



ANNUAL REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS

31 MARCH 2019

The Housing Plus Group Limited
Acton Court, Acton Gate, Stafford, ST18 9AP

Registration No. 30224R

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BOARD MEMBERS, EXECUTIVE OFFICERS, AUDITORS AND ADVISORS

Registered Office Acton Court,
Acton Gate, Stafford,
ST18 9AP

The Housing Plus Group Limited Registered Co-operative & Community Benefit
Society No: 30224R

Registered by the Regulator of Social Housing
No: L4491

Internal Auditors **Mazars LLP**
45 Church Street,
Birmingham, B3 2RT

External Auditors **BDO LLP**
Chartered Accountants and Statutory Auditors,
Two Snowhill,
Birmingham, B4 6GA

Legal Advisers **Anthony Collins LLP**
134 Edmund Street
Birmingham, B3 2ES

Funders **Nationwide Building Society**
Kings Park Road, Moulton Park,
Northampton, NN3 6NW

**BAE Systems Pension Funds Investment
Management Ltd**
Burwood House, 14/16 Caxton Street
London, SW1H 0QT

Canada Life Investments
1-6 Lombard Street,
London, EC3V 9JU

Clydesdale Bank plc
30 St Vincent Place
Glasgow, GH1 2HL

Shropshire Council
The Shirehall, Abbey Foregate,
Shrewsbury, SY2 6ND

Bankers

Barclays Bank PLC
One Snowhill,
Birmingham, B3 2WN

National Westminster Bank PLC
8 Mardol Head,
Shrewsbury, SY1 1HE

Board of Management

Mr Rolf Levesley (Chair)
Mr Gareth Evans (Senior Independent
Director/Vice-Chair)
Mrs Sarah Boden (Executive Director)
Mr Andrew Mason
Mrs Rachel Bowden
Mr William McCarthy
Mr Peter Phillips

Chief Executive Officer

Mrs Sarah Boden

Executive Directors

Finance Director and Deputy
Chief Executive

Mr Philip Ingle

Property Services Director

Mr Stephen Collins

Neighbourhoods Director

Mrs Jan Goode

Care and Support Director

Mr Les Clarke

Commercial Director

Mr Peter Donovan (left 30 September 2018)

People and Transformation
Director

Mrs Louise Wagstaff

Company Secretary

Mrs Irene Molyneux

REPORT OF THE BOARD

Principal activities

The Housing Plus Group (“the Group”) is a leading provider of housing and related services within Shropshire and south Staffordshire.

The parent company, The Housing Plus Group Limited (“the parent” and “the Association”), is a non-housing asset holding company which provides ‘back office’ services to its Group companies. The parent was originally incorporated by the Financial Conduct Authority on 10 May 2007 (30224R) and was registered with the Regulator of Social Housing (L4491) on 22 May 2007.



The Group has a number of subsidiaries.

South Staffordshire Housing Association Limited (“SSHA”) – Became a subsidiary on 10 August 2007 and is registered with the Regulator of Social Housing. It owns 5,934 social housing units and has funding agreements with Nationwide Building Society, BAE Pension Funds Investment, and Clydesdale Bank plc. It has a wholly owned subsidiary, SSHA Developments Limited. This subsidiary previously derived its income from photovoltaic (PV) panels installed on an office building. The PV panels were sold to SSHA in March 2018. In the 2018/19 financial year, the ongoing operations of the subsidiary were under review.

Severnside Housing (“Severnside”) became a subsidiary on 1 October 2016 and is registered with the Regulator of Social Housing. It owns 5,686 social housing units and has funding agreements with Nationwide Building Society, Canada Life and Shropshire Council. It has two wholly owned subsidiaries, Severn Homes Limited, which has been established to be a development vehicle for market sale properties, and Severnside Community Association Limited (SCA), a charity.

Care Plus Staffordshire Limited (“Care Plus”) became a subsidiary in April 2010 and delivers care and support services; primarily to the residents of SSHA. Care Plus does not own any property assets and is an exempt charity from the date of its incorporation. Care Plus is registered with the Care Quality Commission (CQC).

REPORT OF THE BOARD (continued)

Principal activities (continued)

Property Plus (Midlands) Limited (“Property Plus”), formerly known as A Walters Electrical Contractors Limited (“AWEC”), became a subsidiary in October 2016. It has historically provided electrical works to Severnside and from April 2017 it provided general maintenance services to both SSHA and Severnside.

Severn Homes Limited (“Severn Homes”) is a subsidiary of Severnside and became a subsidiary of the Group in October 2016. Severn Homes continued trading during the year, developing and selling properties for outright sale. This included the sale of the final property at the Curlew Meadows development and the purchase of land for future development of social housing units and outright sale.

A Walters Electrical Limited (“AWEL”) became a subsidiary in October 2016. It has historically provided electrical works to external customers on a commercial basis. It is currently not trading.

The results of SSHA, Severnside, Property Plus, Care Plus, AWEL, Severn Homes, SCA and SSHA Developments have been consolidated into the financial statements of The Housing Plus Group.

Board members and Executive Officers

The Group is governed by a Board composed of six (2018: six) non-executive members plus the Group’s Chief Executive. Two (2018: four) of the non-executive members are also members of subsidiary Boards. Membership of all Boards across the Group has been stable but, as a consequence of the merger of the Group and Severnside Housing in October 2016, the composition of all Boards was re-configured to meet the new business need.

There are two (2018: three) Group committees: Audit and Risk, and Nominations and Remuneration. On 8 November 2018, the dissolution of the Integration Committee was approved by the Group board following the completion of integration activities subsequent to the merger in October 2016. Membership of these committees is drawn from all Boards within the Group, and is detailed in Note 10 to the financial statements.

The last separate meeting of the Property Plus board took place on 22 October 2018, the Group having approved in September 2018 its integration with and the transfer of its responsibilities to the coterminous Homes Board.

The Group is managed by an Executive Management Team headed by the Group Chief Executive and supported by a Finance Director, Care and Support Director, Neighbourhoods Director, Property Director, and People and Transformation Director. The Executive Management Team attends board meetings.

Each non-executive member of the Board holds one share of £1 in The Housing Plus Group Limited. The Executive Officers of the Group hold no interest in the Group's share capital and, although they do not have the legal status of Directors, they act as Executive Officers within the authority delegated to them by the Board and are termed Directors.

REPORT OF THE BOARD (continued)

The Group has purchased Directors' and Officers' Liability Insurance for the Board Members, Executive Officers and staff of the Group.

Members of the Board receive remuneration. The remuneration of the Group Chief Executive and, through the Group Chief Executive, the other Executive Officers, is determined by the Group Board having taken account of the advice of the Nominations and Remuneration Committee. External professional advice is sought as necessary to ensure that regard is taken of remuneration levels in similar organisations within the housing sector and the wider market place. Full details of the remuneration of each Board Member and Executive Management Team Member are provided in note 10 of the financial statements.

Council and Funders' support

The Group Board wishes to place on record its gratitude for the support of South Staffordshire Council and Shropshire Council - the Members and Officers have been invaluable in their continued contribution to the success of our business. Our thanks are also extended to our Funders; BAE Systems Pension Funds Investment, Clydesdale Bank plc, Canada Life, Shropshire Council and our principal funder Nationwide Building Society who have responded positively to proposals put to them and give us the benefit of their vast experience in the social housing market.

Accounting policies

The policies can be found on pages 40 to 49 of the financial statements. Accounting policies are consistent across all Housing Plus entities. These include the effects of material estimates on judgements on the financial statements.

Governance

The Group complies with the Regulator of Social Housing's Governance and Financial Viability Standard. The Group Board makes this statement having reviewed the results of various self-assessments that have been undertaken including those of subsidiary boards.

The Group maintains an accurate and up to date record of its assets and liabilities. The Group Board has gained external assurance from internal audit that this is reflective of the Group's position.

In April 2015 the Group adopted the National Housing Federation's "Code of governance: Promoting board excellence for housing associations (2015 edition)", as its approved Code of Governance, and confirms that the Group complies fully with the Code in all respects save that the Group Chair, Rolf Levesley, is in his tenth year of office. A formal extension of his term of office was agreed as it was considered to be in the best interests of the group for him to lead on an identified growth opportunity that might result in a merger with another registered social housing provider. Rolf Levesley will retire from his position on 30 September 2019 or (if it is decided by the Board to proceed with a merger) on completion of the merger whichever is later.

REPORT OF THE BOARD (continued)

The Group was delighted to retain the highest ratings for Governance (**G1**) and Viability (**V1**) in the latest regulatory judgement issued by the Regulator of Social Housing published in November 2018. This judgement came as a result of a Stability Check following an In Depth Assessment in May 2018 by the Regulator which focussed on how the Group was progressing with implementing the merger business case.

Statement of internal controls

The Housing Plus Group Limited Board is the ultimate governing body for the Group and has overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness. This has included annual reviews at away days and production of improvement programmes.

The system of internal control is designed to manage rather than eliminate risk, to prevent and/or detect fraud and to provide reasonable, but not absolute, assurance against material misstatement, loss or failure to achieve business objectives. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Group's assets and interests.

In meeting its responsibilities, the Group Board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed.

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

Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Group's activities.

The executive team regularly considers and receives reports on significant risks facing the Group and the Group Chief Executive is responsible for reporting to the Board any significant changes affecting key risks. The Group Audit and Risk Committee has delegation to oversee this arrangement.

The Nominations and Remuneration Committee has the responsibility for overseeing the recruitment and appointment of all Group Board Members and the executive team. It also makes recommendations with regard to their remuneration levels to the Group Board and has general oversight in respect of Board effectiveness reviews.

Environmental and control procedures

The Group Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and new investment projects. Business plans are stress tested using scenarios agreed with boards and any necessary mitigation plans are formulated. Policies and procedures cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

REPORT OF THE BOARD (continued)

Statement of internal controls (continued)

Information and financial reporting systems

Financial reporting procedures include preparing for each entity within the Group detailed budgets for the financial year ahead. Detailed management financial statements are produced monthly and presented at least quarterly to the Boards together with forecasts for the remainder of the financial year.

All of the above are reviewed in detail by the executive team and are considered and approved by the relevant board. All boards also regularly review key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

All Board Members receive regular information on a range of topics plus Board and Committee papers and minutes.

Fraud reporting systems

The Group as a whole aims to prevent fraud and corruption by the following measures:

- Code of Conduct for Employees and Board Members
- Policies in respect of: Anti-fraud, Bribery and Corruption, Money Laundering and Whistleblowing
- Standing Orders and Financial Regulations
- Data Protection and Confidentiality Policies
- Internal Audit programmes

These arrangements are intended to minimise the opportunity for fraud and highlight any areas of potential fraud and corruption before they occur. Quarterly fraud update reports are provided to the Audit and Risk Committee. During the financial year covered by this report there has been one recorded case of fraud which resulted in a financial loss below £10k and was reported to the police for investigation. The Audit and Risk Committee is monitoring implementation of the recommended changes to the internal control environment arising from the internal fraud investigation findings.

Monitoring and corrective action

A process of regular management reporting on control issues provides assurance to senior management and to the Boards across the group. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and the delivery of our services.

The internal control framework and the risk management process are subject to regular review by Internal Audit who advise the senior management team and report to the Group Audit and Risk Committee. The Committee considers internal control and risk at each of its meetings during the year. The Internal Auditors undertook 18 reviews during the year, all of which received an assurance level of 'adequate' or above. Substantial assurance was received in 9 areas, thus providing reasonable assurance to the Group on the effectiveness of the internal control framework.

REPORT OF THE BOARD (continued)

Statement of internal controls (continued)

Based on the Internal Auditors giving adequate assurance that the Group operates an effective internal control environment based on the areas they have audited in the year within the scope of those reviews, the Board confirms that the internal controls within the organisation meet the requirements.

The Group Audit and Risk Committee conducts an annual review of the effectiveness of the system of internal control. A report is prepared which has taken account of any changes needed to maintain the effectiveness of risk management and control processes and this report is shared with Board members.

The Board confirms that there is an ongoing process for identifying, and managing significant risks faced by the Group. This process has been in place throughout the year under review, up to the date of the annual report and financial statements, and is regularly reviewed by the Board.

No weaknesses were found in internal controls which resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements for the year ended 31 March 2019 and up to the date of approval of the financial statements.

Statement of the Board's Responsibilities

The Board is 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 and applicable law).

In preparing these financial statements, the Board is 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 2014 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

REPORT OF THE BOARD (continued)

Statement of the Board's Responsibilities (continued)

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that 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 2015. They are also responsible for safeguarding the assets of the Group and 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 2014.

Financial statements are published on the Group'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 Group's website is the responsibility of the Board. The Board's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Provision of information to auditors

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

Independent auditors

A resolution to appoint External Auditors will be proposed at the next Annual General Meeting.

By Order of the Board:

Rolf Levesley
Chair



Sarah Boden
Director
25 July 2019




Irene Molyneux
Company Secretary

GROUP STRATEGIC REPORT

Objectives and Strategy

The Housing Plus Group is a public benefit entity. The Group has a clear vision and priorities which are shared across the Group. Its members are committed to delivering good quality, affordable homes and services in Shropshire and Staffordshire.

Our vision, priorities and values are heartfelt statements of intent. The Group has the skills and expertise needed to deliver these in a difficult and ever changing operating environment.

Our **vision** is to be:

An excellent provider of homes and services, enhancing the quality of life for our customers.

Our strategic priorities to achieve this vision are:

A Resilient & Growing Business

- Dynamic and strong; a group of growing perpetuity businesses
- Developing more homes to meet a range of needs
- Efficient, effective and compliant business

Focussed on Customers, Communities and Homes

- Providing excellent homes and services
- Working with our partners and investing in our communities
- Listening to, engaging and supporting customers

Developing and supporting our People

- Using technology to enhance communication and agile working
- Knowledgeable, trusted and caring staff
- Enhancing the skills of our people

GROUP STRATEGIC REPORT (continued)

Our values

The Group is guided by a set of core values which are:

- Trust: ensuring we always communicate and act with respect, honesty and integrity.
- Partnerships: working creatively and collaboratively to excel.
- Innovation: learning and changing to continuously improve.
- Accountable: being transparent and responsible for our actions and performance.
- Inclusive: respecting and valuing diversity in our workplace and communities.

Our values are an expression of our culture and underpin everything we do. They provide guidance for the excellent staff across our Group and form the fabric of our relationships and partnerships.

Business & financial review

The Group reports a consolidated surplus for the financial year before actuarial gains/losses of £2,016k (2017/18 £9,636k). This was comprised of the pre-consolidation individual subsidiary results as follows:

	2019 Actual £'000	2018 Actual £'000
The Housing Plus Group	526	(216)
SSHA	479	3,206
Sevenside	3,201	5,036
Property Plus	(365)	669
Care Plus	179	121
Severn Homes	(52)	828
SSHA Developments	(6)	(5)
AWE Electrical	(13)	1
SCA	(4)	(6)
Total	3,945	9,634
Consolidation Adjustments	(1,929)**	2
Consolidated	2,016	9,636

** Of which £1,925k relates to intragroup gift aid receipts removed on consolidation.

The Housing Plus Group

The parent organisation has continued to provide corporate services to the rest of the Group. The parents' surplus before actuarial gains/losses of £526k includes gift aid receivable of £300k from Property Plus in August 2018 and £500k from Care Plus in March 2019.

GROUP STRATEGIC REPORT (continued)

Business & financial review (continued)

During the year, the decision was made to withdraw from the SHPS defined benefit pension scheme and bulk transfer employees to a new Housing Plus pension scheme with The Pensions Trust. In doing so, the Group was unable to continue using the SHPS defined contribution scheme and therefore adopted Scottish Widows as the Group wide defined contribution scheme for staff. The Board took this decision to reduce the risks associated with the SHPS defined benefit scheme, however, this resulted in additional one-off costs within the financial year to fund the scheme buyout, legal expenses and consultancy services.

