ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2021

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

Registration No. 30224R

CONTENTS

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	**Beever and Struthers** (appointed 1 April 2020) 20 Colmore Circus Queensway, Birmingham, B4 6AT
External Auditors	**KPMG LLP** (appointed 12 November 2020) Chartered Accountants and Statutory Auditors, One Snowhill, Birmingham, B4 6GH
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
	Barclays Bank PLC 1 Churchill Place, London, E14 5HP
	M&G, Laurence Pountney Hill, London, EC4R 0HH

BOARD MEMBERS, EXECUTIVE OFFICERS, AUDITORS AND ADVISORS (CONTINUED)

Bankers	**Barclays Bank PLC** One Snowhill, Birmingham, B3 2WN
	National Westminster Bank PLC 8 Mardol Head, Shrewsbury, SY1 1HE
Board of Management	S Jennings (Chair - from 23 July 2020) G Evans (Vice Chair) R Barber – resigned 1 June 2020 G Betts – appointed 27 August 2020 R Bowden J Burt – appointed 30 April 2020 C Dass – appointed 23 July 2020 A Dhillon – R Lawrence – resigned 30 April 2020 P Price – appointed 1 April 2020, resigned 27 August 2020 S Boden (Executive Director)
Chief Executive	S Boden
Executive Directors	
Finance Director and Deputy Chief Executive	P Ingle
Property Services Director	S Collins
Neighbourhoods Director	J Goode – resigned March 2021
Care and Support Director	L Clarke
Company Secretary	I 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 Staffordshire. The Group was enlarged on 1 October 2019, when Stafford and Rural Homes Group joined the existing Housing Plus Group, now providing more than 18,000 homes and employing more than 800 people.

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 Parent has six direct subsidiaries:

- **South Staffordshire Housing Association** (Landlord – property owning registered provider)
- **Severnside Housing** (Landlord – property owning registered provider)
- **Stafford and Rural Homes** (Landlord – property owning registered provider)
- **Care Plus Staffordshire** (Non - property owning care provider registered with the Care Quality Commission (CQC))
- **Property Plus (Midlands) Limited** (Property maintenance company)
- **Housing Plus Group Finance Limited** (Funding vehicle)

As can be seen from the group structure chart, above, all three landlords also have a subsidiary/subsidiaries. Details of all entities in the group are listed below:

REPORT OF THE BOARD (continued)

Principal activities (continued)

South Staffordshire Housing Association Limited ("SSHA") – Became a subsidiary on 10 August 2007 and is registered with the Regulator of Social Housing. It owns 6,192 social housing units. At 31 March 2021, 52 homes were in development. Since 22 September 2019, all of SSHA's funding is provided through a new group funding vehicle, Housing Plus Group Finance Limited (''HPG Finance''). Loans to HPG Finance from Nationwide Building Society, BAE Pension Funds Investment, and Clydesdale Bank plc are secured by charges on properties owned by SSHA.

SSHA has a wholly owned subsidiary, SSHA Developments Limited. This subsidiary previously derived its income from photo-voltaic (PV) panels installed on an office building. The PV panels were sold to SSHA in March 2018. Following a review of SSHA Developments, the company will be dissolved in 2021/22.

Severnside Housing ("Severnside") became a subsidiary on 1 October 2016 and is registered with the Regulator of Social Housing. It owns 6,157 social housing units. At 31 March 2021, 176 homes were in development. Since 22 September 2019, most of Severnside's funding is provided through a new group funding vehicle, Housing Plus Group Finance Limited (''HPG Finance''). Loans to HPG Finance from Nationwide Building Society and Canada Life are secured by charges on properties owned by Severnside. Severnside also has a loan agreement in its own right with Shropshire Council. This loan is also secured by charges on properties owned by Severnside.

Severnside has one wholly owned subsidiary, Severn Homes Limited, which has been established to be a development vehicle for market rent and market sale properties and has the purpose of developing and selling properties for outright sale for the Group.

Stafford and Rural Homes ("SARH") became a subsidiary on 1 October 2019 and is registered with the Regulator of Social Housing. It owns 6,946 social housing units. At 31 March 2021, 161 homes were in development. SARH has loan agreements with Barclays and M&G. SARH has three wholly owned subsidiaries; Housing Worx Limited (HW), Development Worx Limited (DW) and County Town Homes Limited.

HW was set up to provide a wide range of home improvement and maintenance services for commercial clients, including SARH. In addition, HW provides telecare services to other registered providers, local authorities and individual customers under the 'You First Telecare' brand. The group has reviewed HW's operations.

From 1 April 2021, Care Plus has taken over the Telecare activities of HW, as these are more strongly aligned with care than property maintenance. Property Plus has taken over the maintenance work to SARH. It is intended to dissolve HW during 2021-22.

REPORT OF THE BOARD (continued)

Principal activities (continued)

DW provides 'design and build' services to SARH. CTH delivers new build developments for outright sale.

Care Plus (Staffordshire) Limited ("Care Plus") became a subsidiary in April 2010 and delivers care and support services; primarily to the residents of SSHA properties. Care Plus purchased a care home in 2020/21 and is the only property asset it holds. Care Plus is an exempt charity from the date of its incorporation. Care Plus is registered with the CQC.

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. From 2020/21 financial year, this service provision was extended to SARH also.

Housing Plus Group Finance Limited

This is intended to be a funding vehicle for the whole group. The company was set up during 2019/20 and commenced operations on 22 September 2019, when all existing loans originally made to SSHA and Severnside were novated to Housing Plus Finance Limited. The only exception to this is an historic loan from Shropshire Council to Severnside. It is expected that the existing SARH loans will be novated into Housing Plus Finance Limited during 2021/22.

