A Going Concern Review must also satisfy the Board that Advance can generate the cash flow operationally or via additional borrowings to meet its strategic growth targets and expected liabilities as they fall due.

The 2025 Business Plan and Long-term Financial Projections provide a forecast of the long-term expectations for Advance based on the approved budget as a starting point. Planned future investments in new rented and shared ownership housing are also included along with expectations for growth in Support activities. The plan is a prudent model considering expected cost pressures faced by Advance such as rises in National Living Wage, pension deficit liability funding and capital expenditure to achieve carbon neutrality. Forecast I&E, Balance Sheet and Cash Flow statements have been produced from the Business Plan model, which have been stress tested under a range of scenarios reflecting the risks to Advance. These demonstrate that Advance remains financially viable into the future and that it will meet all covenants.

The Business Plan does rely on new borrowings to fund the investment required to meet the strategic growth targets. Advance has £8m undrawn from the existing Barclays loan facility signed up to in March 2020. This undrawn loan facility is fully secured and is available until March 2027. The Board agreed at the 13th June 2025 meeting to commence renewal discussions with Barclays for a further 5-year loan facility period.

Work had also commenced during 2024/25 on sourcing a new loan facility to provide funds to re-finance the expiring Barclays loan prior to March 27 (if required), and to provide additional funds for future investment in new housing properties. Indicative offers were received from several active funders and three were taken forward in more detail. Further discussions led to the decision to take the proposals from Lloyds and Barclays forward in more detail. Significant progress with Lloyds has been made and we hope to be able to agree a new £15m facility with them by the end of Q2 2025/26. Both Lloyds and Barclays offers have been credit approved which demonstrates a high degree of support for Advance with regards to the availability of new finance.

The existing Barclays loan will provide sufficient liquidity to meet the forecast business plan requirements through to circa December 2026 and beyond when the facility is renewed. Committed developments are currently minimal and the nature of Advance's development programme is such that committing to schemes can be managed on a controlled basis to ensure that sufficient funding is in place before firm financial commitments are made. Once agreed and secured the Lloyds facility will provide sufficient funds to repay the Barclays facility (if required still), and/or provide additional sufficient liquidity through to 2028/29.

The existing loan facility with Barclays contains two financial covenants – an interest cover (minimum 110% cover) and a gearing ratio (max of 30%). The proposed Lloyds facility and replacement Barclays facility have the same covenants and whilst the Lloyds interest cover ratio is calculated slightly differently to Barclays one the Business Plan shows that both these covenants can be met throughout the life of the plan.

Advance is expected to generate sufficient cash to meet its operational requirements. It also has sufficient loans available to draw to meet its investment needs during 2025/26 and the majority of 2026/27. New facilities are expected to be in place during 2025/26 to ensure continuity of funding. The loan facility could also be used to support operational liquidity in the short term if a negative and severe stress to the business model was to occur. In an extreme scenario, restructure savings sufficient to ensure the interest cover covenant is met and to maintain adequate liquidity are possible.

Significant judgements and estimates

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

Development expenditure

Advance use the following approach in respect of development expenditure. Distinguishing the point at which a project is more likely than not to continue and allowing capitalisation of associated development costs which requires judgement. For each scheme the capitalisation includes acquisition, build costs and associated fees of delivering the scheme. After capitalisation, management monitors the asset and considers whether changes indicate that impairment is required.

Housing properties

Housing properties are available for rent and shared ownership. Completed housing and shared ownership properties are stated at cost less accumulated depreciation and impairment.

Housing properties under construction are stated at cost. Cost includes the cost of acquiring land, building work and development expenditure incurred during the development period.

Works to existing properties which replace a component have been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Works to meet the governments decarbonisation agenda are treated on a similar basis to those mentioned in the previous paragraph. If they replace an existing component (even if not on a strict like-for-like basis) or they will result in incremental future economic benefits then they will be capitalised, if not they will be expensed when occurred. Any associated government grants received for these works will follow the treatment of the works that they are part funding. If associated with capital works, the grant will be amortised over the life of the component they have part funded, if associated with revenue works then the grant will be treated as income in the year that the works are expensed.

Advance has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, it has considered if the asset is held for social benefit or to earn commercial rentals.

Impairment

Housing properties are assessed annually for impairment indicators. Where indicators are identified, an assessment for impairment is undertaken comparing the schemes carrying amount to its recoverable amount.

For the purposes of impairment assessments, housing properties are grouped together into schemes. Each scheme typically comprises one or more of the buildings in the immediate locality, and each building consists of one or more accommodation units. Schemes are typically developed or acquired as a single block of units.

When comparing a scheme's carrying amount, with its recoverable amount, any excess carrying amount on the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as an operating expenditure.