Housing Plus has also invested in ICT infrastructure, with the 2018/19 financial year seeing the rollout of Office 365 to the business.

SSHA

SSHA achieved an operating surplus of £8.2m, £2.1m below operating surplus reported in 2017/18. The Group made the decision during the 2018/19 year following a cost benefit analysis, to no longer proceed with a new Head Office development in Telford. The site remains vacant with outline planning permission for mixed commercial / residential use. As a result of this decision, the site has been re-valued based on its current status and this has resulted in an impairment of £1.8m. There were three Right to Buy sales in the year and 40 newly developed properties (16 social and 24 Shared Ownership). The association achieved an overall surplus on the sale of properties of £270k.

During the year, SSHA agreed new loan facilities of £10m with its funder, BAE Systems Pensions Fund Investments. In March 2019, SSHA granted an intragroup loan of £10m to Severn Homes to fund the purchase of land for future development at Wrottesley Park Road, Perton. The land will be used for a mixed development of social housing units and outright market sales, creating circa 220 new properties.

Severnside

Severnside achieved an operating surplus of £10m, £1.1m of which was from market and other non- social housing lets. In addition, £1.1m was generated from housing property sales, £532k of this was through 14 Right to Buy sales. Severnside continued to re-invest its surpluses into new housing stock and, despite Right to Buy stock losses, ended the year with 5,686 social housing units, a net increase of 101 on the prior year.

Property Plus

Property Plus had a mixed year. In addition to the delivery of routine maintenance services and a full improvement programme an additional £1.9m of turnover was generated from the delivery of additional works for SSHA and Severnside. This included the replacement of 50 additional back boilers with combi boilers in SSHA properties and extensive electrical compliance works in Severnside properties including replacement of smoke alarms.

GROUP STRATEGIC REPORT (continued)

Business & financial review (continued)

Despite the increased turnover, Property Plus returned a loss of £365k for the financial year ended 31 March 2019. This was due to one-off expenditure during the year in respect of the SHPS pension scheme bulk transfer (£150k) and an amount of £300k relating to previously underpaid contributions for the LGPS Staffordshire pension scheme. This additional expenditure is not anticipated for 2019/20 and Property Plus is expected to return a surplus in the upcoming financial year.

Care Plus

Care Plus has continued to grow throughout the financial year, increasing the number of care contracts across both Staffordshire and Shropshire. The Domiciliary Care service in Shropshire is still in its infancy. Care Plus has also taken on a brand new service called Home Life (non-regulated service), with staff TUPE'd over from Connexus (the previous contractor) during December 2018. Care Plus has achieved a surplus of £179.5k, ahead of the budgeted surplus of £132.2k.

The business was inspected by the Care Quality Commission in December 2017, and they rated Care Plus as "good" in all five key lines of enquiry.

Severn Homes

During the year Severn Homes completed the final outright open market sale on the Group's development at Curlew Meadows in Baschurch, Shropshire (25 of the 26 properties were sold during the 2017/18 financial year, with the final sale completing in April 2018). The Board of Severn Homes resolved to gift aid some of its surplus from the 2017/18 financial year to charitable members of the Group and on 8 August 2018 made a gift aid payment of £825k.

In March 2019, Severn Homes purchased land at Wrottesley Park Road, Perton, Staffordshire for £11 million plus VAT. This site will be utilised to develop a mixed tenure scheme of outright sale and social housing units. The land purchase has been funded by intragroup loans from SSHA (£10 million) and Severnside (£3.85 million).

SSHA Developments Limited

Following the sale of the photovoltaic (PV) panels to SSHA in March 2018, the company has not generated any income. The future of the business is currently under review and it is proposed that the company will be dissolved in the 2019/20 financial year.

AWEL

From 1 April 2017, the business completed the delivery of existing contracts but no longer provided services to new external customers. The future of the business is currently under review and it is proposed that the company will be dissolved in the 2019/20 financial year.

GROUP STRATEGIC REPORT (continued)

Business & financial review (continued)

Sevenside Community Association

During the year, the entity made some small charitable donations. It is proposed that the entity will be dissolved in the 2019/20 financial year.

Developing more homes to meet a range of needs

The Group is committed to developing and providing good quality affordable homes and facilities and creating attractive neighbourhoods where people aspire to live. One of the major motivations behind the decision to merge Sevenside Housing and Housing Plus in 2016 was the ability to re-invest the forecast efficiencies that would be gained as a result, to increase the portfolio of properties delivered across all tenures.

For the period 2016-2019 the number of new units delivered by both landlords was:

	2015/16	2016/17	2017/18	2018/19
Sevenside	127	176	112	122
SSHA	45	24	106	40
	172	200	218	162

For 2018/19 the tenure split of these units was:

	Sevenside			SSHA		
	Units	Cost £'000	Grant £'000	Units	Cost £'000	Grant £'000
Developed:						
Social Rent	40	4,994				
Affordable Rent						
Shared ownership						
Market Rent						
Off the Shelf Purchases:						
Social Rent	48	5,527		16	1,463	
Affordable Rent	15	1,300				
Shared ownership	19	2,151		24	3,320	
Market Rent						
Total	122			40		

GROUP STRATEGIC REPORT (continued)

Developing more homes to meet a range of needs (continued)

The Board approved a business plan in May 2019 that demonstrates capacity to build a further 652 units by 2023 under the following tenures:

	Sevenside	SSHA	Total
Committed units			
General needs	104	87	191
Shared ownership	29	62	91
Non committed units			
General needs	135	69	204
Shared ownership	61	45	106
Outright sale	0	60	60
Total units			
General needs	239	156	395
Shared ownership	90	107	197
Outright sale	0	60	60
			652

The Business Plan comprises total capital expenditure of £71 million, total grant income of £7 million and sales income from shared ownership and market sales of £23 million, leaving £41m to be funded from borrowings and reserves.

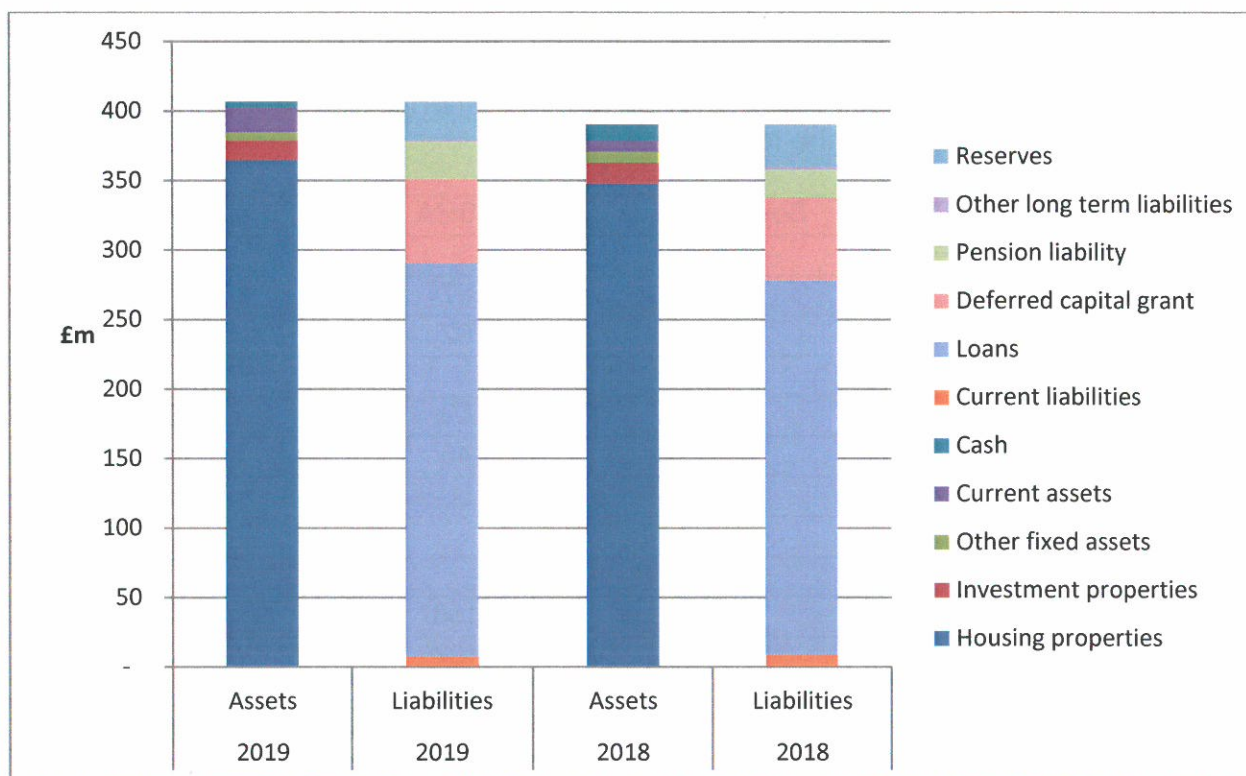
Cashflow

Cash inflows and outflows for the year under review are set out in the Consolidated Statement of Cash Flows. At 31 March 2019 The Housing Plus Group had total cash reserves of £3.5 million, a decrease in the year of £7.9 million. This was predominantly driven by increased tax expenditure (£2.3 million) due to VAT incurred on the purchase of land for development at Perton, Staffordshire, which is due to be recovered in the 2019/20 financial year and additional development expenditure ahead of forecast. Cash flow generated from operations was £28.5 million, which was a reduction on the prior year (£29.6 million).

Statement of Financial Position

Group net assets have decreased by £3.1 million this year, driven by total comprehensive income of £2,723k deficit plus capital spend of £375k from restricted reserves. Net current assets have increased by £3.9m, which includes the land held for future property development less movements in working capital. Creditors falling due after more than one year have increased by £13.5 million; which largely represents additional loan funds drawn in the year net of repayments and the bulk transfer of the SHPS pension provision to net pension liabilities, following the Group's decision to exit the scheme on 31 October 2019.

GROUP STRATEGIC REPORT (continued)



Treasury management

Treasury management responsibility is delegated by the Group Board to the Finance Director. The strategy is set annually, approved by the Board with quarterly review and monitoring reports.

On 30 July 2018 the Group secured additional loan facilities of £10 million with BAE pension fund. £6 million was utilised to repay amounts owed to Clydesdale, and £4m funded development expenditure. The facility is due to be repaid in five annual instalments commencing August 2038 and ending August 2042.

Total Group borrowing at the financial year end comprised:

	Sevenside	SSHA	Total
	£'000	£'000	£'000
Nationwide	98,500	88,700	187,200
Canada Life	35,000	-	35,000
BAE	-	45,000	45,000
Clydesdale Bank plc	-	7,000	7,000
Shropshire Council	9,158	-	9,158
Total drawn at 31 March 2019	142,658	140,700	283,358
Total facility at 31 March 2019	148,158	148,700	296,858
Total drawn at 31 March 2018	138,458	131,000	269,458
Total facility at 31 March 2018	148,958	140,000	288,958

GROUP STRATEGIC REPORT (continued)

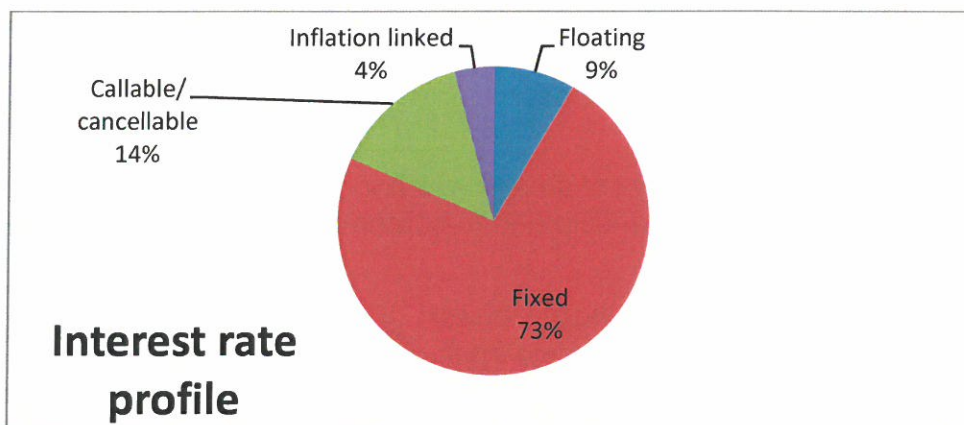
Treasury management (continued)

The undrawn facilities of £13.5 million are fully securitised and available to draw down. In addition, the Group has £72 million (EUV-SH) of uncharged stock that can be used to support future borrowing requirements, of which £10 million is held in trust and is readily available.

The Group is currently negotiating with prospective lenders to agree additional loan facilities of £45 million to support future development and strategic priorities. Of this, £30 million will be new debt whilst £15 million will be utilised to replace existing Revolving Credit facilities. It is anticipated that the new facilities will be agreed by the end of July 2019.

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Group's Treasury Strategy approved by the Board, which provides written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

The Group has pursued a strategy of fixing interest rates on loans to provide certainty of future interest payments. At the year end, 87% of loans were at fixed rates of varying lengths (of which 14% are callable), with revolving loan facilities attracting interest at variable rates linked to LIBOR.



Cash flow risk: a number of the Group's borrowings are held at fixed rates to ensure certainty of cash flows.

Credit risk: The Group's principal financial assets are bank balances and cash, rent arrears and other receivables and investments. The Group's credit risk is primarily attributable to its rent arrears. The amounts presented in the Statement of Financial Position are net of allowances for bad debts. The credit risk on liquid funds is limited because the counterparties are approved UK institutions with high credit ratings as stipulated by the Group's Treasury Management practices.

Liquidity risk: In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance.

GROUP STRATEGIC REPORT (continued)

Going concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within this Strategic Report. The Group has in place long-term debt facilities including £13.5m undrawn facilities at 31 March 2019 (2018: £19.5m). In addition to existing debt facilities, the Group expects to agree new debt facilities to the value of £45m by the end of July 2019. This new funding together with the Group's existing facilities will provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations for the foreseeable future. The Group has a 30 year business plan which has been subject to robust stress testing and which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Risks and uncertainties

The Group understands the importance of a strong risk and assurance framework in growing and creating a perpetuity business that is able to continue to support our communities.

We recognise our assets, customers and staff are vital to the success of the Group, and we operate within a cautious risk range, set out in our risk tolerance matrix, which we consider to be appropriate for our business.

There are specific risks that we will not accept which include any course of action that will contribute or could reasonably be anticipated to contribute to the following occurrences:

- Risks that might threaten financial viability;
- Death, permanent personal injury to staff, contractors, agents and customers;
- Risks that impact on maintaining a resilient business (putting social assets at risk, landlord compliance);
- Failure to implement or comply with H&S obligations;
- Any breach of law; and
- Risks that bring intervention or sanction from regulators.

The Group believes that effective risk management is a tool which enables the successful and effective delivery of services, objectives and the promotion of innovation. Also, that identified risks can be reduced to an acceptable level by approaching the control of risks in a strategic and organised manner. In doing so, we are able to grasp and maximise opportunities, improve service delivery, provide a safer environment for staff and the general public and achieve a reduction in unnecessary expenditure.

GROUP STRATEGIC REPORT (continued)

Risks and uncertainties (continued)

All Boards within the Group recognise that risk and assurance is not an area for which Boards alone are responsible. The Group is mindful that risk should be understood, assessed and managed across all levels of the organisation. Regular meetings take place with staff to discuss risk management in their specialist areas which includes identifying emerging risks and how these will be either eliminated or controlled and enables the updating of group risk and assurance maps, that include key controls to manage the risk, set out who is responsible for the control and how assurance is gained over the control effectiveness.