The results of SSHA, Severnside, Property Plus, Care Plus, Severn Homes, Housing Plus Group Finance Limited, SARH, HW, DW, CTH and SSHA Developments have been consolidated into the financial statements of The Housing Plus Group for the year to 31st March 2021.

Board members and Executive Officers

The Group is governed by a Board composed of six non-executive members plus the Group's Chief Executive. Three of the non-executive members are also members of subsidiary Boards. Membership of all Boards across the Group has undergone significant change, as a consequence of the combining of the Group with Stafford and Rural Homes Group on 1 October 2019, the composition of all Boards was re-configured to meet the new business need.

REPORT OF THE BOARD (continued)

There are two Group committees: Audit and Risk, and People. Membership of these committees is drawn from all Boards within the Group and is detailed in Note 10 to the financial statements.

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 and a Property Director. With effect from 1 April 2021 the Executive Team has reduced in size with the role of Neighbourhoods Director being combined with that of the Care and Support Director. The Executive Management Team attend 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.

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 People 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 marketplace. Full details of the remuneration of each Board Member and Executive Management Team Member are provided in note 10 of the financial statements.

Local authority and funders' support

The Group Board wishes to place on record its gratitude for the support of South Staffordshire Council, Shropshire Council and Stafford Borough 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, Canada Life, Shropshire Council, Barclays Bank, M &G and Nationwide Building Society. Our funders continue to respond positively to proposals put to them and give us the benefit of their vast experience in the field of social housing.

REPORT OF THE BOARD (continued)

Accounting policies

The policies can be found on pages 52 to 63 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 Audit and Risk Committee undertake an annual review of the register to ensure that this is reflective of the Group's position.

In October 2019 the newly merged Group confirmed its adoption of 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.

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:

REPORT OF THE BOARD (continued)

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 People 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.

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:

REPORT OF THE BOARD (continued)

Statement of internal controls (continued)

- 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.

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 executive 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 audit providers for 2020/21, Beever and Struthers, concluded that there is an adequate, effective and reliable framework for HPG of internal control which provides reasonable assurance regarding the effective and efficient achievement of the Company's objectives.

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 2021 and up to the date of approval of the financial statements.

REPORT OF THE BOARD (continued)

Statement of Board's responsibilities in respect of the Board's report and the financial statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the group and the association and of the income and expenditure of the group and the association for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group's and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

REPORT OF THE BOARD (continued)

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:

S Jennings
Chair

I Molyneux
Company Secretary

S Boden
Director

29 July 2021

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:

Making a positive difference: homes, lives, and communities

Our strategic priorities to achieve this vision are:

A leading provider of quality, affordable homes

- Begin building 2,000 more homes to meet a range of needs
- Continue to invest in our existing assets, ensuring homes are well maintained and benefit from ongoing improvement programmes
- Maintain sector leader status in property compliance and health and safety activites

A dependable supplier of services that customers can trust

- Implement a Care and Wellbeing Strategy for the integration and growth of services
- Develop harmonised services to customers
- Work with customers across all landlords to create a 'customer voice' model that ensures views are heard

An investor in communities across Shropshire and Staffordshire

- Create 20 apprenticeships in our business and with our partners
- Invest in our communities and provide advice to support financial wellbeing and improve employability
- Offer befriending and support services for our most vulnerable customers

GROUP STRATEGIC REPORT (continued)

Our values

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

- Communication
- Learning
- Accountable
- Respectful
- Inclusive
- Trust
- You

You – Employees
We share a responsibility to live our values every day

You – Customers
YOU are at the heart of all our work

You – Stakeholders
We can do more, with YOU

Our values have been developed by our staff and the board to express how we work with each other, our customers, and our stakeholders. They 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.

GROUP STRATEGIC REPORT (continued)

Business & financial review

The Group returned a surplus for the year of £9.7m. This was £1.8m more than the revised budget for the year.

Despite the Covid-19 pandemic the Group has continued to operate effectively and has had another successful year. We are proud of how our business and people have pulled together to continue to provide vital services throughout a challenging environment.

The Group continues to grow with the acquisition of its first care home in October 2020 and a further 191 units developed. This was also the first full year with SARH as a member of the Group; this has seen the Group focussing on consolidating operations, systems and procedures.

Details of the performance of each of the companies within the Group is further detailed below:

The Housing Plus Group Limited

The parent returned a surplus of £312k for the year. The turnover in the company is intra group and results from it providing corporate services to the rest of the Group.

Housing Plus has invested in ICT services and equipment. The pandemic made us adjust our ways of working; the shift to remote working led the Group to switch to servers in the cloud which allowed a swift and successful transfer to home working. The Group also purchased additional laptops and consumables such as screen protectors and cases which has increased depreciation

SSHA

SSHA achieved an operating surplus of £8.7m, £2.6m below the operating surplus reported in 2019/20. The association achieved an overall surplus on the sale of properties of £0.6m. SSHA continued to re-invest its surpluses into new housing stock and ended the year with 5,940 social housing units, a net increase of 11 on the previous year after Right to Buy (RTB) stock losses.

Arrears performance at the end of the year was 1.5% (1.2% 2019/20) with average arrears levels of £236.73 per case.