Regarding the supported housing schemes, management deems that the properties are held not just to generate cash, but to provide an additional social value i.e. these properties are held for their service potential. Therefore, the recoverable amount for these properties should be higher of (a) fair market value less cost of sales, and (b) its value in use Service Potential (VIU-SP).

VIU-SP can be used when the schemes can be let in the current condition and that fulfils a social purpose in addition to generating net rental cashflow. The depreciated replacement cost (DRC) methodology can be used to measure this.

The DRC basis considers (a) cost of purchasing an equivalent property on the open market, and (b) the rebuilding cost of the property (of similar condition, age, location, and the type) less depreciation, considering the age and condition of the property. However, when establishing the active market value for these properties, (b) above (i.e. rebuilding cost less depreciation) can be considered as value in use for the properties under the DRC basis.

Classification of loans as basic

Advance has loans which have a 'two-way break clause'. This is applicable where the loan is repaid early and could result in a break cost or a break gain as the loans in question are fixed rate loans. In a pre-payment scenario that results in a break gain, the loan agreement provides for the repayment of the capital at par. Any break gain payable by the lender would be in relation to future interest periods only.Management have considered the terms of the loan agreements and concluded that they do meet the definition of a basic financial instrument, therefore are held at amortised cost.

Other key sources of estimation and assumptions

Useful lives of tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Total accumulated depreciation at 31 March 2025 was £43.4m.

Defined benefit obligation (DBO)

Management's estimate of the DBO accounting liability for the SHPS pension scheme is based on the information provided by the scheme administrator, The Pensions Trust (TPT). The accounting liability has been formulated based on a series of assumptions which are set out in Note 12 to the financial statements. TPT provide a standard set of assumptions which it deems are appropriate. The standard assumptions have been adopted by the Association as they are judged to be appropriate and reasonable. The pension liability as at 31 March 2025 was £2.87m.

If the discount rate was lower, and/or the inflation rates and life expectancy rates were higher, then the liability would increase. Conversely, if the discount rate was higher, and/or the inflation rates and life expectancy lower, then the liability would decrease.

The sensitivity analysis for inflationary and mortality rates identified the pension liability could be in the range of £3.1m to £3.3m.

Bad debt provision

Advance provides for amounts owed to the extent that it considers appropriate. The standard bases of provision are:

- For invoiced support debt less than a year old relating to Local Authorities and National Health Service bodies a detailed review is completed and an estimate of the bad debt provision calculated on a specific organisation basis. Invoiced debt over one year is provided for at 100%.
- For individual support debtors 50% provision is used for debt more than 90 days old, but less than 180 days - increasing to 95% for debts that are over 180 days old and 100% for debts that are over one year old.
- A percentage for rent and service charges owed in respect of current tenants which starts at 25% for amounts that are more than four weeks old and increase to 95% for amounts that are more than six months old.
- 100% for rent and service charges owed in respect of former tenants.

Accruals

At the statement of financial position date, Advance has recognised accruals for costs and income where it has identified that transactions have occurred, but which have not been processed. The amount accrued is the best estimate of these costs from the information available.

Turnover and revenue recognition

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

Rent - Rental income is recognised when the property is available for let, net of voids, on a time-apportioned basis, in accordance with the terms of the tenancy agreements.

First tranche shared ownership – Receipts of first tranche sales at date of completion to shared owner.

Service charges - Service charge income and costs are recognised on an accruals basis. The Association operates both fixed and variable service charges on a scheme-by-scheme basis in full consultation with residents. Where variable service charges are used, future charges are adjusted to consider the balance unspent or overspent. Until the amounts underspent or overspent are fully resolved, the balances are held as creditors or debtors in the Statement of Financial Position.

Where periodic expenditure is required, a provision may be built up over the years, in consultation with the residents; until these costs are incurred the liability is held in the Statement of Financial Position within creditors.

Support income and costs including supporting people - Support contract income received from administering authorities is accounted for as support income in turnover in Note 2. The related support costs are matched against this income in the same Note. Support charges included in the rent are included in the Statement of Comprehensive Income from social housing lettings in Note 3 and matched against the relevant costs.

Value added tax - The Association charges VAT on some of its income and can recover part of the VAT it incurs on expenditure. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by Advance and not recoverable.

Tangible fixed assets and depreciation

Completed housing properties and tangible fixed assets are stated at cost, less accumulated depreciation. 'Housing properties under construction' are stated at cost and are not depreciated. These are reclassified as 'housing properties on practical completion of construction. Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred. Components replaced before the end of their useful life are expensed as a cost of social housing lettings as depreciation.

Advance depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories. Depreciation starts from the beginning of the year following acquisition.