All reports presented for discussion at all Board meetings include an assessment of risk and provide assurance on how this is or will be controlled. Specific risks that may prevent the Group achieving its objectives are considered and reviewed quarterly by the Audit and Risk Committee, the Board and Executive Officers. All risks are analysed according to their impact and likelihood as set out in our risk tolerance matrix.

The seven strategic key risk areas that the risk and assurance map covers are:

1. Not maintaining a resilient business
2. Not maintaining financial viability
3. Death or Personal injury to staff, contractors or customers
4. Failure to implement or comply with Health & Safety obligations
5. Government or Local Authority decisions adversely affecting business
6. Interventions by Regulators
7. Merger

The highest scoring risks for the Group as at 31 March 2019 are:

- An incident or a breach of ICT security leads to system unavailability and adversely affects the Group;
- The Group fails to communicate its brand and culture effectively with employees &/or stakeholders;
- High quality employees are not attracted, selected or retained;
- Death or injury is caused due to the condition of the property;
- An incident occurs to either the health or safety of an employee whilst working alone;
- Effective Health and Safety policies and procedures are not in place resulting in prosecution from the H&S Executive;
- The Group fails in its duty of care to employees both in relation to HR and Health & Safety (leading to enforcement action);
- The Group fails to manage the cumulative effect of Welfare Reform;
- The Group fails to manage the implications of Voluntary Right To Buy;
- Proposed merger weakens the Group's operational delivery and/or has a negative impact on financial resilience, clarity of purpose and capacity and morale.

The Group recognises the importance of not only identifying risks that are high scoring but also those that are inherently high risk but are mitigated by controls.

GROUP STRATEGIC REPORT (continued)

Risks and uncertainties (continued)

Controls in place to mitigate identified risks include Board review of Business Plans, stress testing, monitoring of delivery plans, key performance indicators, comprehensive health and safety policies and procedures and internal audit reviews.

The Group Audit & Risk Committee, in accordance with its delegated responsibilities, acts on behalf of all members of the Group, liaising with them and ensuring that each Board in the Group receives assurance that the controls that mitigate the risks can be relied upon through regular checks by the Internal Auditors or specialist independent companies.

Regular risk management assurance reports are provided to each Group Board and on an annual basis, by way of additional assurance, an overarching risk management/internal control report is provided to each Board from the Executive Team and the Group Audit and Risk Committee.

Corporate Plan and future projects

The Group Board has adopted a new Corporate Plan 2018-2023 which takes the Group to the next stage of its development. Key targets to be delivered by 2023 will include:

- Review Group Treasury Strategy and Group funding and security arrangements to fund the Group's growth ambition.
- Grow to be a landlord of 15,000 to 20,000 homes by 2023.
- Deliver 300 property starts on site per annum by 2020.
- Achieve post merger integration efficiencies and prioritise the reinvestment of savings to deliver corporate priorities.
- Retain regulatory ratings of G1 V1, and 'Good' from the CQC.
- 100% achievement of landlord statutory compliance standards.
- Provide £40m of quality improvements and repairs by 2023.
- Implement a new programme of social value measures.
- Fully embed model of customer involvement and engagement.
- Develop and implement new Group appraisal and bonus systems.
- Implement a 'Grow our own' programme for apprenticeships, graduates and other structured programmes for staff.

GROUP STRATEGIC REPORT (continued)

Value for Money (“VFM”)

In April 2018, the Regulator of Social Housing introduced a new Value for Money Standard and accompanying Code of Practice.

In last year's statement, the Group reported on fourteen VFM metrics, seven metrics defined by the regulator and seven metrics specific to achieving Housing Plus Group's strategic objectives. During this financial year the Board has reviewed this VFM dashboard and several changes have been made:

- Integration plan savings have been removed due to the integration phase of the merger in 2016 being successfully completed.
- Learning programme outcomes (number of learners accessing the Learning Programme) has been replaced with: number of customers supported into education, training and employment. This measure is more closely aligned to our corporate plan objectives.
- Re-named voids performance to void loss (including rent loss, void repair costs and utilities) – to ensure clarity that this is the total cost of managing empty properties.

VFM Dashboard

Key	
	Regulator of Social Housing VFM Metric
	Housing Plus Group VFM indicator

*corrected figures to reflect Global Accounts 2017/18

Metric	Target 2019/20	2018/19 Actual	2018/19 Target	2017/18*	2016/17	Comments
Operating efficiencies						
Headline social housing cost per unit	£3,336	£3,589	£3,314	£3,204	£3,131	See bridge diagram (figure 1) below
% current tenant arrears	3.13%	1.37%	2.32%	1.27%	1.15%	See 1)c)v) below
Outcomes delivered						
Reinvestment %	7%	7%	7%	6.7%	9%	Target met, see 1)b)i) & 2)a)i) below
Customer satisfaction	80%	80%	80%	80%	-	Next STAR survey will be undertaken in 2019/20 see 2)c)ii) below

GROUP STRATEGIC REPORT (continued)

Number of customers supported into education, training and employment	60	59	59	n/a	n/a	New metric to reflect corporate objectives
Development (capacity & supply)						
New supply delivered % (social housing)	1.2%	1.35%	1.45%	1.73%	1.7%	See 1)b)i) below
New supply delivered % (non-social housing)	0%	0%	0%	0%	0.03%	No non-social housing planned for 2019/20
Gearing %	80%	77%	80%	74%	80%	See 1)a)iii) below
Business Health						
Operating margin % (social housing lettings)	31%	29%	33%	35%	32%	See 1)c)vi) below
Operating margin % (overall)	34%	27%	34%	34.5%	30%	
EBITDA MRI interest cover %	137%	126%	178%	159%	141%	See 1)a)iii) below
Effective asset management						
Return on capital employed %	5.0%	4.6%	5%	6.5%	5.3%	
Voids loss (including rent loss, void repair costs and utilities)	£1.69m	£1.59m	£1.6m	£1.6m	£1.6m	The number of voids has increased significantly, however void spend was just below target
% sickness absence	3.19%	3.72%	3.39%	2.60%	-	See 3)b)i) below
% voluntary staff turnover	20.3%	16.6%	20.5%	21.5%	-	Target achieved

GROUP STRATEGIC REPORT (continued)

Figure 1) **Headline Social Housing Cost per unit** – Bridge diagram demonstrating variances between target and actual

£3,589	£144		£93		£38	£3,314
Headline social housing cost per unit 2019 actual	Increased operating costs due to investment in ICT, project delivery team and re-structuring & impairment	Additional Property Plus expenditure inc. electrical and fire compliance	One off pension expenses	Headline social housing cost per unit 2019 target		

Delivering the corporate plan

Housing Plus Group's VFM strategy is enshrined around delivering on our corporate plan objectives. Please see a summary of the key objectives below and how we have performed against these during 2018/19:

1) RESILIENT AND GROWING BUSINESS

a) **Dynamic & strong; a group of growing perpetuity businesses**

- i) **Delivering more care** – Expanding Care Plus into Shropshire, number of hours delivered growing and financial performance better than budget.
- ii) **Core services provided in-house** – Grounds maintenance brought in house in Staffordshire, saving £130k, delivering local jobs, and an 8% increase in customer satisfaction.
- iii) **Funding growth** – Additional £10m funding used to purchase a large development site for over 220 new homes. The Board noted the level of gearing as reported in the sector scorecard; members understood this was due to the Group being made up of LSVT landlords and thus they carry a higher historic cost following the purchase and improvement works completed. The average EUV-SH values per property are 30% higher than historic costs which gives sufficient capacity for the Group to deliver its growth ambitions and meet the growing demands of landlord compliance. This level of gearing is not impacting on the Group's ability to raise additional funds as recently it received a number of offers for a £45m Revolving Credit Facility.

EBITDA has also reduced in the year and is less than forecast, the Board recognises that to deliver its growth ambitions it needs to use the capacity within the Group and have a lower EBITDAMRI than others in the sector. It should be noted that the minimum required by covenant is 105%.

GROUP STRATEGIC REPORT (continued)

- iv) **Merger** – Developing the final business case to merge with Stafford and Rural Homes to grow towards 18,000 homes in management.

- b) **Developing more homes to meet a range of needs**
 - i) **Delivering 300 property starts on site per annum** – we delivered 162 new homes in 2018/19, missing the target slightly due to five “off the shelf” purchases being delivered late due to circumstances beyond our control.

- c) **Efficient, effective and compliant business**
 - i) **Sustain merger integration efficiencies** – integration efficiencies of £3m have been achieved.
 - ii) **CQC “Good” and maintain V1 G1 rating** – both ratings have been maintained during 2018/19.
 - iii) **Maintain compliance standards** – we have invested an additional £1.09m over our original budget to ensure our properties and customers are safe. Electrical testing and upgrades, plus additional smoke detectors have been fitted. This has reduced margin and increased cost per unit.
 - iv) **Review governance structures** – The Property Plus subsidiary board has been integrated into the Homes board from October 2018 reducing board costs and increasing efficiency. Severnside has converted to a charitable benefit society, which gives benefits including a £100k saving on software licences due to better terms.
 - v) **Protect rental income** – achieved an excellent result of 1.37% current tenant arrears. The target for 2019/20 is set higher at 3.13% due to more exposure to risk as Universal Credit is rolled out. We have been able to collect more than £85k in former tenant arrears. The Group have also secured £300k of Building Better Opportunities (BBO) funding which enables our staff to support customers to sustain their tenancies, learn and develop.
 - vi) **Sustain an operating margin of 30%** - additional expenditure during the year has reduced our margin below this target in 2018/19. The Board agreed to additional expenditure on compliance with electrical testing, increased the number of fire door inspections, and reducing exposure to pensions risks by bulk transferring out of the Social Housing Pension Scheme (SHPS).

2) FOCUSED ON CUSTOMERS, COMMUNITIES AND HOMES

- a) **Providing excellent homes and services**
 - i) **Deliver the Asset Management strategy** – adopted a common specification across the group and delivered the planned improvements:
 - (1) 372 Kitchens
 - (2) 631 Bathrooms
 - (3) 70 Wetrooms
 - (4) 63 Rewires
 - (5) 694 Central Heating
 - (6) 504 External Doors
 - (7) 2060 House MOT's

GROUP STRATEGIC REPORT (continued)

ii) **High quality services recognised by high customer satisfaction levels with homes, rent, repairs and VFM** – average customer satisfaction has increased by 9% in 2018/19 from the previous year. Responsive repair transactional surveys – 93%. The introduction of the rapid response team and bringing grounds maintenance in-house have had a positive effect on customer satisfaction.

b) Working with our partners and investing in our communities

i) **Customer learning programme targets and input in place during 2017/18 will be reviewed in July 2019 – the results below help to add value and sustain our income:**

- (1) Number of customers engaged with the employment and learning teams – Target: 1,098, Achieved: 1,539
- (2) Number of customers supported into work or a better / more permanent job – Target: 21 per year, Achieved: 51
- (3) Adult skills courses being delivered in every priority community – Target: 316, Achieved: 255
- (4) Number of customers supported with specialist debt advice delivered directly or through our work with partners – Target: £1.5m, Achieved: £1.9m

c) Listening to, engaging and supporting customers

- i) **Conduct targeted customer led scrutiny projects** – Lettings, customer experience and repairs improvements reviews complete, adding real value to Board discussions and decision making and our customers' experience;
- ii) **Demonstrate VFM and impact of programme of transactional surveys** – Over 2,500 transactional surveys have been conducted for eight services. Six out of the eight services have exceeded the customer satisfaction targets set. The average increase in customer satisfaction from the previous year was 9%, increasing from 80% to 89%. Customer insight officers are taking the surveys, collating results and providing reports to service owners with recommendations to further improve customer satisfaction. In addition, there have been over 400 opportunities created where any outstanding issues the customer may have regarding the specific service or other matter have been followed up. These cases are investigated to identify learning, resolve the issue for the customer and share feedback with customers via the Customer Voice team.

3) DEVELOPING AND SUPPORTING OUR PEOPLE

a) Using technology to enhance communication and agile working

- i) **Enable engagement with customers through the use of digital channels that allows choice in how services are consumed** – Self-service portal is being developed, due for launch in summer 2019.
- ii) **Provide equipment for employees that enables agile working** – Strategy has been developed, which is integrated with current project to change the IT delivery model for the group, which will allow more agile working for staff, improve service delivery and reduce risk.

GROUP STRATEGIC REPORT (continued)

iii) **Deliver IT services and training in an effective and supportive manner that allows IT to be an enabler of business change and service delivery** – project started to change the IT delivery model which will transform how IT services are delivered, expand service hours and quality of service.

b) Knowledgeable, trusted and caring staff

i) **Create an employee engagement plan** – engagement plan completed and actions taken including introducing regular reviews, Managers' Forum, Employee Assistance programme.





The VFM dashboard monitors overall sickness and voluntary staff turnover for the group. Sickness was slightly over target for 2018/19; these figures include Care Plus where employees must take time off for minor symptoms to prevent cross-infection which may have a serious impact on our customers.

ii) **Implement a "Grow our own" programme for apprenticeships, graduates and other structured progression programmes** – 17 trade apprentices, 6 administrative and 10 professional/managerial trainees employed.








Apprenticeship levy utilisation is over 96%.

Benchmarking


In last year's VFM statement we committed to reviewing an appropriate peer group rather than reporting our performance against all registered providers. Please see table below which demonstrates the Group's performance against all LSVT and Traditional registered providers with between 10,000 – 15,000 units (as per the Regulator of Social Housing's 2018 global accounts of private registered providers). London based providers and providers with a high proportion of supported housing (>30%) have been excluded to ensure a relevant comparison.





Metric	Peer Group Average (Global Accounts 2017/18)	Housing Plus Group 2017/18	Housing Plus Group 2016/17	Quartile indicator	Comments
Headline social housing cost	£3,360	£3,200	£3,131		Better than average performance for our peer group
Reinvestment %	6.8%	6.7%	9.0%		Close to the median, whilst continuing to invest in our assets & develop new homes
New supply delivered %					
Social housing	1.4%	1.7%	1.7%		Developing more new affordable homes than average
Non-social housing	0%	0%	0.03%		We have focussed on providing more affordable homes this year, and have been successful in winning grant funding to enable this

GROUP STRATEGIC REPORT (continued)

Operating margin %					
Social housing lettings	33.9%	35.1%	32.0%		Above average performance against our peers for the social housing business
Overall	29%	34.5%	30%		Top quartile performance for overall margin
Gearing %	49%	74%	80%		The Board note the level of gearing, they understand this is due to the Group being made up mainly of LSVT's and thus they carry a higher historic cost following the purchase and improvement works completed. The average EUV-SH values are 30% higher than historic costs, which gives sufficient capacity for the Group to deliver its growth ambitions. This level of gearing is not impacting on the Group's ability to raise additional funds as recently it received a number of offers for a £45m RCF.
EBITDA MRI interest cover %	185%	159%	141%		Although the level is below the average of the benchmark group, the Board recognise that to deliver its growth ambitions it needs to use the capacity within the Group and have a lower EBITDAMI. It should be noted that the minimum required by covenant is 105%.
Return on capital employed (ROCE)	4.7%	6.5%	5.6%		Top quartile performance demonstrates the Group are operating efficiently and maximising capacity
Current tenant arrears %*	2.85%	1.37%	1.15%		Top quartile performance despite Universal Credit being rolled out. * Housemark peer group (sample size: 20)
Average working days lost to the organisation due to sickness absence per employee**	7.7	6.2	n/a		Top quartile performance demonstrates the Group's commitment to employee wellbeing. These figures include Care Plus where employees must take time off for minor symptoms to prevent cross-infection which may have a serious impact on our customers. ** Housemark peer group (sample size: 21)

GROUP STRATEGIC REPORT (continued)

Percentage of staff turnover in the year %**	16.5	16.5	n/a		This figure includes Care Plus, our domiciliary care provider where staff turnover is always higher. We are pleased with this performance. ** Housemark peer group (sample size: 21)
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Key	Quartile
	Upper quartile
	Middle upper quartile
	Middle lower quartile
	Lower quartile

Savings in 2018/19

In last year's VFM statement we said we would make savings in the following areas:

- New IT network, anti-virus system and disaster recovery – saving £90k
 - We have invested more in IT during 2018/19 and plan to increase expenditure in 2019/20 to change how IT services are delivered. This investment, to move to a hosted environment will allow the business to reduce operational risk, and increase efficiency, allowing agile ways of working and better access to data and systems.
- In-sourcing grounds maintenance in Staffordshire, training and developing 12 new employees. The new contract has improved customer satisfaction by 8%, saved £130k and employed 12 local people.
 - In January 2020 we will launch an in-house grounds maintenance service in Shropshire which we expect to make a similar impact.