Severnside

Severnside achieved an operating surplus of £11.2m (2019/20: £11.7m). Severnside generated £1m from housing property sales and in addition £1.2m was generated from market and other non- social housing lets. Surpluses continue to be re-invested into new housing stock, and the association ended the year with 5,756 social housing units, a net increase of 66 on the previous year after RTB stock losses. Arrears performance

GROUP STRATEGIC REPORT (continued)

at the end of the year was 0.8% (1.3% 2019/20) with average arrears levels of £206.62 per case.

Stafford and Rural Homes (SARH)

SARH achieved an operating surplus of £6.6m, a decrease from £12.2m in 2019/20. £0.8m of which was generated from housing property sales, and £0.7m from private garage rental and other non-social housing income. SARH continued to re-invest its surpluses into new housing stock and ended the year with 6,946 housing units, a net increase of 90 on the previous year after RTB stock losses. Arrears performance at the end of the year was 2.4% against a target of 3.0% with average arrears levels of £491.92 per case.

Property Plus (PP)

Property Plus had a challenging year due to the pandemic. Improvement programmes were suspended for a large portion of the year resulting in a large reduction in turnover. Despite this they were able to return a small surplus (£20k) for the year due to a strong final two quarters when improvement works resumed. Whilst significantly less than the original budget of £877k it was roughly in line with the revised prediction of £32k prepared midway through the year due to the ongoing impact of the Covid-19 pandemic.

Care Plus (CP)

Care Plus acquired the business' first property assets in October 2020 with the purchase of The Sandford, a 35 bed care home in Church Stretton. Domiciliary Care services were affected throughout the year due to care packages being suspended and clients self-isolating resulting in care hours delivered being 4% lower than in 2019/20. Turnover increased by £1.4m compared with the previous year mainly from fully integrating Telecare into the business alongside The Sandford. Care Plus has achieved an increase of £132k to the operating surplus compared to 2019/20 (2020/21- £198k, 2019/20 £233k). The operating surplus was £365k prior to the accounting adjustments for amortisation of the goodwill relating to The Sandford purchase.

Severn Homes

Severn Homes did not trade during 2020/21.

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. Start on site is anticipated in quarter 2 of 2021. The land purchase has been funded by intragroup loans which now stand at £10m from SSHA and £3m from Severnside.

GROUP STRATEGIC REPORT (continued)

Due to interest payments of £470k and administrative expenses of £60k, Severn Homes made a loss of £530k.

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 2021/22 financial year.

Housing Plus Group Finance Limited

All costs of borrowing from the ultimate lenders are recharged to the respective landlords. Operating expenditure of £13,864k was recharged in full leaving a profit for the year of £nil.

County Town Homes Limited (CTH)

CTH previously held land for development but during the year it was decided to dispose of the site which resulted in a loss on sale of £136k. The site was acquired by means of an intra-group loan of £800k of which £725k was repaid in March 2021 following the sale. No further activities were undertaken during the year; audit fees and servicing of intra group debt resulting in an annual loss of £184k.

Development Worx Limited (DW)

Development Worx delivers design and build services on behalf of SARH and for 2020/21 it was forecast to return a surplus of £106k based on turnover of £2,235k in respect of the delivery of scheme at Riverway, Stafford. In October 2020 DW took on the delivery of an additional housing scheme at Saredon Road, Cheslyn Hay, resulting in increased annual turnover of £4,745k resulting in an operating profit of £181k; an increase of £75k on the original budget.

Housing Worx Limited (HW)

HW Property ceased operations on 31 March 2020 with SARH property improvement contracts being delivered by PP during the 2020/21 financial year. HW Telecare transferred its operations to CP on 1 April 2020, generating a surplus of £140k. The current and prior year taxable profits were gifted within the Group (CP £140k and SARH £760k) in the period ended 1st April 2021, after which HW was dormant. It is intended to strike off HW from the Companies House register prior to 31 December 2021.

GROUP STRATEGIC REPORT (continued)

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 Severnside 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. The desire to develop continues following the merger with SARH in October 2019 with the target of 2,000 new homes by 2023 set as part of the corporate plan. The Group remains committed to this target and despite the pandemic causing a delay to completions in 2020/21 are close to achieving it.

For the period 2017-2021 the number of new units delivered by the landlords was (SARH joined the Group in 2019/20):

	2017/18	**2018/19**	**2019/20**	**2020/21**
Severnside	112	122	100	73
SSHA	106	40	47	19
SARH	-	-	299	99
	218	**162**	**446**	**191**

For 2020/21 the tenure split of these units was:

	Severnside			**SSHA**			**SARH**		
	Units	**Cost £'000**	**Grant £'000**	**Units**	**Cost £'000**	**Grant £'000**	**Units**	**Cost £'000**	**Grant £'000**
Developed:									
Affordable Rent	-	-	-	-	-	-	-	-	-
Shared ownership	-	-	-	-	-	-	-	-	-
Off the Shelf Purchases:									
Social Rent	56	6,180	-	-	-	-	30	3,318	-
Affordable Rent	-	-	-	4	436	-	47	5,434	-
Shared ownership	17	2,188	-	15	2,371	-	22	3,092	-
Acquisitions:									
Social Rent	-	-	-	-	-	-	-	-	-
Total	**73**	**8,368**	**-**	**19**	**2,807**	**-**	**99**	**11,844**	**-**

GROUP STRATEGIC REPORT (continued)

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

The Board approved a business plan in May 2021 that demonstrates capacity to build a further 1,276 units by 2027 under the following tenures:

	HPG	SARH	Total
Committed units			
General needs	158	37	195
Affordable rent	-	178	178
Shared ownership	53	55	108
Outright sale	-	36	36
Non committed units			
General needs	91	98	189
Affordable rent	105	209	314
Shared ownership	104	110	214
Market rent	-	1	1
Outright sale	17	24	41
Total units			
General needs	249	135	384
Affordable rent	105	387	492
Shared ownership	157	165	322
Market rent	-	1	1
Outright sale	17	60	77
	528	**748**	**1,276**

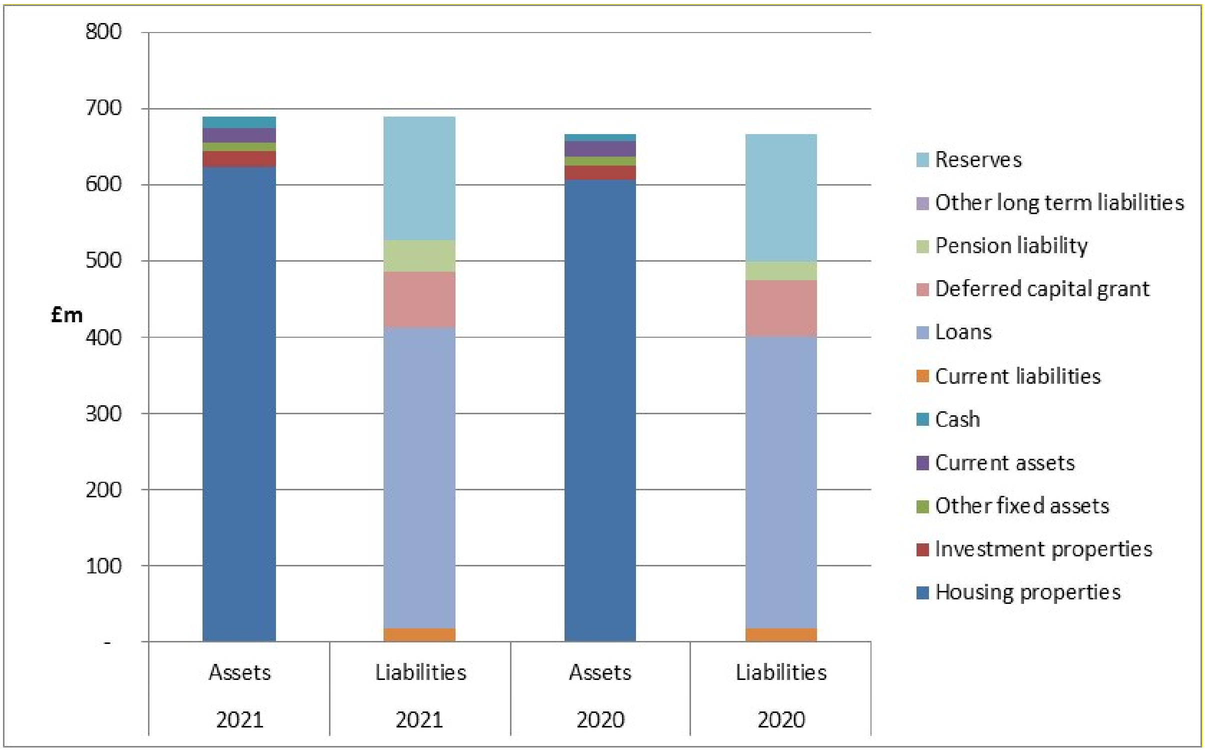
Cashflow

Cash inflows and outflows for the year under review are set out in the Consolidated Statement of Cash Flows. At 31 March 2021 The Housing Plus Group had total cash reserves of £14 million (2020: £10 million), an increase in the year of £4 million. Cash flow generated from operations was £40.1 million, which was an increase on the prior year (£34.1 million).

Statement of Financial Position

Group net assets have decreased by £6.6m this year to £172.9m, driven by the group actuarial losses of £16.2m which are partley ofset by the group surplus for the year of £9.7m.

GROUP STRATEGIC REPORT (continued)



Treasury management

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

Housing Plus Group Finance Limited was incorporated on 12 July 2019 with the aim of sourcing funding on behalf of The Housing Plus Group Limited directly from banks, building societies and capital markets and on-lending the proceeds to asset-owning subsidiaries of The Housing Plus Group at the time being SSHA and Severnside. The Company entered into a secured loan facility agreement with Nationwide Building Society on 22 August 2019 using property owned by fellow subsidiaries of The Housing Plus Group Limited as security. On 31 October 2019, the Company entered into three further secured loan facility agreements with Clydesdale Bank Plc, BAE Systems Pensions Funds Investment Management Ltd and Canada Life Investments respectively, using property owned by fellow subsidiaries of The Housing Plus Group Limited as security.

All of the drawn funding was on-lent to two of the Group's asset owning Registered Provider subsidiaries, SSHA and Severnside. The Company has undrawn revolving credit facilities which have been secured. Non-utilisation fees in relation to undrawn facilities are re-charged to the Group's asset owning Registered Provider subsidiaries – SSHA and Severnside.

SARH currently operates outside of Housing Plus Group Finance Limited and has a direct relationship with its two funders – M&G and Barclays. The funds are secured

GROUP STRATEGIC REPORT (continued)

against SARH properties. Discussions are advanced in relation to SARH joining the HPG financing vehicle; this is expected to happen in 2021/22.