UELs for identified components are as follows:

- Core building and roof 60 years/40 years

• Flat roof	20 years
• Electrical systems	40 years
• Plumbing and heating	30 years
• Air Source Heat Pumps	15 years
• Solar Panels	20 years
• Storage Heaters	30 years
• Bathrooms	15 years
• Kitchens, boilers, lifts and door entry systems	10 years
• Special adaptations	10-20 years
• Windows and doors	20 years
• Land	Not depreciated

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

Where Advance holds property on a short-term lease and replacement of a component is required, the component will be depreciated using the life cycle of the component or the length of the lease whichever is the shorter.

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

• Housing property furniture and equipment	3 years
• Computer equipment	2-5 years
• Office furniture and equipment	4-5 years
• Freehold office premises	50 years
• Leasehold office premises	the life of the lease

The cost of the property, plant and equipment detailed in the above table is capitalised where an individual item cost is greater than £1,000.

Shared ownership properties

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

Capitalisation of administration costs

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

Property managed by agents

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

Where the agent carries most of the financial risk, income includes only that which relates solely to Advance. In both cases, the assets and associated liabilities are included in the Statement of Financial Position.

Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to Statement of Comprehensive Income over the term of the lease.

Current asset investments

Current asset investments comprise cash and cash equivalents invested for periods of more than 90 days. They are recognised at cost.

Short-term debtors and creditors

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

Social housing and other government grants

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

When SHG in respect of housing properties during construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Association under certain conditions for example, if a property is sold or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Homes and Communities Agency and Greater London Authority. However, SHG may have to be repaid if certain conditions are not met. If the grant is not required to be recycled or repaid, any unamortised grant is recognised as turnover.

Where properties funded by bodies other than Homes England or the GLA are disposed of the treatment of any associated capital grants will follow the provisions of the associated grant agreement. Grant agreements from other grant providers are not consistent and the grant may be recycled or repaid depending upon the providers requirements.

Recycling of capital grant

Where SHG is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties. Where recycled grant is known to be repayable, it is shown as a creditor due within one year.

Reserves

Any income that is restricted to a specific purpose is transferred to a restricted fund and transfers are made to reflect the use of the funds in the year. Where restricted funds are used to acquire assets and the restrictions continue to apply to the proceeds from any subsequent disposal of the assets, the funds continue to be recorded as restricted.

Operating leases

Rental payments made under operating leases are charged to expenditure on a straight-line basis over the life of the lease. Rental payments received under operating leases are credited to investment income on a straight-line basis over the life of the lease.

Homes managed on behalf of other owners

Advance reflects the income and expenditure of homes that it manages on behalf of other owners in its own income and expenditure account in accordance with management agreement. Advance takes on the risks and rewards of the letting activities.

Agreements to improve existing properties

Where Advance has entered into agreements to purchase property from a third party and subsequently enters into a sub-contracting agreement to carry out improvement works to the properties, the related assets and liabilities are shown at gross values unless the right of net settlement exists.

Pensions

Advance has current and former employees who were previously members of the defined benefit Social Housing Pension Scheme (SHPS). This is a multi-employer defined benefit scheme to which the Association contributes annually £0.8m to reduce the deficit. This scheme is closed to further accrual.

For financial years ending on or after 31 March 2019, it has been possible to obtain sufficient information to enable the Association to account for the Scheme as a defined benefit scheme.

Current service costs and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the financial statements. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs/income. Actuarial gains and losses are reported in the statement of comprehensive income.

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality bond rates. The net deficit is presented separately from other assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the Association. Re-measurements are reported in other comprehensive income.

Financial instruments

Financial Instruments which meet the criteria of a basic financial instrument as defined in section 11 of FRS102 are accounted for under the historic cost model.

Public benefit entity concessionary loans are accounted for in accordance with section 34 of FRS102.

Impairment of financial assets

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

The following financial instruments are assessed individually for impairment:

- All equity instruments regardless of significance; and
- Other financial assets that is individually significant.

Other financial instruments are assessed for impairment either individually or grouped based on similar credit risk characteristics.

An impairment loss of financial instruments is measured as follows:

- For an instrument measured at amortised cost, impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.
- For an instrument measured at cost less impairment, impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in profit or loss immediately.

Holiday pay accrual

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

Provisions

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. The amount recognised is at present value.