Future Plans

- Our focus is delivering on the corporate plan objectives as described above. Three large projects to ensure a resilient and growing business in 2019/20 will be:
 - Negotiating additional funding of £30m, plus refreshing a £15m rolling credit facility to deliver our development programme
 - If agreed by the respective Boards, merging with Stafford & Rural Homes will incur some additional costs to bring about merger by October 2019, however, a larger group will deliver additional capacity and efficiency in future years.
 - Significant investment in IT infrastructure to improve service delivery, allow more agile working and reduce risk.

GROUP STRATEGIC REPORT (continued)

Self-assessment

After taking into account the information outlined above, we the Housing Plus Group board believe the Group complies with the VFM standard set by the Regulator of Social Housing.

In compiling this summary we feel that we have demonstrated our current and future plans and approaches to VFM which have produced some excellent results, and are well placed to continue to deliver further efficiencies.

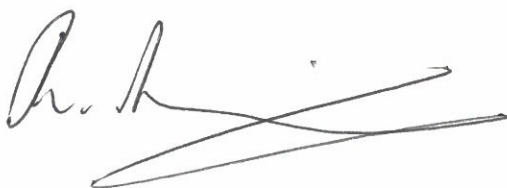
Statement of compliance

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in the Statement of Recommended Practice for registered social housing providers 2018 update.

The Board confirms that the Group has complied with all relevant regulatory and legal requirements. The Board confirms this for the Group and its subsidiaries through appropriate policies and procedures and a strong control framework (described in the Statement of Internal Controls). The Board also reviews the effectiveness of the control framework and the assurance received from it, including receiving external reviews from the Internal Auditor.

This Group Strategic Report was approved by order of the Board:

Rolf Levesley
Chair



Sarah Boden
Director



Irene Molyneux
Irene Molyneux
Company Secretary

25 July 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOUSING PLUS GROUP LIMITED

Opinion

We have audited the financial statements of Housing Plus Group Limited (“the Association”) and its subsidiaries (“the Group”) for the year ended 31 March 2019 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association statement of financial position, the consolidated and Association statement of changes in reserves, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 Group’s and of the Association’s affairs as at 31 March 2019 and of the Group’s and the Association’s surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance 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 2019.

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 Group and 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the board members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group’s or the Association’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOUSING PLUS GROUP LIMITED (continued)

Other information

The board are responsible for the other information. 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 we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent Association 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 members' responsibilities statement set out on page 10, 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 members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board are responsible for assessing the Group and 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 intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOUSING PLUS GROUP LIMITED (continued)

Auditor's responsibilities for the audit of the financial statements

This report is made solely to the members of the Association, as a body, in accordance with in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

BDO LP

BDO LLP
Statutory Auditor
Two Snowhill
Birmingham
B4 6GA

Date: 7 August 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED AND PARENT STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2019

	Note	Year Ended 31 March 2019		Year Ended 31 March 2018	
		Group £'000	Parent £'000	Group £'000	Parent £'000
Turnover	3	62,553	9,682	66,292	9,260
Cost of sales	3	(2,386)	-	(5,532)	-
Operating costs	3	(43,566)	(9,911)	(37,887)	(9,350)
Surplus on disposal of housing properties	4	1,410	-	1,558	-
Operating surplus/(deficit)		18,011	(229)	24,431	(90)
Surplus on disposal of tangible fixed assets	4	2	2	34	31
Interest receivable and similar income	5	32	-	7	-
Interest and financing costs	6	(15,511)	(46)	(14,607)	(73)
Movement in fair value of investment properties		(516)	-	(121)	-
Gift aid received from subsidiary		-	800	-	-
Surplus/(deficit) before taxation	7	2,018	527	9,744	(132)
Taxation on surplus/(deficit)	8	(2)	(1)	(108)	(84)
Surplus/(deficit) for the financial year		2,016	526	9,636	(216)
Actuarial gain/(loss) in respect of pension schemes	20	(3,406)	(1,161)	2,425	444
Loss on transfer of SHPS	20	(1,333)	(95)	-	-
Total comprehensive income for the year		(2,723)	(730)	12,061	228

The accompanying notes form part of these financial statements.

All the Group and Parent turnover and surplus disclosed above are derived from continuing activities.

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
for the year ended 31 March 2019

Group	Income and Expenditure Reserve	Restricted Reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2018	26,729	3,418	30,147
Total surplus from Statement of Comprehensive Income	2,016	-	2,016
Actuarial gains on defined benefit pension schemes	(3,406)	-	(3,406)
Loss on transfer of SHPS	(1,333)	-	(1,333)
Other Comprehensive Income for the year	(4,739)	-	(4,739)
Capital spend in the year	-	(375)	(375)
Reclassification	-	-	-
Balance at 31 March 2019	24,006	3,043	27,049

Group	Income and Expenditure Reserve	Restricted Reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2017	16,034	2,688	18,722
Total surplus from Statement of Comprehensive Income	8,274	1,362	9,636
Actuarial gains on defined benefit pension schemes	2,425	-	2,425
Other Comprehensive Income for the year	2,425	-	2,425
Capital spend in the year	-	(690)	(690)
Reclassification	(4)	58	54
Balance at 31 March 2018	26,729	3,418	30,147

PARENT STATEMENT OF CHANGES IN RESERVES
for the year ended 31 March 2019

Parent	Income and Expenditure Reserve	Restricted Reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2018	(2,140)	-	(2,140)
Total surplus / (deficit) from Statement of Comprehensive Income	526	-	526
Actuarial gains / (losses) on defined benefit pension scheme	(1,161)	-	(1,161)
Loss on transfer of SHPS	(95)	-	(95)
Other Comprehensive Income for the year	(1,256)	-	(1,256)
Balance at 31 March 2019	(2,870)	-	(2,870)

Parent	Income and Expenditure Reserve	Restricted Reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2017	(2,368)	-	(2,368)
Total surplus / (deficit) from Statement of Comprehensive Income	(216)	-	(216)
Actuarial gains / (losses) on defined benefit pension scheme	444	-	444
Other Comprehensive Income for the year	444	-	444
Balance at 31 March 2018	(2,140)	-	(2,140)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2019

	Note	As at 31 March 2019		As at 31 March 2018	
		Group £'000	Parent £'000	Group £'000	Parent £'000
Fixed assets					
Intangible assets and goodwill	11	73	73	61	61
Tangible fixed assets					
Housing properties	12	364,668	-	348,020	-
Other tangible fixed assets	12b	5,842	329	7,900	382
Investment properties	12c	14,162	-	14,821	-
		384,745	402	370,802	443
Current assets					
Stocks	12e	13,114	-	1,908	-
Debtors	13	4,907	2,687	6,596	938
Investments		7	-	7	-
Cash and cash equivalents		3,553	130	11,477	327
Less: Creditors: Amounts falling due within one year	14	(11,553)	(2,467)	(13,840)	(2,026)
Net current assets/(liabilities)		10,028	350	6,148	(761)
Total assets less current liabilities		394,773	752	376,950	(318)
Creditors: Amounts falling due after more than one year	15	(340,499)	-	(326,987)	(679)
Pension liability	21	(27,225)	(3,622)	(19,816)	(1,143)
Total net assets		27,049	(2,870)	30,147	(2,140)
Reserves					
Income and expenditure reserve		24,006	(2,870)	26,729	(2,140)
Restricted reserve		3,043	-	3,418	-
Total reserves		27,049	(2,870)	30,147	(2,140)

The financial statements were approved by the Board and authorised for issue and are signed on its behalf by:

Rolf Levesley
Chair

25th July 2019



Sarah Boden
Director



Irene Molyneux
Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2019

	Note	Year Ended 31 March 2019		Year Ended 31 March 2018	
		£'000	£'000	£'000	£'000
Cash from operations	23		28,547		29,559
Taxation paid			(2,313)		(108)
Net cash generated from operating activities			26,234		29,451
Cash flows from investing activities					
Purchase of tangible fixed assets		(40,224)		(26,976)	
Proceeds from sale of tangible fixed assets		6,240		2,811	
Grants received		634		1,611	
Interest received		32		7	
Net cash from investing activities			(33,318)		(22,547)
Cash flows from financing activities					
Interest paid		(14,740)		(14,870)	
Loan drawdown/new loans		22,000		12,000	
Repayments of borrowings		(8,100)		(791)	
Net cash used in financing activities			(840)		(3,661)
Net increase/(decrease) in cash and cash equivalents		(7,924)		3,243	
Cash and cash equivalents at beginning of the year		11,477		8,234	
Cash and cash equivalents at the end of the year	25		3,553		11,477

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

The Parent, The Housing Plus Group Limited, is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 and is a non housing asset holding company registered with the Regulator of Social Housing. Housing Plus is a public benefit entity as described by FRS102.

2. Accounting policies

A summary of the key accounting policies, which have been applied consistently across all entities, is set out below.

a) Basis of accounting

The financial statements have been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (FRS102), and the Statement of Recommended Practice for registered social housing providers 2018 update (SORP). The financial statements comply with the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2019 (early adoption).

The financial statements have been prepared under the historic cost convention except for investment properties which are stated at their fair value.

The Directors have prepared trading and cash flow forecasts for the Group and based on this, appropriate sensitivities, current trading and available facilities have a reasonable expectation that the Group has adequate resources to continue trading for at least twelve months from the date of approval of these financial statements. Thus it continues to adopt the going concern basis in preparing the annual financial statements.

b) Basis of consolidation

The Group financial statements consolidate the financial statements of The Housing Plus Group Limited parent entity and its wholly owned subsidiaries: South Staffordshire Housing Association Limited (SSHA), Severnside Housing, Severn Homes Limited, Care Plus Staffordshire Limited, SSHA Developments Limited (formerly Acton Gate Limited), A Walters Electrical Limited, Severnside Community Association Limited and Property Plus (Midlands) Limited at 31 March 2019.

Intercompany transactions and balances within group companies have been eliminated in full on consolidation.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The Housing Plus Group Limited meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside these consolidated financial statements. Exemptions have been taken in relation to the following:

- A Statement of Cash Flows has not been presented for the parent company.
- Certain disclosures in respect of the parent company's financial statements have not been presented as equivalent disclosures have been provided in respect of the Group as a whole.

c) Turnover

Turnover represents rental and service charge income receivable net of voids, sales of first tranche shared ownership properties, grant amortisation and care services income for the year. Turnover (representing those items listed above) in the financial statements notes are analysed to identify General Needs, Supported Housing, Care Housing and Shared Ownership properties.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from Low Cost Home Ownership sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Service charges, Supporting People Income and care services are recognised when the service has been performed and expenditure incurred.

d) Value Added Tax (VAT)

The Group's main income stream, being rent, is exempt for value added tax (VAT) purposes. The majority of expenditure is subject to VAT, which the Group and subsidiaries are unable to reclaim – this expenditure is therefore shown inclusive of VAT.

VAT can be reclaimed under the partial exemption method for certain other activities.

The balance of VAT payable to or recoverable at the year end is included in the financial statements as a current liability or asset.

e) Interest and finance costs

Interest and finance costs represents the cost of financing the purchase of those properties transferred and property acquisitions as well as new development. Loans are secured on the majority of SSHA and Severnside housing assets.

Interest and finance costs are charged to the Statement of Comprehensive Income in the year in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS (continued)

f) Pensions

The Group participates in a number of defined benefit and defined contribution pension schemes. The assets of these schemes are held separately to those of the Group.

For defined benefit schemes accounted for as defined benefit schemes, the net liability (or asset, to the extent it is recoverable) is calculated by estimating the amount of future benefit that employees have earned to date, discounted to present value, and deducting the fair value of the scheme's assets. Changes in this net defined benefit liability arising from employee service, introductions, benefit changes, curtailments and settlements during the period are recognised in operating costs. The net interest expense (or income) on the net liability (or asset) for the period is recognised as other finance cost (or income). Remeasurement of the net liability (or asset) is recognised as actuarial gains/losses in Other Comprehensive Income.

For multi-employer defined benefit plans where sufficient information was not available to use defined benefit accounting, defined contribution accounting was instead followed i.e. contributions are recognised as an expense as they fall due. Where such a scheme was in deficit and the Group had agreed to a deficit funding arrangement, the Group recognised a liability for the net present value of the agreed deficit funding contributions. The unwinding of this liability was recognised as a finance cost.

g) Holiday pay accrual

A current liability is recognised for any unused holiday pay entitlement which has accrued at the Statement of Financial Position date. This is measured at the undiscounted salary cost of the future holiday entitlement at the Statement of Financial position date.

h) Housing properties

Housing properties are principally properties available for rent. Completed housing properties for lettings are stated at cost less accumulated depreciation and accumulated impairment losses. The cost includes costs of acquiring land and buildings, development costs incurred during the development period and other directly attributable costs. Housing properties under construction are stated at cost less accumulated impairment losses.

Completed housing properties are split between their land and structure costs. Freehold land is not depreciated. Housing properties are depreciated on a straight line basis over the useful economic life of the assets. The depreciable amount is arrived at on the basis of original cost.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The Group's housing assets are depreciated as follows:

- Depreciation is charged from the date of acquisition or practical completion of works.
- Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.
- Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following annual rates:

○ Structure	50-120 years
○ Roof	60 years
○ Kitchens	20 years
○ Bathrooms	30 years
○ Heating System/Boilers	15 years
○ Wiring System	30 years
○ Lifts	30 years
○ UPVC External Doors	30 years
○ UPVC Windows	30 years
○ Porches	30 years
○ Solar Panels	30 years

i) Capitalisation

Works to existing properties which replace a component that has been treated separately for depreciation purposes are capitalised as improvements.

Major improvements and renovation of housing properties which extend the life of the asset, increase the rent or considerably reduce future routine maintenance are capitalised and depreciated over the useful economic life of the asset.

Staff and other costs that are directly attributable to bringing housing properties to practical completion are capitalised. Development costs not capitalised are shown as other activities in the Statement of Comprehensive Income.

Interest costs relating to new development are capitalised. The interest charged reflects the net interest paid over the period of the developments.

j) Accounting for grants

The Group receives Social Housing Grant and grants from Local Authorities. Any grants provided to reduce the capital cost of housing properties held at cost or specific components of housing properties, are recognised by the Group using the accrual model. It means that grants are released to the Statement of Comprehensive Income, on a systematic basis over the expected useful life of the housing property structure or if a Disabled Facilities Grant over the expected useful life of the bathroom.

NOTES TO THE FINANCIAL STATEMENTS (continued)

If an asset (housing property or its component) is disposed of, for which grant was received, and there is no obligation to repay the grant, any grant remaining within liabilities on the Statement of Financial Position is released to the Statement of Comprehensive Income. If the grant is available to be recycled it is credited to a Recycled Capital Grant Fund and included as a liability in the Statement of Financial Position.