Total Group borrowing at the financial year end comprised:

	HP Finance	Severnside	SARH	Total
	£'000	**£'000**	**£'000**	**£'000**
Nationwide	198,600	-	-	198,600
Canada Life	35,000	-	-	35,000
BAE	45,000	-	-	45,000
Barclays	-	-	36,000	36,000
M&G	-	-	50,000	50,000
Clydesdale Bank plc	8,000	-	-	8,000
Shropshire Council	-	8,533	-	8,533
Total drawn at 31 March 2021	**286,600**	**8,533**	**86,000**	**381,133**
Total facility at 31 March 2021	332,100	8,533	120,000	460,633
Total drawn at 31 March 2020	***283,900***	***8,850***	***75,000***	***367,750***
Total facility at 31 March 2020	*315,400*	*8,850*	*90,000*	*414,250*

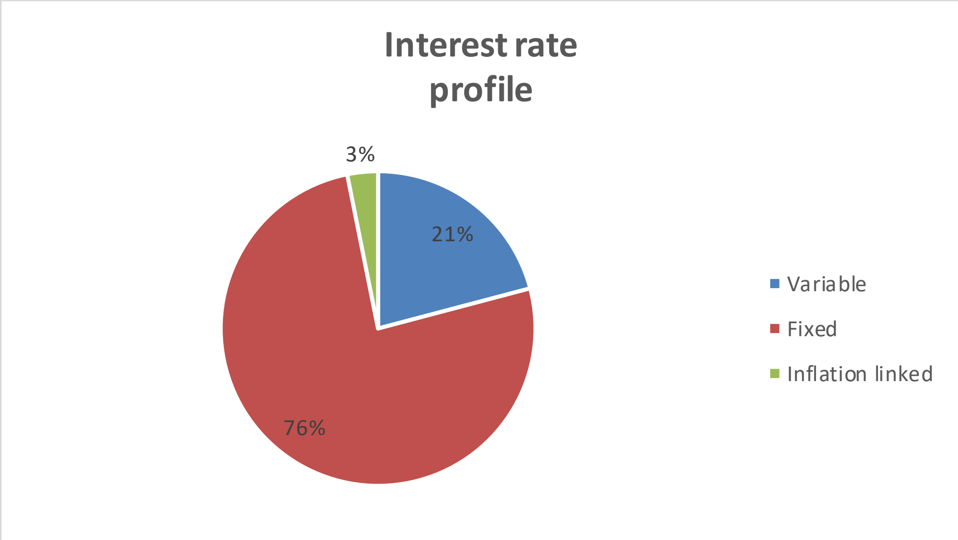
The undrawn facilities of £79.5 million are fully securitised and available to draw down.

During the year the Group negotiated to extend the RCF with Barclays in SARH by £30 million and negotiated an additional £20m with Nationwide in HPG Finance to support future development and strategic priorities.

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, 76% of loans were at fixed rates of varying length, with revolving loan facilities attracting interest at variable rates linked to LIBOR.

GROUP STRATEGIC REPORT (continued)



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.

Going concern

The board reviewed the 30 - year financial plans in May 2021, as part of their normal annual review and budget approval process. The financial plans were stress tested and mitigation plans noted. The Group's principal financial risks were also considered at this time. At that time, the Group Board were satisfied that The Housing Plus Group and all of its subsidiaries had sufficient resources to continue operating for the foreseeable future and accounts have been prepared in the reasonable expectation that The Housing Plus Group is a financially viable organisation.

The effect of Covid-19 has also been continually assessed by the board. The financial implications of the pandemic were reviewed by the Board specifically in 2020/21 when a revised budget was approved for the second half of the financial year. The business plan and stress testing allowed for specific consideration as to the impact on the pandemic and the Board reviewed the organisation's ongoing forecasts and projections to ensure that the organisation remains financially viable.

GROUP STRATEGIC REPORT (continued)

Covid-19 has impacted performance throughout 2020/21. For example, void properties were affected during the first quarter, having to stay empty due to government restrictions. New lettings continue to be affected with 3 additional key to key void days for Covid-19 risk assessments. Improvement works were also suspended during the first 'lockdown' although have since resumed. Despite these impacts, the financial performance of the Group remained high. The Group actually ended the year with a very low arrears figure of 1.58% against a corporate target of 3% which is testament to the hard work of staff across the organisation.

In 2020/21 the Group obtained an extended Revolving Credit Facility with Barclays Bank Plc which included a further £30m of available funds compared to the previous facility with the Bank. In addition a further £20m was secured from Nationwide within the year.

The Group has significant surplus security with most lenders as well as uncharged security. All secured properties are already held in trust and could be allocated quickly to secure any new funding requirements. It is anticipated that SARH will join the HPG financing vehicle in 2021/22 which will further improve liquidity within the Group.

With the onset of Covid-19 cash management has been given additional prominence. Contrary to expectations, income has remained strong throughout the year. Understandably voids performance dipped due to lockdown within the year but improved performance was seen during quarter 4.

In terms of the non - landlord subsidiaries, only Care Plus and Property Plus carry out any significant trading. Demand for Care Plus' services outside of intra group trading remain stable. During the last 12 months Covid-19 has impacted the domiciliary care service to a small degree with some lost or discontinued contracts. However this was not significant to affect the overall viability of the service.

Similarly The Sandford Care Home was initially impacted by the inability to take in new residents and a few cases of Covid-19 within the home. As we move through 2021 there are currently no cases of Covid-19 within the care home and occupancy levels are currently over 80%. Therefore the risk for this service is deemed to be small.

In terms of Property Plus, the impact on income through a reduction in activity during the Covid-19 crisis has been partially offset by furloughing team members. Activity within Property Plus increased when restrictions were eased and works caught up significantly within the last two quarters of the year.

Short term cash flow is monitored daily for all group entities and on a consolidated basis. Cash flow variances are investigated and the information is used to update and improve cash flow forecasts.