2. Turnover, cost of sales, operating expenditure and operating surplus

	2025 Turnover £000	2025 Operating Costs £000	2025 Surplus/ (Deficit) £000
Social housing letting activities (Note 3)			
- Housing accommodation	26,580	(23,784)	2,796
Property sales			
- Sale of 1st tranche shared ownership properties	5,553	(5,642)	(89)
Other social housing activities			
- Support	20,008	(20,046)	(38)
- Housing development activities	-	(270)	(270)
Total social housing activities	**52,141**	**(49,742)**	**2,399**
Activities other than social housing			
Business development activities	-	(79)	(79)
Other	179	(17)	162
Total	**52,320**	**(49,838)**	**2,482**
Gain on disposal of housing property			494
Operating Surplus			**2,976**

	2024 Turnover £000	2024 Operating Costs £000	2024 Surplus/ (Deficit) £000
Social housing letting activities (Note 3)			
- Housing accommodation	25,361	(22,394)	2,967
Property sales			
- Sale of 1st tranche shared ownership properties	5,252	(5,334)	(82)
Other social housing activities			
- Support	18,885	(19,590)	(705)
- Housing development activities	-	(286)	(286)
Total social housing activities	**49,498**	**(47,604)**	**1,894**
Activities other than social housing			
Business development activities	-	(97)	(97)
Legacy donation	133	(13)	120
Other			
Total	**49,631**	**(47,714)**	**1,917**
Gain on disposal of housing property			740
Operating Surplus			**2,657**

3. Income and expenditure from social housing letting activities

	Supported Housing £000	Registered Homes £000	Shared Ownership £000	Total 2025 £000	Total 2024 £000
Income					
Rent receivable net of identifiable service charges	8,174	-	2,772	10,946	9,671
Service charge income	6,132	-	3,564	9,696	10,351
Amortised government grants	1,121	48	924	2,093	1,995
Government grants taken to income	57	-	-	57	57
Registered homes fees	-	3,134	-	3,134	2,780
Housing management fees	648	-	6	654	507
Turnover from social housing lettings	**16,132**	**3,182**	**7,266**	**26,580**	**25,361**
Operating Expenditure					
Management	(574)	(10)	(489)	(1,073)	(1,473)
Service charge costs	(7,577)	(217)	(666)	(8,460)	(7,715)
Routine maintenance	(2,643)	(27)	(982)	(3,652)	(3,259)
Planned maintenance	(2,055)	(26)	(1,978)	(4,059)	(3,251)
Major repairs expenditure	(188)	-	(287)	(475)	(569)
Bad debts	(1)	-	(35)	(36)	(275)
Depreciation of housing properties	(1,867)	(48)	(992)	(2,907)	(2,703)
Lease costs	(681)	-	(25)	(706)	(795)
Care and support within our registered homes	-	(2,387)	-	(2,387)	(2,354)
Operating expenditure on social housing letting	**(15,586)**	**(2,715)**	**(5,454)**	**(23,755)**	**(22,394)**
Operating surplus on social housing lettings	**546**	**467**	**1,812**	**2,825**	**2,967**
Void losses	1,293	110	-	1,403	1,292

Under the terms of our agreements with our shared ownership customers we are responsible for the maintenance of their homes. The costs that we incur are included within maintenance costs. We recharge these costs to the shared owners, and the income is included within service charge income.

4. Accommodation owned, managed and in development

	No. of units 2025	2024
Social Housing		
General needs	4	4
Supported housing – social rent	1,397	1,392
Supported housing – affordable rent	65	65
Shared ownership	757	727
Residential care homes	69	69
Total under development	**2,292**	**2,257**
Managed for others		
Supported housing – social rent	51	50
Residential care homes	9	9
Total owned and managed for others	**2,352**	**2,316**
Non-Social Housing – managed for others	3	3
Total owned	**2,355**	**2,319**
Units under development at the year-end		
Shared ownership	19	19

5. Accommodation managed by others

Advance owns property managed by other bodies.

	2025 No. of units	2024 No. of units
Supported housing	77	83

For the purposes of this note we consider that properties are managed by us where we retain responsibility for maintenance of the properties even if a third party is responsible for tenancy management.

6. Surplus on disposal of property

	Stair-casing sales £000	Others £000	2025 £000	2024 £000
Disposal proceeds	148	1,766	1,914	1,790
Less: Carrying value of properties	(131)	(978)	(1,109)	(842)
Less: Previously amortised grant written back	(8)	(303)	(311)	(184)
Less: Other costs associated with disposals	-	-	-	(24)
Total surplus on Disposals	**9**	**485**	**494**	**740**
Capital grant recycled (Note 20)			670	842

Advance does not develop properties on behalf of other registered providers.