Any grants received in respect of revenue expenditure are recognised in the Statement of Comprehensive Income as they become receivable.

Donations of land or other tangible assets acquired below market value from a government source are treated as a non-monetary grant. The difference between the fair value of the tangible asset donated or acquired and the consideration paid is recognised as a liability in the Statement of Financial Position. Once the terms of the donation have been met it is released to the income, to the Statement of Comprehensive Income.

k) Sale of housing property

Under shared ownership arrangements, the Group sells a long term leasehold interest of Shared Ownership housing units to persons who occupy them at a lease premium equal to between 25% and 100% of open Market Value. Proceeds of sale of first tranches are accounted for as turnover in the Statement of Comprehensive Income. The total property cost is apportioned between the shared ownership element and the element remaining in the Group's ownership based on the percentage tranche sold or estimated to be sold. The estimated first tranche value of properties that are developed for sale and are either unsold or work in progress are included in current assets. Subsequent tranches ('Staircasing') are accounted for as disposals. The remaining unsold element remains on the Statement of Financial Position as a fixed asset and is subject to an annual impairment review.

Under Right to Buy and Right to Acquire arrangements SSHA and Severnside sell properties to qualifying tenants. For SSHA (due to the nature of the transfer with South Staffordshire Council) is not possible to separately identify the value of each property sold. An average value is eliminated from the property assets following each sale and charged to the Statement of Comprehensive Income. Receipts from Right to Acquire sales are required to be retained in a ring fenced fund that can only be used for providing replacement housing. The sales receipt less eligible expenses are held in a disposal proceeds fund, which is held in creditors (either current or long term dependent on when it is anticipated to be used).

l) Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. The Group's intangible assets include licences, warranties and software. These are stated at cost less accumulated amortisation and any accumulated impairment losses. The cost includes cost of asset purchase and other directly attributable costs.

Intangible assets are amortised on a straight line basis over the useful economic life of the assets as follows:

Software Warranties & Licences	4 years
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NOTES TO THE FINANCIAL STATEMENTS (continued)

m) Other tangible fixed assets

Other tangible assets are depreciated on a straight-line basis over the useful economic life of the asset as follows:

○ Office Structure	60 years
○ Vehicles	4 years
○ IT Software	4 years
○ Furniture & Equipment	5 years
○ Photocopiers	3 years
○ IT Hardware	2 years

The threshold for capitalisation is £500 for a single asset or group of assets.

n) Impairment

The Group carries out an annual impairment review of individual tangible fixed assets and cash generating units. The review takes into account internal and external indicators of impairment including obsolescence, physical damage, expected cashflows, replacement values, market factors and government policy. The Group considers cash generating units to be schemes or geographical areas depending on size.

Where an indicator of impairment exists an impairment assessment is performed where the carrying amount is compared to the recoverable amount. If the carrying amount of an asset or cash generating unit exceeds the recoverable amount then the loss is charged to the Statement of Comprehensive Income as expenditure and as a separate line within operating expenditure where it is considered to be material.

o) Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Payments received when the Group is acting as a lessor (Commercial Offices) are treated as rental revenue in the Statement of Comprehensive Income and the leased asset is a fixed asset on the Statement of Financial Position.

p) Goodwill

Goodwill arising from the purchase of A Walters Electrical represents the difference between the consideration paid and the fair value of the net assets acquired. The goodwill was amortised over 3 years with no charge in the year ended 31 March 2019 or 2018.

q) Stocks

Stocks are stated at the lower of cost and the estimated sales price less costs to complete and sell.

r) Debtors and creditors

Debtors and creditors receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenditure.

s) Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability of another entity. The Group accounts for its financial instruments using sections 11 'Basic Financial Instruments' and 12 'Other Financial Instruments Issues' of FRS102.

The Group's financial instruments are all currently classified as basic and include rent receivable, trade creditors, cash and loans.

Basic financial instruments are initially recognised at transaction price and in subsequent years at amortised cost. Financial assets are derecognised when the rights to the cash flows from the asset expire or are settled. Financial liabilities are derecognised when the obligation is discharged, cancelled or expired. Any difference between the consideration paid or received and the amounts derecognised are recognised in the Statement of Comprehensive Income.

t) Cash and cash equivalents

Cash and cash equivalents consists of cash at bank, cash in hand, deposits and short term investments with an original maturity of three months or less.

u) Taxation

The Parent, SSHA, Care Plus and Severnside are all exempt charities. SSHA Developments, Severn Homes and Property Plus are liable for Corporation Tax and an annual provision is made to meet any assessed tax liability.

NOTES TO THE FINANCIAL STATEMENTS (continued)

v) Provisions

The Group only provides for when:

- there is a present legal or constructive obligation, resulting from a past event, at the Statement of Financial Position date;
- it is probable that a transfer of economic benefits 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 expenditure required to settle the present obligation at the Statement of Financial Position date.

The Group sets a provision against rent arrears of current and former tenants based upon historic trends relating to write offs. All other receivables including trade receivables are provided for on a case by case basis.

w) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent liability exists on grant repayment which is dependent on the disposal of the related property.

x) Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds.

y) Key estimates and judgements

The preparation of the financial statements requires the use of certain accounting estimates and judgements concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed overleaf:

NOTES TO THE FINANCIAL STATEMENTS (continued)

i). Impairment of assets

The Group assesses whether there is any indicator of impairment. Where an indication of impairment exists then an estimate must be made of the recoverable amount of the cash generating unit (CGU). This can require estimation of future cash flows from the CGU or costs of constructing/replacing the CGU if it is not held solely for its cash flows but for its service potential. Estimations are also made in relation to the selection of appropriate discount rates in order to calculate the net present value of those cash flows or costs.

At the reporting date, the Group holds £14.2m of investment properties, of which £13.1m relates to market rent properties valued by Jones Lang LaSalle IP, Inc. (JLL).

The most significant assumptions made for the properties valued by JLL are:

- Vacant possession values: a 10% fall in these would reduce the value of these properties by £1.1m.
- Market rents: a 10% fall in these would reduce the value of these properties by £0.2m.
- Discount rates: the rate applied to rental income is 6.75% whilst the rate applied to capital receipts is 8.00%. An increase of 0.5% in these rates would reduce the value of these properties by £0.2m.

At the reporting date, the Group holds £4.6m of commercial land and buildings. These were valued by JLL during the financial year.

The most significant assumptions made for the properties valued by JLL are:

- Capital value per sq. ft.: a 10% fall in this value would reduce the value of these properties by £0.5m.

ii). Defined benefit pension scheme

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including: life expectancy, asset valuations and the discount rate on corporate bonds. Management relies on the estimates made by actuaries and the pension fund in these areas.

During the year ended 31 March 2019, the range of assumptions used by the individual schemes of which the Group is a member are shown in Note 20 of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

iii). Classification of Financial Instruments

The Group must make judgements over the classification of Financial Instruments as either basic or other. The implication of this is that if treated as 'other', the loan would have to be shown at fair value with any movements in fair value reflected in the Statement of Comprehensive Income. All of these adjustments are non-cash and would have no impact on the Group's loan covenants.

The Group's financial instruments are all currently classified as basic and measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Group	Note	Year Ended 31 March 2019			Year Ended 31 March 2018				
		Turnover £'000	Cost of Sales £'000	Operating Expenditure £'000	Operating Surplus/ (Deficit) £'000	Turnover £'000	Cost of Sales £'000	Operating Expenditure £'000	Operating Surplus/ (Deficit) £'000
Social housing lettings									
Income and expenditure from social housing lettings	3a	55,407	-	(39,567)	15,840	55,973	-	(36,352)	19,621
Other social housing activities									
1 st Tranche LCHO sales		3,429	(2,254)	(79)	1,097	2,608	(1,829)	(16)	763
Leaseholders		117	-	(128)	(11)	130	-	(78)	52
Tenant garages		211	-	-	211	215	-	-	215
External activities		1,661	-	(1,706)	(45)	994	-	(992)	2
Office depreciation and impairment		-	-	(1,859)	(1,859)	-	-	-	-
Other activities		172	-	(5)	167	144	-	(61)	83
		5,590	(2,254)	(3,777)	(441)	4,091	(1,829)	(1,147)	1,115
Activities other than social housing activities									
Shops		56	-	(1)	55	60	-	-	60
Private garages		379	-	(3)	376	405	-	(3)	402
Market and commercial rent		959	-	(128)	831	934	-	(108)	826
Market sales		162	(132)	(73)	(43)	4,767	(3,703)	(211)	853
Commercial sales		-	-	(13)	(13)	62	-	(60)	2
Charitable activity		-	-	(4)	(4)	-	-	(6)	(6)
		1,556	(132)	(222)	1,202	6,228	(3,703)	(388)	2,137
Total		62,553	(2,386)	(43,566)	16,601	66,292	(5,532)	(37,887)	22,873

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Particulars of turnover, operating costs and operating surplus (continued)

Parent	Note	Year Ended 31 March 2019			Year Ended 31 March 2018				
		Turnover £'000	Cost of Sales £'000	Operating Expenditure £'000	Operating Surplus/ (Deficit) £'000	Turnover £'000	Cost of Sales £'000	Operating Expenditure £'000	Operating Surplus/ (Deficit) £'000
Social housing lettings									
Income and expenditure from social housing lettings	3a	-	-	-	-	-	-	-	-
Other social housing activities									
Charges for support services		9,682	-	(9,911)	(229)	-	(9,350)	(90)	
External activities		-	-	-	-	-	-	-	
Intra group		-	-	-	-	-	-	-	
		9,682	-	(9,911)	(229)	-	(9,350)	(90)	
Total		9,682	-	(9,911)	(229)	-	(9,350)	(90)	

All social housing activities are undertaken by SSHA and Severnside as the owners of the housing assets within the Group. Other housing activities are undertaken by the Parent and all subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3a. Income and expenditure from social housing activities

	Year Ended 31 March 2019					Year Ended 31 March 2018		
	General Housing £'000	Supported Housing £'000	Home Ownership £'000	Care Housing £'000	Group Total £'000	Parent Total £'000	Group Total £'000	Parent Total £'000
Rent receivable net of identifiable service charges	41,795	4,737	874	3,856	51,262	-	51,148	-
Service charges income	382	1,225	352	1,409	3,368	-	4,161	-
Amortised government grants	469	57	48	111	685	-	647	-
Other income	87	5	-	-	92	-	17	-
Turnover from social housing lettings	42,733	6,024	1,274	5,376	55,407	-	55,973	-
Management	(10,672)	(1,545)	(451)	(1,323)	(13,991)	-	(13,170)	-
Service charge costs	(86)	(998)	(12)	(1,439)	(2,535)	-	(2,474)	-
Routine maintenance	(3,535)	(129)	(11)	(97)	(3,772)	-	(2,936)	-
Planned maintenance	(8,420)	(1,266)	(10)	(677)	(10,373)	-	(9,500)	-
Bad debts	(178)	(15)	-	(16)	(209)	-	(114)	-
Impairment of housing properties	-	-	-	-	-	-	-	-
Depreciation of housing properties	(7,113)	(853)	(205)	(516)	(8,687)	-	(8,158)	-
Operating costs on social housing lettings	(30,004)	(4,806)	(689)	(4,068)	(39,567)	-	(36,352)	-
Operating surplus on social housing lettings	12,729	1,218	585	1,308	15,840	-	19,621	-
Void losses	(220)	(93)	(3)	(49)	(364)	-	(429)	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

3b. Classes of accommodation in management and development

	Year Ended 31 March 2019		Year Ended 31 March 2018	
	Group Units	Parent Units	Group Units	Parent Units
General housing				
- Social rent	9,238	-	9,186	-
- Affordable rent	566	-	526	-
Supported housing and housing for older people				
- Social rent	1,129	-	1,128	-
- Affordable rent	28	-	28	-
Low cost home ownership	408	-	369	-
Care housing				
- Social rent	200	-	198	-
- Affordable rent	50	-	50	-
Total social housing units	11,619		11,485	
Market rent	122	-	123	-
Other	2	-	1	-
Leasehold	415	-	415	-
Total social housing owned	12,158		12,024	
Non social leasehold	36	-	36	-
Total owned and managed	12,194		12,060	
Accommodation in development at the year end	212		231	

4. Surplus on disposal of housing properties

Group	Year Ended 31 March 2019				Year Ended 31 March 2018
	LCHO £'000	RTB £'000	Other Properties £'000	Total £'000	Total £'000
Disposal proceeds	-	949	1,214	2,163	2,344
Cost of sales	-	(294)	(433)	(727)	(760)
Selling costs	-	(12)	(14)	(26)	(26)
Net surplus on disposal of housing properties	-	643	767	1,410	1,558

Housing Plus as a parent disposed of no housing properties (2018 none).

NOTES TO THE FINANCIAL STATEMENTS (continued)

4b. Surplus on disposal of other tangible fixed assets

	Year Ended 31 March 2019		Year Ended 31 March 2018	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Net receipts on sale				
Other tangible fixed assets	20	20	34	31
	20	20	34	31
Less: Cost of sales	(17)	(17)	-	-
Administration and fees	(1)	(1)	-	-
Surplus on sale of tangible fixed assets	2	2	34	31

5. Interest receivable and similar income

	Year Ended 31 March 2019		Year Ended 31 March 2018	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Interest received from current asset investments	32	-	7	-
Interest receivable and other income	33	-	7	-

6. Interest payable and financing costs

	Year Ended 31 March 2019		Year Ended 31 March 2018	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Other loans from group undertakings	-	-	-	(25)
Bank loans and overdraft	(14,651)	-	(14,003)	-
Loan commission and commitment fees	(72)	-	(178)	-
Renegotiation fees	(167)	-	(85)	-
Capitalised interest	-	-	205	-
Non utilisation fee	(76)	-	-	-
Net interest on pension liability	(511)	(46)	(546)	(48)
Interest payable and similar charges	(15,511)	(46)	(14,607)	(73)

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Surplus on ordinary activities before taxation

	Note	Year Ended 31 March 2019		Year Ended 31 March 2018	
		Group £'000	Parent £'000	Group £'000	Parent £'000
Depreciation:					
Housing assets		8,687	-	8,158	-
Other fixed assets		825	284	722	176
Impairment:					
Other fixed assets		1,809	-	-	-
Amortisation:					
Intangible fixed assets	11	28	28	41	41
Grants		(338)	-	(647)	-
Surplus on disposal of housing properties	4a	(1,410)	-	(1,558)	-
Surplus on disposal of other fixed assets	4b	(2)	(2)	(34)	(31)
Revaluation loss		516	-	121	-
Operating lease rentals	20	365	32	442	261
External auditors' remuneration (incl. expenses):					
Fees for the audit of the financial statements		56	13	72	14
Fees for other services		5	-	8	-

8. Taxation

The difference between the total tax charge and the amount calculated by applying the standard rate of UK corporation tax to surplus before tax is as follows:

	Year Ended 31 March 2019		Year Ended 31 March 2018	
	Group £'000	Parent £'000	Group £'000	Parent £'000
Surplus / (deficit) on ordinary activities before tax	(474)	(518)	9,744	(132)
Tax on surplus on ordinary activities at standard UK corporation tax rate of 20% (2018: 20%)	-	-	1,949	-
Effects of:				
Income not taxable in determining taxable surplus	-	-	(1,949)	-
Adjustments to tax charge in respect of previous periods	2	1	108	84
Total	2	1	108	84

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Employees

The average number of persons employed during the financial year expressed as full-time equivalents was:

	Year Ended 31 March 2019		Year Ended 31 March 2018	
	Group Number	Parent Number	Group Number	Parent Number
Administration and management	303	112	295	102
Property services	138	93	116	64
Housing support and care	114	30	88	25
Other	18	18	19	19
Total	573	253	518	210

Employees' costs:

	Note	Year Ended 31 March 2019		Year Ended 31 March 2018	
		Group £'000	Parent £'000	Group £'000	Parent £'000
Wages and salaries		17,149	8,819	13,941	6,191
Social security costs		1,526	855	1,251	620
Other pension costs	20	1,556	872	1,232	615
Total		20,231	10,546	16,424	7,426

10. Directors' emoluments

The Directors of the Group are its Board Members. Board Members are not members of any Housing Plus pension scheme. Below are the emoluments paid to the Board Members.