Longer-term liquidity is reviewed at least monthly and reported to Board quarterly over an 18 month planning horizon. Again, this process encompasses all group

GROUP STRATEGIC REPORT (continued)

entities. Latest forecasts demonstrate clearly that The Housing Plus Group and all subsidiaries have sufficient liquidity over at least the next 18 months.

As such, the board conclude that The Housing Plus Group and all subsidiaries remain going concerns. The Board remains satisfied that The Housing Plus Group can continue operating for the foreseeable future and accounts have been prepared in the reasonable expectation that The Housing Plus Group and all subsidiaries is a financially viable organisation

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

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. Integration of systems

The highest scoring risks for the Group as at 31 March 2021 are:

- An incident or a breach of ICT security leads to system unavailability and adversely affects the Group;
- The Group suffers financially as it is exposed to fraud, corruption, money laundering or bribery;
- Death or injury is caused due to carrying out maintenance or construction works on the Group's assets;
- High quality employees are not attracted, selected or retained;
- Death or injury is caused due to the condition of the property;
- Contractors and stakeholders other than employees do not follow Health & Safety procedures resulting in injury or prosecution;
- Effective Health and Safety policies and procedures are not in place resulting in prosecution from the H&S Executive;
- The Group fails to scrutinise its activities in line with the expectations of the Regulator and is downgraded;
- Integration of systems has a negative impact on financial resilience, clarity of purpose and capacity and morale;

GROUP STRATEGIC REPORT (continued)

- Pandemic weakens the Group's operational delivery and has a negative impact on Health & Safety of staff and customers, financial resilience and ability to maintain an effective business;

- The Group fails in its duty of care to employees both in relation to HR and Health & Safety (leading to enforcement action);

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.

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.

Value for Money ("VFM")

The Housing Plus Group has continued to deliver VFM during 2020/21 despite the huge challenges that the Covid-19 pandemic has presented for our customers and colleagues.

Headline social housing cost and current tenant arrears have significantly beaten target and are top quartile against our peers.

Targets have been missed this year, some of this is related to the effects of the pandemic. Repair services were limited to emergencies from April to July, with no planned works taking place. Over 50 new homes were delayed from being completed which has also had an impact on some of the metrics below.

Our colleagues have adapted superbly and quickly to working differently. When the Covid-19 pandemic struck we had to change the way we work and deliver services over night. You can see from the details below that we have continued to deliver our corporate plan objectives, and where there have been impacts to our targets we have plans to address these in 2021/22.

GROUP STRATEGIC REPORT (continued)

Value for Money (continued)

VFM Dashboard

Key: **Target:** Achieved or better than target | Below target

Trend: 3 year trend is improving | 3 year trend is declining

Regulator of Social Housing Metrics						
Metric	**Target 2021/22**	**Target 2020/21**	**Performance 2020/21**	**Performance 2019/20**	**Performance 2018/19**	**Trend**
Headline social housing cost per unit	£3,737	£3,420	**£3,140**	£2,875	£3,703	

Headline social housing cost per unit has performed better than target for 2020/21. Covid-19 has had an impact on expenditure, with responsive repairs (except emergencies) and planned works paused for four months from April 2020. Surplus was above target at £11.37m (target £7.84m) this increase has been contributed to by lower management costs and central support costs due to re-structure within the Executive Team and in other departments. Last year's performance was very low due to the inclusion of only six months of SARH accounts due to merger in October 2019 and the way that is treated in the accounts.

Metric	Target 2021/22	Target 2020/21	Performance 2020/21	Performance 2019/20	Performance 2018/19	Trend
Reinvestment	10%	7%	**5.4%**	6.3%	7%	
Reinvestment has been impacted by Covid-19 during 2020/21. The planned works programme was paused for four months, all development sites were delayed for between four and six months. Two significant developments of new homes did not complete in the year as planned. In the second half of the year mitigations were put in place to focus expenditure on safety critical areas such as fire doors & compliance; sub-contractors have been used to accelerate backlogs in Stafford & Rural Homes (SARH) planned works whilst Property Plus ramp up internal resource to deliver the works to Group standards. For 2021/22 plans have been put in place by Property Plus and the Development team to catch up with the delayed works and get back on schedule.						
New supply delivered % (Social Housing)	2.32%	1.55%	**1.01%**	1.3%	1.35%	
New supply delivered % (non-social housing)	0%	0%	**0.21%**	0%	0%	
191 out of a target of 249 homes have been delivered. Covid-19 related delays have caused all sites to be delayed by between four and six months Two developments were not completed in the year as planned due to delays on the installation of a lift at Riversway (80 homes), and a contractor becoming insolvent at Sandon Road site (23 homes), otherwise the target would have been exceeded.						

Metric	Target 2021/22	Target 2020/21	Performance 2020/21	Performance 2019/20	Performance 2018/19	Trend
Gearing %	63%	62%	**61%**	61%	77%	
Gearing has beaten target by 1% for the year. Additional funding has been approved by Board throughout the year to support our development programme in line with our business plan and corporate objectives.						
EBITDA MRI Interest Cover %	156%	155%	**211%**	130%	117%	
The performance for the year has been impacted by reduced spend on capital improvements being reduced for the year. EBITDA will decrease towards the target next year when more is spent on capital improvements and compliance works.						
Operating Margin % (social housing lettings)	25%	27%	**25%**	24%	26%	
Operating Margin % (overall)	25%	29%	**25%**	25%	24%	
Operating margin for social housing lettings and overall have missed target for 2020/21. This is mainly due to less than expected Right to Buy sales and other disposals than forecast. Slightly lower rent receipts for the year have also had an impact due to the day the end of year fell on.						