7. Operating Surplus

	2025 £000	2024 £000
The operating surplus is stated after charging:		
Auditors' remuneration (excluding VAT):		
- Audit of the financial statements	60	47
Operating lease rentals payable:		
- Land and buildings	873	1,013
- Motor vehicles	19	17
- Office equipment	13	7
Depreciation of housing properties	2,906	2,711
Depreciation of other fixed assets	558	545

8. Interest receivable

	2025 £000	2024 £000
Interest receivable from bank deposits and other investments	115	134
Total interest receivable	**115**	**134**

9. Interest payable

	2025 £000	2024 £000
Charges arising on deficit contributions to defined benefit pension schemes	165	163
On loans wholly or partly repayable in more than five years	353	308
Total interest payable	**518**	**471**

10. Directors' remuneration

	2025 £000	2024 £000
The aggregate emoluments including benefits and pensions, paid executive Directors.	560	615
non-executive Directors	49	42
The emoluments paid to the Chief Executive, who was the highest paid Director, excluding pension contributions	169	160

The Chief Executive is an ordinary member of the SHPS defined contribution scheme; no enhanced or special terms apply. There are no additional pension arrangements from which the Chief Executive benefits. Contributions by Advance totalling £8,132 (2024: £7,748) were paid in addition to the personal contributions of the Chief Executive.

Directors (key management personnel) are defined as members of the Board, the Chief Executive and any other person who is a member of the Executive Management Team, or its equivalent.

10. Directors' remuneration (continued)

The emoluments paid to the non-executive directors were:

	2025 £000	2024 £000
Marie Li Mow Ching	0	12
Jonathan Higgs	12	0
Janet Collier	0	6
Vivien Knibbs	5	4
Mark Coates	7	4
Robert Tovey	5	4
Martin Barrow-Starkey	5	4
Nigel Hills	5	4
Jane Harrison	7	2
Rajan Sharma	3	2
Total	**49**	**42**

11. Employee information

	2025 No.	2024 No.
The average number of persons employed during the year expressed in full time equivalents (37.5 hours per week for those providing support services, 35 hours per week for all others) was:		
Staff providing housing, including property services, customer services and housing development	56	56
Office staff	47	47
Staff providing support services	528	499
	631	**602**
	£000	**£000**
Staff costs		
Wages and salaries	21,786	19,649
Social security costs	2,017	1,786
Other pension costs	769	694
Pension surcharge	101	87
Total	**24,673**	**22,216**
Aggregate number of full-time equivalent staff whose remuneration, excluding pension contributions, exceeded £60,000 in the period:	**No.**	**No.**
£60,000 - £70,000	12	10
£70,001 - £80,000	4	3
£80,001 - £90,000	0	1
£90,001 - £100,000	2	1
£100,001 - £110,000	1	1
£110,001 - £120,000	0	1
£120,001 - £130,001	1	0
£160,001 - £170,000	1	1

12. Pensions

Social housing pension scheme (SHPS)

Advance participates in SHPS, multi-employer pensions scheme which provides benefits to non-associated participating employers. The scheme is classed as a defined benefit scheme in the UK. The scheme is classified as a 'last man standing' arrangement. Therefore, the association 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.

On 1 April 2019, sufficient information became available for the association in respect of SHPS to account for its obligation on a defined benefit basis and was therefore first reflected in the year ended 31 March 2020.

The most recent formal actuarial valuation was as at 30 September 2021 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2025 by a qualified independent actuary.

The net defined liability at the year ended 31 March 2025 was £2,874k (2024: £3,818k)

The present value of defined benefit obligation:

	31 March 2025	31 March 2024
	£000	£000
Fair value of plan assets	16,265	16,470
Present value of the scheme liabilities	(19,139)	(20,288)
Deficit in plan	**(2,874)**	**(3,818)**
Net defined benefit liability to be recognised	**(2,874)**	**(3,818)**

Reconciliation of opening and closing balances of the scheme liabilities:

	31 March 2025	31 March 2024
	£000	£000
Opening Scheme liability	**20,288**	**20,552**
Expenses	27	26
Interest expense	973	987
Actuarial losses (gains) due to scheme experience	787	(265)
Actuarial losses (gains) due to changes in demographic assumptions	-	(233)
Actuarial losses (gains) due to changes in financial assumptions	(2,130)	6
Benefits paid and expenses	(806)	(785)
Closing Scheme liability	**19,139**	**20,288**

Reconciliation of opening and closing balances of the plan assets:

	31 March 2025	31 March 2024
	£000	£000
Opening fair value of the plan assets	**16,470**	**16,792**
Interest income	808	824
Experience on plan assets (excluding amounts included in interest income) – gain (loss)	(1,149)	(1,255)
Contributions by the employer	942	894
Benefits paid and expenses	(806)	(785)
Closing fair value of plan assets	**16,265**	**16,470**

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2024 to 31 March 2025 was (£341,000).