Summary of Board Members Pay	Year Ended 31 March 2019		Year Ended 31 March 2018	
	Group £'000	Parent £'000	Group £'000	Parent £'000
Pay	130	130	137	137
National insurance	2	2	1	1
Total	132	132	138	138

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Directors' emoluments (continued)

Details of Board Members Pay	31 March 2019		Group Board	Homes Board	Care Plus Board	Audit Committee	Nominations Committee
	£'000						
Alan Hawkesworth (resigned November 2018)	3						
Mary Griffiths (resigned October 2018)	3						
Gareth Evans	11	◆					◆
Malcolm Price	6			◆		◆	
Rory O'Byrne	6			◆			◆
Peter Price	6				◆		
Susan Ganderton (resigned November 2018)	3						
Rolf Levesley	15	◆					◆
Andrew Mason	9	◆					
Anthony Pate	6			◆			
Pam Smith	6				◆		
Julie Fillary (nee Smith)	6				◆		
Mike Roughan	6				◆		
Rachel Bowden	9	◆			◆		
Lionel Haynes	3			◆		◆	
Peter Phillips	11	◆		◆			
William McCarthy	9	◆					
Catherine Dass	6			◆			◆
Steve Jennings	6			◆			
Total	130						

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Directors' emoluments (continued)

The aggregate amount of emoluments (including benefits in kind and pension contributions) paid to or receivable by the seven (2018: seven) Executive Officers of the Group and of the seven (2018: seven) of the Parent during the year was made up as follows:

	Year Ended 31 March 2019		Year Ended 31 March 2018	
	Group £'000	Parent £'000	Group £'000	Parent £'000
Emoluments (including Benefits in Kind)	1,043	1,043	977	977
Compensation for loss of office	60	60	-	-
Pension contribution	159	159	124	124
Total	1,262	1,262	1,101	1,101

The emoluments (including benefits in kind and pension contributions) paid to the Chief Executive, and Executive Officers and other higher earners were in the following range:

	Year Ended 31 March 2019		Year Ended 31 March 2018	
	Group	Parent	Group	Parent
More than £60,000 but not more than £70,000	10	9	6	5
More than £70,000 but not more than £80,000	4	3	2	2
More than £80,000 but not more than £90,000	3	3	1	1
More than £90,000 but not more than £100,000	3	2	2	1
More than £100,000 but not more than £110,000	1	1	1	1
More than £110,000 but not more than £120,000	-	-	-	-
More than £120,000 but not more than £130,000	-	-	-	-
More than £130,000 but not more than £140,000	-	-	-	-
More than £140,000 but not more than £150,000	1	1	1	1
More than £150,000 but not more than £160,000	1	1	1	1
More than £160,000 but not more than £170,000	2	2	2	2
More than £170,000 but not more than £180,000	-	-	-	-
More than £180,000 but not more than £190,000	-	-	1	1
More than £190,000 but not more than £200,000	1	1	-	-
More than £200,000 but not more than £210,000	1	1	-	-
More than £210,000 but not more than £220,000	-	-	-	-
More than £220,000 but not more than £230,000	1	1	-	-
More than £250,000 but not more than £260,000	-	-	1	1

The emoluments paid to the current Chief Executive, Mrs Sarah Boden, who was also the highest paid director, (excluding benefits in kind and pension contributions) were £196k (2018: £216k). The Chief Executive was an ordinary member of the LGPS pension scheme until the 30th September 2016. The Chief Executive left the LGPS pension scheme on the 30th September 2016 and took the contributions as payment in line with the flexible pension policy. The Chief Executive re-joined the LGPS pension scheme on an ordinary 50:50 basis from 1st April 2018.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Intangible assets and goodwill

	As at 31 March 2019		As at 31 March 2018	
	Group Total £'000	Parent Total £'000	Group Total £000	Parent Total £000
Cost				
At 1 April	586	236	559	209
Additions	40	40	27	27
At 31 March	626	276	586	236
Accumulated amortisation				
At 1 April	(525)	(175)	(484)	(134)
Charge for the year	(28)	(28)	(41)	(41)
At 31 March	(553)	(203)	(525)	(175)
Net book value				
At 31 March	73	73	61	61
At 1 April	61	61	75	75

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Housing properties at cost

Group	As at 31 March 2019				Group Total £'000
	Houses for Letting Complete for Letting £'000	Under Construction £'000	Low Cost Home Ownership Complete for Letting £'000	Under Construction £'000	
COST					
At 1 April	395,375	4,214	24,527	343	424,459
Additions	7,326	13,635	4	7,017	27,982
Disposals	(2,140)	-	(318)	-	(2,458)
Transfers (note 12a)	13,309	(13,309)	3,785	(5,723)	(1,938)
At 31 March	413,870	4,540	27,998	1,637	448,045
LESS ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 April	(74,487)	-	(1,952)	-	(76,439)
Depreciation charge for year	(8,117)	-	(205)	-	(8,322)
Eliminated in respect of disposals	1,374	-	10	-	1,384
At 31 March	(81,230)	-	2,147	-	(83,377)
Net book value					
At 31 March	332,640	4,540	25,851	1,637	364,668
At 1 April	320,888	4,214	22,575	343	348,020

Note: Included within 'Eliminated in respect of disposals' is accelerated depreciation of £362k (2018: £335k). Of the total additions, £7,330k relate to component replacements (2018: £7,588k).

NOTES TO THE FINANCIAL STATEMENTS (continued)

12a Housing properties at cost

Transfers	As at 31 March 2019					As at 31 March 2018
	Houses for Letting		Low Cost Home Ownership		Group Total	Group Total
	Complete for Letting £'000	Under Construction £'000	Complete for Letting £'000	Under Construction £'000		
Complete properties Transfer to investment properties	13,309	(13,309)	3,852	(3,852)	-	-
Transfer to current assets	-	-	-	-	-	(2,111)
	-	-	(67)	(1,871)	(1,938)	(1,724)
Transfers	13,309	(13,309)	3,785	(5,723)	(1,938)	(3,835)

SSHA and Severnside hold all housing assets within the Group. The ultimate controlling party, the parent, is a non-housing assets holding company.

Capitalised interest

	As at 31 March 2019	As at 31 March 2018
Amount of interest capitalised during the year	-	205
Cumulative interest capitalised to date	1,380	1,175
Total interest capitalised	1,380	1,380
Rate used for capitalisation	5%	5%

NOTES TO THE FINANCIAL STATEMENTS (continued)

12a Housing properties at cost (continued)

Charges against properties

	As at 31 March 2019	As at 31 March 2018
Number of properties on which there is a fixed charge	10,322	9,984
Number of properties not charged	1,298	1,501
Total number of properties	11,620	11,485

SSHA and Severnside have received government grants in order to acquire and develop housing properties. Grants are amortised through the Statement of Comprehensive Income over the useful economic life of the structure of the property. Any unamortised grant is held as deferred income. A breakdown of this grant is shown below:

	As at 31 March 2019	As at 31 March 2018
	£'000	£'000
Deferred capital grant at 1 April	59,841	58,207
Grants received during the year	634	1,592
Grants recycled from/(to) the disposal proceeds fund	40	-
Transfers from reserves	375	690
Releases to income during the year	(685)	(648)
Deferred capital grant at 31 March	60,205	59,841

Housing properties book value, net of depreciation and impairments

	As at 31 March 2019	As at 31 March 2018
	£'000	£'000
Freehold land and buildings	364,074	347,411
Long leasehold land and buildings	594	609
Total	364,668	348,020

NOTES TO THE FINANCIAL STATEMENTS (continued)

12b. Other tangible fixed assets

Group	As at 31 March 2019					Total
	Vehicles	Furniture & Equipment	Fixtures, Fittings, Tools & Equipment	Land & Buildings	Computer Equipment & Software	
	£000	£000	£000	£000	£000	£000
COST						
At 1 April	705	3,175	5,839	7,541	17,260	
Additions	17	143	277	156	593	
Reclassifications	-	105	(105)	-	-	
Disposals	(139)	-	-	-	(139)	
At 31 March	583	3,423	6,011	7,697	17,714	
Accumulated depreciation & impairment						
Depreciation at 1 April	(577)	(2,350)	(5,244)	(1,189)	(9,360)	
Depreciation charge for year	(62)	(324)	(350)	(89)	(825)	
Reclassifications	-	-	-	-	-	
Eliminated in respect of disposals	122	-	-	-	122	
Impairment	-	-	-	(1,809)	(1,809)	
At 31 March	(517)	(2,674)	(5,594)	(3,087)	(11,872)	
Net book value						
At 31 March	66	749	417	4,610	5,842	
At 1 April	128	825	595	6,352	7,900	

NOTES TO THE FINANCIAL STATEMENTS

12b. Other tangible fixed assets (continued)

Parent	As at 31 March 2019					Total
	Vehicles	Furniture & Equipment	Fixtures, fittings, Tools & Equipment	Computer Equipment & Software	Land & Buildings	
	£000	£000	£000	£000	£000	£000
COST						
At 1 April	382	9	1,494	1,885	-	1,885
Additions	-	-	248	248	-	248
Disposals	(139)	-	-	-	-	(139)
At 31 March	243	9	1,742	1,994	-	1,994
Accumulated depreciation & impairment						
Depreciation at 1 April	(302)	(8)	(1,193)	(1,503)	-	(1,503)
Depreciation charge for year	(27)	-	(257)	(284)	-	(284)
Eliminated in respect of disposals	122	-	-	122	-	122
At 31 March	(207)	(8)	(1,450)	(1,665)	-	(1,665)
Net book value						
At 31 March	36	1	292	329	-	329
At 1 April	80	1	301	382	-	382

There is no charge on any of these assets.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12c. Investment properties

Group	As at 31 March 2019	As at 31 March 2018
	£'000	£'000
Balance at 1 April	14,821	12,953
Additions	-	2,109
Disposals	-	(120)
Transfers to other tenures	(143)	-
Net (loss) from fair value adjustments	(516)	(121)
Balance at 31 March	14,162	14,821
Historical Net Book Value	15,495	15,788

All investment properties were valued as at 31st March 2019 using the valuation methodology – market value subject to tenancies (MV-STT). The valuations were performed by independent valuers with recognised and relevant qualifications (Jones Lang LaSalle). There are no restrictions on the investment property and there are no contractual obligations to purchase, construct or develop investment property.

12d. Investments in group undertakings

The Parent and Group have investments in the following subsidiary undertakings, which principally affected the surpluses or net assets of the Group.

	Principal activity	Holding	%
Sevenside Housing Ltd	Registered Provider of social housing	Non-equity shares	100%
South Staffordshire Housing Association Ltd	Registered Provider of social housing	Non-equity shares	100%
Property Plus (Midlands) Ltd	Property repairs and maintenance	Equity shares	100%
Care Plus Staffordshire Ltd	Care and support services	Non-equity shares	100%
Severn Homes Ltd	Developing and selling properties for outright sale	Equity shares	100%
A Walters Electrical Limited	Under review	Equity shares	100%
SSHA Developments Ltd	Under review	Equity shares	100%
Sevenside Community Association Ltd	Supporting charitable activities relating to housing	Non-equity shares	100%

NOTES TO THE FINANCIAL STATEMENTS (continued)

12e. Stocks

Group	As at 31 March 2019		As at 31 March 2018	
	£'000		£'000	
LCHO completed properties	1,019		1,408	
LCHO properties under construction	387		331	
Total low cost home ownership	1,406		1,739	
Open market sale completed properties	-		130	
Other stocks	58		39	
Land held for development	11,650		-	
Total Stocks	13,114		1,908	

Stock is held at the lower of actual cost and estimated selling price less costs to complete and sell. There have been no impairments in the year (2018: none).

13. Trade and other debtors

	As at 31 March 2019		As at 31 March 2018	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charges receivable	1,431	-	1,336	-
Leaseholders	(24)	-	(2)	-
Less: Provision for bad and doubtful debts	(217)	-	(194)	-
	1,190	-	1,140	-
Care service receivable	63	-	69	-
Less: Provision for bad and doubtful debts	-	-	(18)	-
	63	-	51	-
Amounts due from group undertakings	-	2,187	-	469
Pension bond debtor	-	-	4,060	-
Other debtors	727	121	530	69
Less: Provision for bad and doubtful debts	(55)	(30)	(76)	(31)
	672	2,278	4,514	507
Prepayments & accrued Income	768	409	891	431
Taxation & social security	2,213	-	-	-
Total due within one year	4,906	2,687	6,596	938
Total Debtors	4,906	2,687	6,596	938

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Trade and other debtors (continued)

Pension Bond

At transfer, Severnside entered into a Pension Guarantee Bond Agreement with Shropshire County Pension Fund and Nationwide Building Society, whereby Shropshire County Pension Fund could, if Severnside Housing failed to make appropriate pension scheme payments, seek recovery from Nationwide Building Society. In October 2017 this was replaced by a Guarantee Bond between Severnside, Shropshire Council and Clydesdale Bank plc for £4,060,000. The bond amount was initially deposited in cash with Clydesdale Bank plc, being repaid in full on 16 April 2018 after being substituted with charged properties.

14. Creditors: Amounts falling due within one year

	Year Ended 31 March 2019		Year Ended 31 March 2018	
	Group £'000	Parent £'000	Group £'000	Parent £'000
Loans payable within one year	(2,608)	-	(2,100)	-
Trade creditors	(490)	(327)	(543)	(254)
Rents and service charges received in advance	(1,666)	-	(1,372)	-
Amounts owed to group undertakings	-	(1,228)	-	(737)
Taxation and social security	(126)	(28)	(224)	(79)
Obligations under hire purchase contracts	-	-	(9)	-
Other creditors	(90)	-	(68)	-
Deferred grant income	(1,275)	-	(2,314)	-
Accruals and deferred income	(2,695)	(550)	(4,470)	(391)
SHPS pension deficit	-	-	(331)	(181)
Accrued interest	(2,096)	-	(1,870)	-
Employees	(505)	(334)	(539)	(384)
Total Creditors: Amounts falling due within one year	(11,553)	(2,467)	(13,840)	(2,026)

The average number of days for the parent between the invoice date and payment is 36 days (2018: 43 days).