Metric	Target 2021/22	Target 2020/21	Performance 2020/21	Performance 2019/20	Performance 2018/19	Trend
Return on Capital Employed % (ROCE)	4.1%	4.2%	**4.0%**	4.1%	4.2%	
We reinvested 4% of the total value of our housing assets in new homes and our existing housing stock. The result was less than our target mainly due to less than forecast Right to Buy sales and other disposals which has meant that the target for ROCE has been missed. We predict that we will meet next year's target as capitalised major repairs and new developments are delivered to schedule and budget as we recover from the disruption of the Pandemic.						

GROUP STRATEGIC REPORT (continued)

Value for Money (continued)

<table>
<tr><th colspan="8">Housing Plus Group VFM Metrics 2020-21</th></tr>
<tr><th>Metric</th><th>Target 2021/22</th><th>Target 2020/21</th><th>Performance 2020/21</th><th>Performance 2019/20</th><th>Performance 2018/19</th><th>Trend</th><th>Corporate Objective</th></tr>
<tr><td>% current tenant arrears</td><td>3%</td><td>3%</td><td>1.58%</td><td>1.2%</td><td>1.37%</td><td></td><td rowspan="4">Continue to invest in our existing assets, ensuring homes are well maintained and benefit from ongoing improvement programmes</td></tr>
<tr><td colspan="7">The Group's arrears performance has been maintained close to 2019/20 performance levels despite the impact of the pandemic on the wider economy. This result remains within the top quartile performance for Housemark's national benchmarking service. Arrears remain a close focus for the Group, SARH's income function has been re-structured into a specialist team enabling the implementation of performance targets with a specific focus on Universal Credit.</td></tr>
<tr><td>Voids loss (including rent loss, void repair costs and utilities)</td><td>0.8% of turnover</td><td>£3.62m (reset from £1.51 due to Covid-19)</td><td>£3.3m</td><td>£1.71m</td><td>£1.59m</td><td></td></tr>
<tr><td colspan="7">The turnaround of void properties was severely impacted by the initial Covid-19 lockdowns, where properties were not able to be let. The budget for the year was reviewed, and a new target of £3.62m was approved by Board. The final cost for the year was £3.3m which was below target. The trend is for voids to cost more, there has been a higher turnover of properties in SARH which is being addressed by harmonising processes and teams across the Group.</td></tr>
<tr><td>Compliance with statutory checks</td><td>100%</td><td>100%</td><td>78%</td><td colspan="2">n/a new 2020/21</td><td></td><td>Maintain sector leader status in property compliance and health and safety activities</td></tr>
</table>

Housing Plus Group have a well-defined process & dashboard for monitoring and managing Compliance with statutory checks which is overseen by Board. During the year HPG has integrated SARH properties into this process. Performance for Gas was 99.97% with 5 properties going through the legal process to gain access. Asbestos, Fire Risk Assessments, and Lift checks were all 100%. The overall figure is reduced to 78% by the 5 year Electrical inspection (EICR) programme. 3,500 (46%) of SARH's properties are overdue and are now being brought up to the HPG standard in a strategic project during 2021/22.

Metric	Target 2021/22	Target 2020/21	Performance 2020/21	Performance 2019/20	Performance 2018/19	Trend	Corporate Objective
Customer satisfaction	87%	87%	**80%**	83%	80%		A dependable supplier of services that customers can trust
Customer satisfaction has not met target this year, the key drivers identified are overall communication and the repairs and maintenance service. Both of these elements have been impacted by Covid-19, leading to customers being unclear regarding repair service levels. The Customer Voice team has developed a Group approach to customer satisfaction under the MyVoice brand. Feedback is being used to learn and improve our services, such as standardising repairs diagnostics, and placing technical surveyors in the customer service team and utilising new technologies for video diagnostics and early diagnostics of issues before operatives are sent out.							
% of our Care and Support customers rate our services as 'good' or 'very good'	95%	95%	**86%**	n/a new 2020/21			
In this year's survey to Care customers, 86% rate the service as good or very good, if you include satisfactory the score increases to 94%. Areas for improvement have been identified from the survey, including communication which seems to be a common theme through the past year. This may be due to the impact of Covid-19, which has meant that customers have inevitably felt more isolated and may not be as engaged with electronic communication methods.							
Number of customers supported into work or a better/more permanent job	20	20	**9**	n/a new 2020/21			Invest in our communities and provide advice to support financial wellbeing and improve employability
It has been very challenging trying to secure employment outcomes since Covid-19 first started affecting business. The Government furlough scheme meant that customers had stable incomes, reduced potential redundancies which meant people were less likely to look for an alternative or better job. Many vacancies have been on hold whilst employers try to manage the effects of the pandemic.							