12. Pensions (continued)

Amounts recognised in the statement of comprehensive income:

	31 March 2025 £000	31 March 2024 £000
Expenses	27	26
Net interest expense	165	163
Defined benefit costs recognised in statement of comprehensive income (SoCI)	**192**	**189**

The defined benefits recognised in other comprehensive income:

	31 March 2025 £000	31 March 2024 £000
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	(1,149)	(1,255)
Experience gains and losses arising on the plan liabilities – gain (loss)	(787)	265
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	-	233
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	2,130	(6)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - (loss) gain	**194**	**(763)**
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 – (loss) gain	**194**	**(763)**

The fund assets are detailed below:

Assets	31 March 2025 £000	31 March 2024 £000
Global Equity	1,822	1,641
Absolute Return	0	643
Distressed Opportunities	0	581
Credit Relative Value	0	540
Alternative Risk Premia	0	523
Liquid Alternatives	3016	0
Emerging Markets Debt	0	213
Risk Sharing	0	964
Insurance-Linked Securities	50	85
Property	815	661
Infrastructure	3	1,664
Private Equity	14	13
Real Assets	1,947	0
Private Debt	0	648
Opportunistic Illiquid Credit	0	644
Private Credit	1,991	0
Credit	622	0
Investment Grade Credit	501	0
High Yield	0	3
Opportunistic Credit	-	-
Cash	221	325
Long Lease Property	5	106

Secured Income	271	492
Liability Driven Investment	4,926	6,703
Currency Hedging	26	(7)
Net Current Assets	35	28
Total assets	**16,265**	**16,470**

12. Pensions (continued)

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 actuarial assumptions

	31 March 2025 % per annum	31 March 2024 % per annum
Discount rate	5.77%	4.89%
Inflation (RPI)	3.11%	3.17%
Inflation (CPI)	2.78%	2.77%
Salary growth	3.78%	3.77%
Allowance for commutation of pension for cash at retirement		75% of maximum allowance

Mortality assumptions

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

	Life expectancy at age 65 Years 2025	Life expectancy at age 65 Years 2024
Male retiring in 2025	20.5	20.5
Female retiring in 2025	23.0	23.0
Male retiring in 2044	21.7	21.8
Female retiring in 2044	24.5	24.4

The growth scheme:

Advance also participates in the scheme, a multi-employer scheme which provides benefits to some 521 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.

Present value of provision

	31 March 2025 £000	31 March 2024 £000	31 March 2023 £000
Present value of provision	10	4	9

Reconciliation of opening and closing provisions

	31 March 2025 £000	31 March 2024 £000
Provision at the start of year	4	9
Unwinding of the discount factor (interest expense)	-	-
Deficit contribution paid	(4)	(5)
Re-measurements – impact of any change in assumptions	-	-

Re-measurements – amendments to the contribution schedule	10	-
Provision at the end of year	**10**	**4**

Defined contribution scheme (DC)

Advance offers the SHPS defined contribution scheme to staff as auto enrolment. As at 31 March 2025 there were 602 (2024: 592) members in the DC scheme. An employers' contribution of up to 5% is paid by Advance in respect of all scheme members. Total employer contributions during the year were £743k (2024: £676k) Advance offers the DC scheme to all new staff as the defined benefit scheme is no longer available to new employees.

13. Housing properties

	Social Housing Properties for Letting completed	Social Housing Properties for letting in progress	Shared ownership Properties completed	Shared ownership properties in progress	Total Housing Properties
	£000	£000	£000	£000	£000
Cost					
At start of the year	**98,353**	**4,415**	**54,625**	**58**	**157,451**
Additions	-	-	-	-	**-**
Additions to properties acquired	-	3,325	-	5,564	**8,889**
Works to existing properties, including components	1,240	-	-	-	**1,240**
Schemes completed	5,234	(5,234)	5,209	(5,209)	-
Disposals	(1,128)	-	(787)	-	**(1,915)**
At end of the year	**103,699**	**2,506**	**59,047**	**413**	**165,665**
Depreciation					
At start of the year	**(27,158)**	**-**	**(8,391)**	**-**	**(35,549)**
Charge for the year	(1,908)	-	(998)	-	(2,906)
Impairment	(28)	-	(28)	-	(56)
Disposals	731	-	97	-	828
At end of the year	**(28,363)**	**-**	**(9,320)**	**-**	**(37,683)**
Net book value at the end of the year	**75,336**	**2,506**	**49,727**	**413**	**127,982**
Net book value at the start of the year	71,197	4,415	46,234	58	121,904

Housing properties comprise:	**2025**	**2024**
	£000	**£000**
Freehold land and buildings	114,552	109,124
Long leasehold land and buildings	13,430	12,780
Total	**127,982**	**121,904**

The cost of properties includes £58,500 (2024: £22,500) for direct administrative costs capitalised during the year.