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Year Ended 31 March 2019		Year Ended 31 March 2018	
	Group £'000	Parent £'000	Group £'000	Parent £'000
Amounts falling due between one and five years				
Loans and borrowings	(280,750)	-	(267,359)	-
Loan arrangement fees	274	-	274	-
Deferred grant income	(58,945)	-	(57,547)	-
Recycled capital grant and disposal proceeds fund	(430)	-	(302)	-
SHPS pension deficit contribution	-	-	(1,484)	(679)
Other designated funds	(648)	-	(569)	-
Total Creditors: Amounts falling due after more than one year	(340,499)	-	(326,987)	(679)

Movements in Recycled Capital Grant Fund

	As at Year Ended 31 March 2019		As at Year Ended 31 March 2018	
	Group £'000	Parent £'000	Group £'000	Parent £'000
Balance as at 1 April	154	-	153	-
Recycled grant input	1	-	1	-
Withdrawal	-	-	-	-
Balance as at 31 March	155	-	154	-

Movements in Disposal Proceeds Fund

	As at Year Ended 31 March 2019		As at Year Ended 31 March 2018	
	Group £'000	Parent £'000	Group £'000	Parent £'000
Balance as at 1 April	148	-	-	-
Inputs arising from disposals	167	-	148	-
Withdrawals	(40)	-	-	-
Balance as at 31 March	275	-	148	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Creditors: Amounts falling due after more than one year (continued)

Repayment of debt

Group	Bank Loans 2019 £'000	Other Loans 2019 £'000	Hire Purchase 2019 £'000	Total 2019 £'000
In one year or less	2,300	308	-	2,608
In more than one year but not more than two years	3,300	317	-	3,617
In more than one year but not more than five years	21,050	8,003	-	29,053
In more than five years	240,550	7,530	-	248,080
	267,200	16,158	-	283,358

Group	Bank Loans 2018 £'000	Other Loans 2018 £'000	Hire Purchase 2018 £'000	Total 2018 £'000
In one year or less	1,800	300	9	2,109
In more than one year but not more than two years	2,300	308	-	2,608
In more than one year but not more than five years	15,400	6,976	-	22,376
In more than five years	234,500	7,875	-	242,375
	254,000	15,459	9	269,468

Security, terms of repayment and interest rates

The Nationwide Syndications loan is secured by the properties that SSHA and Severnside owns. The loan repayments commenced in October 2018, with a total repayment of £1.8 million in the 2018/19 financial year. The final scheduled loan repayment is due in March 2045. During the loan period decisions are made to fix the rate of interest for periods within the overall loan period. The fixed rates of interest range between 4.58% and 7.08%.

At 1 April 2018, SSHA held a loan facility of £35 million with BAE pension fund, secured against properties that SSHA owns. The loan is repaid between August 2038 and August 2042 in equal instalments of £7m. It has a fixed interest rate of 5.00%. During July 2018, an additional loan facility of £10 million was agreed with BAE pension fund, secured against properties that SSHA owns. The loan is to be repaid between August 2038 and August 2042 in equal instalments of £2m. It has a fixed interest rate of 3.75%.

Severnside holds a £35m loan facility with Canada Life, which is secured by the properties that Severnside owns. The interest rate is fixed at 4.54%. The loan is due to be repaid in September 2048.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Creditors: Amounts falling due after more than one year (continued)

The Shropshire Council loans are secured by the properties that Severnside owns. The interest rates are fixed at 4.32% and 2.3%. The loans are repaid biannually, with the final scheduled repayment due in March 2042.

On 26 January 2018, SSHA entered into a 5 year £15 million revolving credit facility with Clydesdale Bank plc. At 1 April 2018, SSHA had utilised £6 million of the facility which was repaid in full in August 2018. SSHA drew £7 million from the facility in March 2019 at an interest rate of 1.99%. The facility is repayable in full on 26 January 2023. The loan is secured on SSHA properties.

At 31 March 2019 the Group had undrawn loan facilities of £13.5 million (2018: £19.5 million).

16. Financial instruments

	Note	Year Ended 31 March 2019		Year Ended 31 March 2018	
		Group £'000	Parent £'000	Group £'000	Parent £'000
Financial assets measured at historical cost					
Rent & service charge receivable	13	1,190	-	1,140	-
Care service receivable	13	63	-	51	-
Amounts owed from group undertakings	13	-	2,187	-	398
Other debtors	13	673	91	454	38
Pension bond receivable		-	-	4,060	-
Investments in short term deposits		7	-	7	-
Cash and cash equivalents		3,553	130	11,477	327
TOTAL FINANCIAL ASSETS		5,486	2,408	17,189	763
Financial liabilities measured at amortised cost					
Loans	14/15	(283,358)	(2,608)	(269,459)	-
Finance leases and hire purchase	14/15	-	-	(9)	-
		(283,358)	(2,608)	(269,468)	-
Financial liabilities measured at historical cost					
Trade creditors	14	(492)	(327)	(543)	(254)
Accruals	14	(4,791)	(550)	(6,340)	(391)
Amounts owed to group undertakings	14	-	(1,228)	-	(738)
Other creditors	14	(90)	-	(68)	-
		(5,373)	(2,105)	(6,951)	(1,383)
TOTAL FINANCIAL LIABILITIES		(288,731)	(4,713)	(276,419)	(1,383)

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Called up non equity share capital

Each member of the Board of Management holds one non equity share of £1 each. These shares carry the right to vote at General Meetings on the basis of one share one vote. The shares are not transferable, non redeemable and carry no right to receive income or capital payments.

Parent:	Year Ended 31 March 2019	Year Ended 31 March 2018
Number of Shareholders as at 1 April	6	5
Returned shares	-	-
Shares issued during the year	-	1
Number of Shareholders as at 31 March	6	6

18. Capital commitments

The following describes the way the Group funds development:

	As at 31 March 2019		As at 31 March 2018	
	Group £'000	Parent £'000	Group £'000	Parent £'000
Expenditure contracted but not provided in the financial statements	26,763	-	22,129	-
Expenditure authorised by the Board but not contracted	59,391	-	52,305	-
Total capital commitments	86,064	-	74,434	-

The expenditure will be funded as follows:

	As at 31 March 2019	As at 31 March 2018
Group	£'000	£'000
Operating surpluses	53,155	46,800
SHG	8,024	4,757
Other grant funding	138	1,030
Forecast sales	24,747	21,847
Total gross expenditure	86,064	74,434

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Leases

19.1 Operating leases

The Group holds vehicles, offices, coin operated washing machines, printers and lone working safety devices on non-cancellable operating leases. At 31 March 2019 the total of future minimum lease payments under non cancellable operating leases for each of the following periods was:

	As at 31 March 2019		As at 31 March 2018	
	Group £'000	Parent £'000	Group £'000	Parent £'000
Leases for vehicles:				
Not later than one year	314	32	120	4
Later than one year and not later than five years	109	34	673	557
Later than five years	-	-	-	-
Leases for buildings:				
Not later than one year	19	-	19	-
Later than one year and not later than five years	17	-	36	-
Leases for equipment:				
Not later than one year	56	1	55	-
Later than one year and not later than five years	111	82	93	50
Later than five years	-	-	-	-
	626	150	996	611

The expenditure charged in the Statement of Comprehensive Income during the year in relation to minimum lease payments was £365k for the Group (2018: £442k) and £32k for the Parent (2018: £261k).

19.2 Finance leases and hire purchase

The total of Group future minimum lease payments under finance leases and hire purchase is as follows:

	As at 31 March 2019		As at 31 March 2018	
	Group £'000	Parent £'000	Group £'000	Parent £'000
Not later than one year	-	-	9	-
Later than one year and not later than five years	-	-	-	-
Total	-	-	9	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions

The Housing Plus Group, as a group, participates in two multi-employer pension schemes, the Staffordshire County Council Scheme, and the Shropshire Council Scheme. In addition, the group participates in the Housing Plus Pensions Scheme. This is a separate trustee administered fund set up on 31 October 2018 following the transfer of obligations from the Social Housing Pension Scheme (SHPS). The Housing Plus Group Limited, the parent organisation, participates in the Housing Plus Pension Scheme and the Staffordshire County Council Scheme.

a) Social Housing Pension Scheme

The Group previously participated in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Group to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

Tier 1	£40.6m per annum
From 1 April 2016 to 30 September 2020:	(payable monthly and increasing by 4.7% each year on 1 st April)

Tier 2	£28.6m per annum
From 1 April 2016 to 30 September 2023:	(payable monthly and increasing by 4.7% each year on 1 st April)

Tier 3	£32.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1 st April)

Tier 4	£31.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1 st April)

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

a) Social Housing Pension Scheme (continued)

The Group previously recognised a provision for its share of these deficit funding payments. On 31 October 2018, the Group exited the defined benefit section of SHPS, transferring its share of assets and liabilities to the Housing Plus Pension Scheme (HPPS), a defined benefit scheme which the Group also accounts for as such. This transfer triggered a change in accounting treatment of that specific part of the Group's pension scheme portfolio and the £1.3 million shortfall between the £1.8 million provision at the date of the transfer and the £3.1 million net defined benefit liability recognised is included in Other Comprehensive Income.

	31 March 19 £'000	31 March 18 £'000
Present value of provision		
Group	-	1,815
Parent	-	860

Movements in provision	Group £'000	Parent £'000
At 1 April 2018	1,815	860
Unwinding of the discount factor (interest expense)	-	-
Deficit contribution paid	-	-
Remeasurements – impact of any change in assumptions		
Transfer to net pension liabilities	(1,815)	(860)
Balance as at 31 March 2019	-	-

Pension deficit provision	As at 31 March 2019		As at 31 March 2018	
	Group £'000	Parent £'000	Group £'000	Parent £'000
Due within one year	-	-	331	181
Due after more than one year	-	-	1,484	679
Provision at end of period	-	-	2,130	1,030

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

b) Staffordshire County Council Scheme

The parent and SSHA participate in the Staffordshire County Council Pension Scheme which is a multi employer defined benefit Scheme, is funded and is contracted out of the state scheme. Both organisations' net liabilities can be summarised as:

	As at 31 March 2019			As at 31 March 2018		
	Group £'000	SSHA £'000	Parent £'000	Group £'000	SSHA £'000	Parent £'000
Fair value of employer assets	31,772	8,477	23,295	28,371	8,107	20,264
Present value of defined benefit obligations	(41,786)	(15,942)	(25,844)	(36,436)	(15,029)	(21,407)
Provision at end of period	(10,014)	(7,465)	(2,549)	(8,065)	(6,922)	(1,143)

The disclosures necessary in respect of FRS102 are shown in various tables below.

Assumptions as at	31 Mar 2019 %p.a.	31 Mar 2018 %p.a.
Salary increases	2.9%	2.8%
Pension increases	2.5%	2.4%
Discount Rate	2.4%	2.7%

The life expectancy is based on the Fund's VitaCurves and based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.1 years	24.4 years
Future Pensioners*	24.1 years	26.4 years

* Figures assume members aged 45 as at the last formal valuation date

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

b) Staffordshire County Council Scheme (continued)

Categories of plan assets as a % of total plan assets	Assets at 31 Mar 2019	Assets at 31 Mar 2018
	%	%
Equities	68	73
Bonds	21	14
Property	8	8
Cash	3	5

Group

Net pension liability as at	31 Mar 2019	31 Mar 2018
	£'000	£'000
Fair value of employer assets	31,772	28,371
Present value of funded obligations	(41,717)	(36,369)
Net (under)funding in funded plans	(9,945)	(7,998)
Present value of unfunded liabilities	(69)	(67)
Net pension liability	(10,014)	(8,065)

Information about the defined benefit obligation - Group	31 Mar 2019	31 Mar 2018
	£'000	£'000
Active members	20,766	16,480
Deferred members	9,574	8,583
Pensioner members	11,377	11,306
Net pension liability	41,717	36,369

Parent

Net pension liability as at	31 Mar 2019	31 Mar 2018
	£'000	£'000
Fair value of employer assets	23,295	20,264
Present value of funded obligations	(25,844)	(21,407)
Net (under)funding in funded plans	(2,549)	(1,143)
Net pension liability	(2,549)	(1,143)

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

b) Staffordshire County Council Scheme (continued)

Information about the defined benefit obligation - Parent	31 Mar 2019	31 Mar 2018
	£'000	£'000
Active members	19,171	15,303
Deferred members	3,773	3,315
Pensioner members	2,900	2,789
Net pension liability	25,844	21,407

The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of member may not be reliable for certain types of employer. However, the Actuary is satisfied that the approach used leads to reasonable estimates for the aggregate liability figure.

	Year to 31 Mar 2019 Group	Year to 31 Mar 2019 Parent	Year to 31 Mar 2018 Group	Year to 31 Mar 2018 Parent
	£'000	£'000	£'000	£'000
Amount charged to operating surplus				
Current service cost*	(1,597)	(1,397)	(1,420)	(1,248)
Past service cost	(28)	(28)	(64)	(64)
Total operating charge	(1,625)	(1,425)	(1,484)	(1,312)
Amount charged to financing costs				
Expected return on employer assets	768	562	705	502
Interest on pension scheme liabilities	(985)	(598)	(913)	(537)
Total net interest	(217)	(36)	(208)	(35)
Total defined benefit cost recognised in surplus for the year	(1,842)	(1,461)	(1,692)	(1,347)

* The Service Cost figures include an allowance for administration expenses of 0.5% of payroll.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

b) Staffordshire County Council Scheme (continued)

Re-measurements measured in other comprehensive income	Year to 31 Mar 2019 Group	Year to 31 Mar 2019 Parent	Year to 31 Mar 2018 Group	Year to 31 Mar 2018 Parent
	£'000	£'000	£'000	£'000
Change in financial assumptions	(3,107)	(2,322)	748	502
Change in demographic assumptions	-	-	-	-
Other experience	(2)	-	-	-
Return on assets (excluding amounts included in net interest)	1,864	1,344	(74)	(58)
Total re-measurements recognised in other comprehensive income	(1,245)	(978)	674	444

Reconciliation of defined benefit obligation	Year to 31 Mar 2019 Group	Year to 31 Mar 2019 Parent	Year to 31 Mar 2018 Group	Year to 31 Mar 2018 Parent
	£'000	£'000	£'000	£'000
Opening defined benefit obligation	36,436	21,407	35,168	19,959
Current service cost	1,597	1,397	1,420	1,248
Interest cost	985	598	913	537
Contributions from members	321	286	283	254
Actuarial (gains)/losses	3,109	2,322	(748)	(502)
Past service costs	28	28	64	64
Estimated unfunded benefits paid	(3)	-	(3)	-
Estimated benefits paid	(687)	(194)	(661)	(153)
Closing defined benefit obligations	41,786	25,844	36,436	21,407

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

b) Staffordshire County Council Scheme (continued)

	Year to 31 Mar 2019 Group	Year to 31 Mar 2019 Parent	Year to 31 Mar 2018 Group	Year to 31 Mar 2018 Parent
	£'000	£'000	£'000	£'000
Opening fair value of employer assets	28,371	20,264	27,114	18,799
Interest income on plan assets	768	562	705	502
Contributions from members	321	286	283	254
Contributions from employer	1,135	1,033	1,004	920
Contributions in respect of unfunded benefits	3	-	3	-
Actuarial gains	1,864	1,344	(74)	(58)
Unfunded benefits paid	(3)	-	(3)	-
Benefits paid	(687)	(194)	(661)	(153)
Closing fair value of employer assets	31,772	23,295	28,371	20,264

c) Shropshire County Council Scheme

Sevenside Housing participates in the Local Government Pension Scheme which is a multi employer defined benefit Scheme, is funded and is contracted out of the state scheme.

The disclosures necessary in respect of FRS102 are shown in various tables below. The actuary has estimated that the net pension asset/liability as at 31 March 2019 is a liability of £13,675,000 (2018: £11,751,000).

Assumptions as at	31 Mar 2019 %p.a.	31 Mar 2018 %p.a.
Salary increases	3.7%	3.6%
Pension increases	2.3%	2.2%
Discount rate	2.4%	2.6%

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

c) Shropshire County Council Scheme (continued)

The life expectancy is based on the Fund's VitaCurves and based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	23.2 years	26.4 years
Future Pensioners*	25.4 years	28.7 years

* Figures assume members aged 45 as at the last formal valuation date.

Categories of plan assets as a % of total plan assets	Assets at 31 Mar 2019	Assets at 31 Mar 2018
	%	%
Equities	51	53
Bonds	16	23
Property	5	5
Alternatives	22	17
Cash	6	2

Net pension liability as at	31 Mar 2019	31 Mar 2018
	£'000	£'000
Fair value of employer assets	38,288	36,791
Present value of funded obligations	(51,676)	(48,263)
Net (under)funding in funded plans	(13,388)	(11,472)
Present value of unfunded liabilities	(287)	(279)
Net pension (liability)	(13,675)	(11,751)

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

c) Shropshire County Council Scheme (continued)

	Year to 31 Mar 2019	Year to 31 Mar 2018
Amount charged to operating surplus	£'000	£'000
Current service cost	(710)	(816)
Past service cost	(214)	-
Administration expense	(14)	(15)
Total operating charge	(938)	(831)
Amount charged to financing costs		
Interest income on plan assets	949	912
Interest cost on defined benefit obligation	(1,243)	(1,229)
Losses on curtailments and settlements	-	(8)
Total net interest	(294)	(325)
Total defined benefit cost recognised in surplus for the year	(1,232)	(1,156)

Re-measurements recognised in other comprehensive income	Year to 31 Mar 2019	Year to 31 Mar 2018
	£'000	£'000
Change in financial assumptions	(2,669)	2,025
Change in demographic assumptions	-	-
Other experience	-	-
Return on assets (excluding amounts included in net interest)	1,112	(274)
Total re-measurements recognised in other comprehensive income	(1,557)	1,751

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

c) Shropshire County Council Scheme (continued)

Reconciliation of defined benefit obligation	Year to 31 Mar 2019	Year to 31 Mar 2018
	£'000	£'000
Opening defined benefit obligation	48,542	49,841
Current service cost	710	816
Interest cost	1,243	1,229
Contributions from members	149	158
Past service cost	214	-
Actuarial (gains)/losses	2,669	(2,025)
Result on curtailments	-	8
Estimated benefits paid	(1,564)	(1,485)
Closing defined benefit obligation	51,963	48,542

Reconciliation of fair value of employer assets	Year to 31 Mar 2019	Year to 31 Mar 2018
	£'000	£'000
Opening fair value of employer assets	36,791	36,774
Expected return on assets	1,112	(274)
Interest income on plan assets	949	912
Contributions from members	149	158
Contributions from employer	865	721
Administration expenses	(14)	(15)
Benefits paid	(1,564)	(1,485)
Closing fair value of employer assets	38,288	36,791

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

c) Shropshire County Council Scheme (continued)

History of gains and losses	Year to 31 Mar 2019	Year to 31 Mar 2018
	£'000	£'000
Fair value of employer assets	38,288	36,791
Present value of defined benefit obligations	(51,963)	(48,542)
Deficit	(13,675)	(11,751)

Pension bond

At transfer, Severnside entered into a Pension Guarantee Bond Agreement with Shropshire County Pension Fund and Nationwide Building Society, whereby Shropshire County Pension Fund could, if Severnside Housing failed to make appropriate pension scheme payments, seek recovery from Nationwide Building Society. In October 2017 this was replaced by a Guarantee Bond between Severnside, Shropshire Council and Clydesdale Bank plc for £4,060k.

d) Housing Plus Pension Scheme

The Association participates in the Housing Plus Pension Scheme which is a defined benefit Scheme in the UK.. This is a separate trustee administered fund set up on 31 October 2018 following the transfer of obligations from the Social Housing Pension Scheme (SHPS). The Scheme holds the pension scheme assets to meet long term pension liabilities. Scheme liabilities have been based on data used to calculate the amount of assets to be transferred on 31 October 2018, and have been updated to 31 March 2019 by a qualified actuary, independent of the Association. The major assumptions used by the actuary are shown below.

The Association has agreed an interim schedule of contribution with the Trustee and a full schedule of contributions will come into force following the completion of the first actuarial valuation which is expected to be with an effective date of 30 September 2019.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

d) Housing Plus Pension Scheme (continued)

History of gains and losses	31 Mar 2019 %p.a.	31 Oct 2018 %p.a.
Discount rate	2.45%	2.80%
Inflation (RPI)	3.20%	3.25%
Inflation (CPI)	2.20%	2.25%
Deferred revaluation	3.20%	3.25%
Pension increases in payment:		
• CPI max 5% p.a	2.25%	2.30%
• CPI max 3% p.a	1.90%	1.95%
Discount rate	2.45%	2.80%

Demographic assumptions as at	31 Mar 2019	31 Oct 2018
Mortality		
Base Tables	Pre retirement: nil Post retirement: 103% of S2PXA	Pre retirement: nil Post retirement: 103% of S2PXA
Improvement allowance	CMI_2018 (1.25%) for males CMI_2018 (1.0%) for females	CMI_2018 (1.25%) for males CMI_2018 (1.0%) for females
Smoothing parameter	7.5	7.5
Life expectancy from age 65		
Pensioners (currently aged 65)	Male: 21.5 Female :23.3	Male: 21.8 Female: 23.5
Non-pensioners (currently aged 65)	Male: 22.9 Female: 24.5	Male: 23.2 Female 24.7
Commutation	75% of maximum allowance	75% of maximum allowance
Other demographic assumptions	As per most recent Technical Provisions assumptions	As per most recent Technical Provisions assumptions

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

d) Housing Plus Pension Scheme (continued)

Categories of plan assets	Assets at 31 Mar 2019 Group £'000	Assets at 31 Mar 2019 Parent £'000
Equities	4,360	1,323
Bonds	3,686	1,118
Property	43	13
Total market value of assets	8,089	2,454

Net pension liability as at	31 Mar 2019 Group £'000	31 Mar 2019 Parent £'000
Fair value of employer assets	8,089	2,454
Present value of scheme liabilities	(11,625)	(3,527)
Surplus / (deficit)	(3,536)	(1,073)
Effect of asset ceiling	-	-
Net pension (liability)	(3,536)	(1,073)

	5 months to 31 Mar 2019 Group £'000	5 months to 31 Mar 2019 Parent £'000
Amount charged to operating surplus		
Current service cost	-	-
Expenses	(25)	(8)
Past service cost / (credit) – plan amendments / curtailments	-	-
Settlement losses / (gains)	-	-
Total operating charge	(25)	(8)
Amount charged to financing costs		
Interest income on assets	89	27
Interest cost on defined benefit obligation	(123)	(37)
Total net interest	(34)	(10)
Total defined benefit cost recognised in surplus for the year	(59)	(18)

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

d) Housing Plus Pension Scheme (continued)

Re-measurements recognised in Other Comprehensive Income	5 months to 31 Mar 2019 Group	5 months to 31 Mar 2019 Parent
	£'000	£'000
Return on assets excluding interest income	198	60
Experience gains / (losses) on liabilities	-	-
Gain / (loss) from change of demographic assumptions	93	28
Gain / (loss) from change of financial assumptions	(895)	(271)
Total re-measurements recognised in Other Comprehensive Income	(604)	(183)

Reconciliation of defined benefit obligation	5 months to 31 Mar 2019 Group	5 months to 31 Mar 2019 Parent
	£'000	£'000
Opening defined benefit obligation	(3,148)	(955)
Current service cost	-	-
Past service (costs) / credits – plan amendments	-	-
Net interest (cost) / credit	(34)	(10)
Expenses	(25)	(8)
Re-measurements included in other comprehensive income	(604)	(183)
Employer contributions	275	83
Closing defined benefit obligation	(3,536)	(1,073)

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

d) Housing Plus Pension Scheme (continued)

Reconciliation of fair value of employer assets	5 months to 31 Mar 2019 Group	5 months to 31 Mar 2019 Parent
	£'000	£'000
Opening fair value of employer assets	7,613	2,310
Interest income on assets	89	27
Expenses	(25)	(8)
Return on assets excluding interest income	198	60
Employer contributions	275	83
Member contributions	-	-
Benefits paid	(61)	(18)
Closing fair value of employer assets	8,089	2,454

21. Pension liability

As detailed in note 20, the Group had the following provisions during the year:

	Shropshire LGPS	Staffordshire LGPS	HPPS	Total
	£000	£000	£000	£000
At 1 April 2018	11,751	8,065	-	19,816
Transfer in of SHPS assets / (liabilities)	-	-	3,148	3,148
Additions dealt within surplus	73	487	(251)	560
Actuarial loss/(gain)	1,557	1,245	604	2,802
Interest costs	294	217	34	511
At 31 March 2019	13,675	10,014	3,536	23,689

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Pension liability (continued)

The Parent had the following liabilities during the year:

	Staffordshire LGPS	HPPS	Total
	£000	£000	£000
At 1 April 2018	1,143	-	1,143
Transfer in of SHPS assets/ (liabilities)		955	955
Additions dealt within surplus	392	(76)	316
Actuarial (gain)	978	183	1,161
Interest costs	36	10	46
At 31 March 2019	2,549	1,073	3,622

Pension liability – Shropshire LGPS

The Shropshire LGPS pension scheme is a multi employer defined benefit scheme. Each year the actuary values the assets and liabilities of the scheme using a set of assumptions. Changes in assumptions and performance of the assets/liabilities in the year means that the present value of the defined benefit obligation is subject to uncertainty.

The Group acknowledges that a ruling has been made regarding age discrimination arising from public sector pension scheme transition arrangements. Court of Appeal judgements were made in cases affecting judges pensions (eg McCloud) and firefighter pensions (eg Sergeant) which had previously been considered by employment tribunals. The rulings have implications for the LGPS, Police and Fire schemes since similar reforms were implemented.

The final situation in terms of employer pension liabilities and financial impact is not clear, since the government may appeal and any remediation process, including cost cap considerations, may affect the resolution and financial impact for entities. Timescales for the resolution of this matter may be lengthy.

The Group has sought advice from the scheme actuary to assess the potential impact the judgement could have upon the scheme should the ruling apply to the scheme. The calculations provided by the actuary indicate that the estimated impact of the recent McCloud ruling would be £435k in respect of past service costs. As this figure is not deemed to be material to the financial statements, no adjustment has been made.

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Pension liability (continued)

Pension liability – Staffordshire LGPS

The Staffordshire LGPS pension scheme is a multi employer defined benefit scheme. Each year the actuary values the assets and liabilities of the scheme using a set of assumptions. Changes in assumptions and performance of the assets/liabilities in the year means that the present value of the defined benefit obligation is subject to uncertainty.

The Group acknowledges that a ruling has been made regarding age discrimination arising from public sector pension scheme transition arrangements. Court of Appeal judgements were made in cases affecting judges pensions (eg McCloud) and firefighter pensions (eg Sergeant) which had previously been considered by employment tribunals. The rulings have implications for the LGPS, Police and Fire schemes since similar reforms were implemented.

The final situation in terms of employer pension liabilities and financial impact is not clear, since the government may appeal and any remediation process, including cost cap considerations, may affect the resolution and financial impact for entities. Timescales for the resolution of this matter may be lengthy.

The Group has sought advice from the scheme actuary to assess the potential impact the judgement could have upon the scheme should the ruling apply to the scheme. The calculations provided by the actuary indicate that the estimated impact of the recent McCloud ruling would be £125k (£115k parent) in respect of past service costs. As this figure is not deemed to be material to the financial statements, no adjustment has been made.

Pension liability - HPPS

The HPPS pension scheme is a defined benefit Scheme in the UK. This is a separate trustee administered fund set up on 31 October 2018 following the transfer of obligations from the Social Housing Pension Scheme (SHPS). An independent actuary values the assets and liabilities of the scheme using a set of assumptions. Changes in assumptions and performance of the assets/liabilities in the year means that the present value of the defined benefit obligation is subject to uncertainty.

22. Restricted reserves

Restricted reserves constitute surpluses accruing from sales of LSVT units under the Right to Buy scheme. The receipts are to be used solely for the provision of new housing or disabled facility grants, subject to approval by the relevant local authority.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Reconciliation of surplus to net cash flow from operating activities

Group	Year Ended 31 March 2019	Year Ended 31 March 2018
	£'000	£'000
Surplus for the year	2,018	9,744
Adjustments for non cash items:		
Amortisation	(697)	(633)
Depreciation & Impairment	10,956	8,549
Decrease/(increase) in stock	(1,051)	75
Decrease/(increase) in trade and other debtors	4,156	(3,745)
Increase/(Decrease) in trade and other creditors	(1,807)	1,051
Pension costs less contributions payables	855	805
Valuation movements	516	121
Movement in sinking fund	79	36
	13,007	6,259
Adjustments for investing or financing activities		
Surplus from the sale of tangible fixed assets	(1,412)	(1,590)
Interest payable	14,966	15,153
Interest receivable	(32)	(7)
	13,522	13,556
Cash from operations	28,547	29,559

24. Analysis of changes in net debt during year

Group	31 March 2019	Cash Flow	31 March 2018
	£'000	£'000	£'000
Cash at bank and in hand	3,553	(7,924)	11,477
Short Term Deposits	7	-	7
	<u>3,560</u>	<u>(7,924)</u>	<u>11,484</u>
Housing loans due within one year	(2,608)	(508)	(2,100)
Housing loans due after one year	(280,750)	(13,391)	(267,359)
Loan arrangement fees	274	-	274
Total changes in net debt	(279,524)	(21,823)	(257,701)

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Related party transactions

The Board of the parent does not have any resident members. SSHA and Severnside also do not have any members that are also residents (2018: none).

All related party transactions within the group are provided on an arms length basis.

Housing Plus provided services to SSHA at a total cost of £8,578,880 (2018: £3,733,201). and purchased services in the ordinary course of business from SSHA at a total cost of £56,489 (2018: £53,619).

Housing Plus paid interest to SSHA of £nil (2018: £25,195). At the year end Housing Plus was owed £117,360 (2018: £99,194) and owed £578,919 (2018: £242,484) to SSHA.

Housing Plus provided services in the ordinary course of business to Care Plus Staffordshire Ltd at a cost of £1,112,211 (2018: £520,547) and received services at a cost of £12,788 (2018: £20,308). As at the year end Housing Plus was owed £18,525 from Care Plus (2018: £8,852) and owed Care Plus £nil (2018: £41,343).

Housing Plus provided services to SSHA Developments Limited at cost of £4,686 (2018: £113). As at the year end Housing Plus was owed £1,688 from SSHA Developments (2018: £113).

Housing Plus provided services in the ordinary course of business to Severnside Housing at a cost of £8,476,415 (2018: £4,139,425) and purchased services at a cost of £1,150,436 (2018: £1,724,150). At the year end Housing Plus was owed £648,013 (2018: £30,164) and owed £200,687 (2018: £391,301) to Severnside.

Housing Plus provided services to Property Plus at cost of £8,228,932 (2018: £6,318,231); and purchased services at a cost of £14,786 (2018: £20,855). At the year end Housing Plus was owed £1,786,473 (2018: £259,789) and owed £957 (2018: £63,057). On 28 March 2019 Housing Plus granted a loan of £500,000 to Property Plus. Interest was received on the loan at LIBOR plus a margin of 3%, totalling £210.

Housing Plus provided services to Severn Homes at a cost of £150,055 during the year (2018: £155,326) and was owed £59,339 at the year end (2018: £71,398).

Housing Plus provided services to AWE Electrical at a cost of £7,110 during the year (2018: £84) and was owed £2,555 at the year end (2018: £nil).

Amounts owed by and to the Housing Plus are disclosed in notes 13, 14 and 15. These amounts are related to intragroup balances both in debtors and in creditors..

NOTES TO THE FINANCIAL STATEMENTS (continued)

26. Group companies

The immediate parent undertaking is The Housing Plus Group Limited (The Parent) which is a charitable Co-operative and Community Benefit Society (30224R). It is a registered provider with the Regulator of Social Housing (L4491).

The parent, Housing Plus, provides all subsidiaries with services such as finance, payroll, human resources advice and recruitment, development advice and management legal service and information technology services.