Works to existing properties in the year:	**2025**	**2024**
	£000	**£000**
Improvement works capitalised		
Components capitalised	1,240	858
Amounts charged to expenditure	8,186	7,079
Total	**9,426**	**7,937**

Advance has available security on 421 charged units of £22.7m and currently has £5.1m of loan secured against these units in an open loan facility. A further 24 units with a value of £1.7m are charged against a closed facility. There are 1,416 units that are not charged and available for charge with an estimated security value of £76m. There are a further 504 units that are not considered chargeable.

14. Office property, plant & equipment

	Freehold/ Long Leasehold Property £000	Short Leasehold Property £000	Furniture and office equipment £000	Total fixed assets £000
Cost				
At start of the year	**3,352**	**53**	**4,698**	**8,103**
Additions	-	-	550	550
Disposals	-	-	(279)	(279)
At end of the year	**3,352**	**53**	**4,969**	**8,374**
Depreciation				
At start of the year	**(1,311)**	**(16)**	**(4,150)**	**(5,477)**
Charge for the year	(63)	(8)	(487)	(558)
Disposals	-	-	257	257
At end of the year	**(1,374)**	**(24)**	**(4,380)**	**(5,778)**
Net book value at the end of the year	**1,978**	**29**	**589**	**2,596**
Net book value at the start of the year	2,041	37	548	2,626

15. Trade and other debtors

	2025 £000	2024 £000
Rent and service charge arrears	1,402	1,559
Less: provision for bad debts	(825)	(867)
	577	**692**
Other debtors	1,987	3,539
Prepayments and accrued income	2,095	1,577
Total debtors due within one year	**4,082**	**5,808**
Due in more than one year	77	157
Total debtors	**4,736**	**5,965**

16. Creditors: amounts falling due within one year

	2025 £000	2024 £000
Loans and overdrafts (note 18)		

	749	778
Trade creditors	1,091	1,211
Social housing grant received in advance	18	73
Rents and service charges received in advance	920	809
Service charge balances held on behalf of leaseholders	3,376	3,089
Other taxation and social security payable	533	438
Accruals and deferred income	3,341	3,103
Pension agreement plan (note 12)	10	4
Deferred capital grant (note 19)	2,094	1,994
Recycled capital grant fund (note 20)	685	-
Other creditors	29	37
Total	**12,846**	**11,536**

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

	2025	**2024**
	£000	**£000**
Loans (note 18)	6,682	5,432
Deferred capital grant (note 19)	82,777	81,164
Recycled capital grant fund (note 20)	1,763	2,212
Total	**91,222**	**88,808**

18. Debt analysis

	2025	**2024**
	£000	**£000**
Bank Loans	5,497	4,276
Other Loans	1,934	1,934
	7,431	**6,210**

Bank loans outstanding at 31 March 2025 consist of term loans from Barclays Bank plc (£3.1m outstanding) and Orchardbrook (£0.4m outstanding). These loans are secured by legal charges on specific properties and are repayable quarterly (Barclays) and half-yearly (Orchardbrook) at varying rates of interest with final instalments falling due during 2026, 2035 and 2044. Interest rates payable range from 2.48% to 10.14%.

Other loans consist of amounts loaned to Advance by the relatives of shared owners in association with the provision of specific properties. These loans do not bear interest and are only repayable upon disposal of the associated property.

In addition to the drawn loans at 31 March 2025 there were undrawn secured and available loan facilities of £8m (2024: £10m).

Borrowings are repayable as follows:

	2025	**2024**
	£000	**£000**
Loans repayable by instalments:		
Within one year	749	778
In one year or more but less than two years	2,490	748
In two years or more and less than five years	703	955
In five years or more	1,555	1,795

Loans not repayable by instalments:		
In five years or more	1,934	1,934
Total loans	**7,431**	**6,210**

During the year, we drew down £2m from our revolving credit facility which expires in March 2027 (i.e. within 2yrs) and needs to be repaid at this point. Ther is no obligation to pay it earlier.

	Total	Variable Rate	Fixed Rate	Weighted Average rate	Weighted average term years
	£000	**£000**	**£000**		
Instalment loans	5,497	2,513	2,984	4.86%	7
Non-instalments loans	1,934	-	1,934	0%	n/a

19. Deferred capital grant

	2025 £000	2024 £000
At start of the year	**83,158**	**77,269**
Grant receivable in the year	4,531	8,543
Amortised in the year	(2,093)	(1,995)
Accounted for on disposal or recycled or repaid in the year	(1,045)	(842)
Amortised grant on disposal	310	183
At the end of the year	**84,861**	**83,158**
Amount due to be released within one year	2,094	1,994
Amount due to be released after more than one year	82,767	81,164
Total	**84,861**	**83,158**

20. Recycled capital grant fund

	2025 £000	2024 £000
At the start of the year	**2,212**	**3,074**
Inputs: Grants recycled	670	842
Interest accrued	119	132
Investments in new homes	(553)	(1,824)
Grant repaid	0	(12)
At the end of the year	**2,448**	**2,212**

All recycled capital grant funds relate to funds originally received from Homes England.

The recycled capital grant fund must be used in full by the following dates:

	2025 £000	2024 £000
Within one year	685	-
Within two to three years	1,763	2,212
Total	**2,448**	**2,212**

21. Non-equity share capital

	2025 £	2024 £
Allotted issued and fully paid		
At the start of the year	7	7
Issued during the year	2	1
Cancelled during the year	(1)	(1)
At the end of the year	**8**	**7**

The par value of each share is £1. The shares do not have a right to any dividend or distribution in a winding-up and are not redeemable. Each share has full voting rights. All shares are fully paid. The liability of each shareholder is limited to the par value of the share.

22. Capital commitments

	2025 £000	2024 £000
Expenditure contracted for but not provided in the accounts	270	3,431
Expenditure authorised by the Board but not contracted	120,231	130,112
Total commitment	**120,501**	**133,543**
Advance expects these commitments to be financed with:		
Social housing grant, including recycled grant	50,125	54,406
Proceeds from the first tranche sale of shared ownership properties	39,417	46,484
Cash facilities	30,959	32,653
Total funding	**120,501**	**133,543**

Capital commitments include the full cost of shared ownership properties which are planned to be acquired.

Contracts to acquire new shared ownership properties will only be entered when a buyer has been identified so that the relating first tranche sales are certain.

23. Operating leases

Properties and other assets are held under non-cancellable operating leases. At the end of the year Advance had total commitments of future minimum lease payments on leases which expire as follows:

	2025 £000	2024 £000
Land and buildings:		
Within one year	327	330
In one year or more but less than five years	107	267
In five years or more	-	-
Others:		
Within one year	26	1
In one year or more but less than five years	37	56
In five years or more	0	6

The lease agreements do not include any contingent rent or restrictions.

24. Grant and financial assistance

	2025 £000	2024 £000
The total accumulated government grant and financial assistance received or receivable at 31 March:	123,524	119,011
Held as deferred capital grant	84,844	88,158
Recognised as income in statement of comprehensive income	38,680	35,853

25. Related parties

The daughter of the Independent Scrutineer of the Safeguarding Panel is also a customer of Advance. This is done on an arms-length basis with no benefit provided.

Advance's Chief Executive is a board member of the Association of Mental Health Providers (AMHP). Advance is a member of the Association and pays an annual membership fee of £6k with no benefit provided by the Chief Executive's involvement. There was no creditor or debtor balance with AMHP at the 31st March 2025.

26. Provisions

Advance has made provisions against future liabilities in respect of the following:

- Where office premises or rental accommodation are held on a leasehold basis provisions are made for dilapidations and re-instatement costs that are included within the lease.
- Provisions against potential loss on property disposals where funding was received from a provider.

	2025 £000	2024 £000
At 1 April	**278**	**280**
Additions in year	106	102
Utilised in year	-	-
Released unused	(132)	(104)
At 31 March	**252**	**278**

27. Financial instruments

	2025 £000	2024 £000
Financial assets measured at amortised cost		
Trade and other debtors	3,882	4,839
Cash and cash equivalents	8,145	7,439
Total	**12,027**	**12,278**
Financial liabilities measured at amortised cost		
Loan commitments	6,682	6,210
Accruals	5,445	4,887
Trade and other creditors	1,120	1,248
Total	**13,247**	**12,345**

28. Debt movement

Reconciliation of net cash flow to movement in net debt	2025 £000	2024 £000
Increase/(Decrease) in cash	706	(571)
Cash movement in debt finance	(1,221)	823
Movement in net debt in year	**(515)**	**252**
Loan issue costs	-	-
Movement in amortised cost of financial instruments	-	-
Total change in net debt	**(515)**	**252**
Net debt 1 April	1,229	977
Net debt 31 March	**714**	**1,229**

Analysis of net debt	31 March 2024	Cash Flow	Non-Cash Movement	31 March 2025
Association	**£000**	**£000**	**£000**	**£000**
Cash at bank and in hand	7,439	706	-	8,145
Loans	(6,210)	(1,221)	-	(7,431)
Changes in net debt	**1,229**	**(515)**	**-**	**714**

29. Contingent Liability

The Association is currently undergoing an investigation by the Care Quality Commission (CQC) due to alleged non-compliance with Regulations 12 and 22 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014.

30. Post statement of financial position events

There were no post Statement of Financial Position events.

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