<table>
<tr><td colspan="6">The Employment & Money Advice (EMA) team have found it much harder to build relationships and support customers remotely. With the Digital Dens in Shrewsbury and the offices being closed throughout last year, we have not had the opportunity to use these outlets to work with customers or to attract customers who just want to drop in. As Covid-19 rules relax, and employment opportunities increase we expect this figure to improve in 2021/22.</td><td></td></tr>
<tr><th>Metric</th><th>Target 2021/22</th><th>Target 2020/21</th><th>Performance 2020/21</th><th>Performance 2019/20</th><th>Performance 2018/19</th><th>Corporate Objective</th></tr>
<tr><td>Value of money savings secured for customers by money advice service</td><td>£1.9m</td><td>£2.73m</td><td>£1.77m</td><td colspan="2">n/a new 2020/21</td><td rowspan="2">Invest in our communities and provide advice to support financial wellbeing and improve employability</td></tr>
<tr><td colspan="6">Targets were set prior to the first lockdown and so hadn't accounted for the impact that working remotely has had in achieving the KPI. Normally the EMA team would work face to face with customers and be able to get immediate authorisation from them to speak to external organisations on their behalf. This has delayed the process of securing outcomes. Decisions on benefit applications have also taken longer to process due to the volume of claims agencies have had to deal with during lockdown. There has also been a significantly higher level of disengagement during lockdown. This is partly because some people struggle to communicate over the phone but also because it is normally much easier to build positive relationships face to face.
The Digital Dens in Shrewsbury have not been available for customers to use for drop-in support or for set appointments which has also had an impact. We expect to achieve the reduced target in 2021/22 as the Covid-19 rules relax which will enable more face to face engagement and claims agencies service should start to improve.</td></tr>
<tr><td>Create 20 apprenticeships in our business and with our partners</td><td>20</td><td>20</td><td>21</td><td colspan="2">n/a new 2020/21</td><td rowspan="2">Create 20 apprenticeships in our business and with our partners</td></tr>
<tr><td colspan="6">Fifteen apprenticeships have been created within the Group, both new starters and upskilling our colleagues to enable them to grow into new roles. Jewson have also committed to training three apprentices directly on the Group's new material contract, with one new starter already employed. Three apprenticeships have also been created in the community this year.</td></tr>
</table>

GROUP STRATEGIC REPORT (continued)

Value for Money (continued)

VFM performance against our objectives

The Group's VFM Strategy provides a golden thread between delivering our corporate objectives and providing value for money. In last year's VFM statement we committed to achieving VFM by delivering our corporate objectives for the period 2020-2022:

HOMES

A leading provider of quality affordable homes

- **Begin building 2,000 more homes to meet a range of needs** – 191 out of a planned 249 homes were completed in the year. All new build sites were delayed as a result of the pandemic lockdown restrictions, with 2 sites significantly affected; but these will be completed in addition to the development programme for 2021/22. A new Development Strategy has been approved by board which sets out the Group's absolute commitment to deliver more affordable housing in our priority operational areas. The Strategy highlights the established strong housing needs and customer base within the Group's operational priority areas, which will help in the delivery of the most viable homes in the best locations.
- **Efficient and effective assets** – The Group's sales and marketing teams have been combined under the new County Town Homes brand, adopting common practices and customer experience. The Severnside Housing market rent portfolio has been reviewed, and weaker performing properties have been identified for sale. A new stock condition survey has been commissioned, the results will be used to inform future investment, particularly with regards to compliance and a net carbon strategy, the principles which have been agreed by Board.
- **Compliance** – During an unprecedented year, in addition to an intensive year of operational delivery the Property Services teams have:
    - New Compliance Strategy and performance targets approved by the Board
    - Mobilised two complex compliance programmes to deliver a large first year's cycle of electrical and fire safety, with the full introduction of SARH properties to schedules.
    - Delivered significant compliance projects at Pennycroft Court high rise block and Sandford Nursing Home.
    - Introduced XTag compliance software to a single Group platform for gas, non-gas heating, fire doors and electrical safety. Providing real time compliance data on our assets, operatives and contractors to ensure certifications are valid, asset data is correct and only registered operatives can record the work they are qualified to carry out.

GROUP STRATEGIC REPORT (continued)

Value for Money (continued)

LIVES

A dependable supplier of services that customers can trust

- **Implement a Care and Wellbeing Strategy for the integration and growth of services** – A review of services delivered under the Care Plus brand has been completed, and a new team structure has been implemented to deliver the new Vision and service levels agreed by Board.
- **Increased the delivery of the Wellbeing service** – The impact of the pandemic has led to a change in delivery of this service, with a shift from face to face towards virtual contacts. This has enabled Care Plus to reach more people, including older people living alone in general needs properties.
- **Developed harmonised services to customers** – Services, policies and teams have been harmonised across the Group for Income, Housing and Allocations & Lettings to deliver a consistent and effective service to all our customers.
- **Customer Voice model launched** – The Customer Voice team has worked with customers to develop the MyVoice model. MyVoice incorporates five main elements:
    - **STAR tracker**: general perception surveys to provide an overview of customer perception and identify gaps between service levels and customer expectation.
    - **Transactional surveys**: undertaken by HPG staff with customers who have had recent experience of using our services.
    - **Complaints, feedback & compliments**: responses and analysis of complaints to identify areas to improve and celebrate.
    - **Scrutiny panel**: involved customers undertake projects to review areas of customer dissatisfaction, producing a report which is presented to the Homes Board.
    - **Locality deep dives**: use MyVoice satisfaction data to inform the selection and content of a locality deep dive. Review a local area with local partners (Police, local authority, charities), neighbourhood officers, allocations teams, income teams, ASB teams and customer services. Survey customers of the area via a telephone survey. Use all of this information to identify any specific issues, and produce a plan to communicate those conclusions with the local community to identify needs and develop project plans.

GROUP STRATEGIC REPORT (continued)

Value for Money (continued)

COMMUNITIES

An investor in communities across Shropshire and Staffordshire

- **Create 100 apprenticeships in our business and with our partners** – Our target for year 1 of employing 20 apprentices has been exceeded. We are now planning subsequent years to develop our internal approach and to work with our supply chain, and through the apprenticeship levy to achieve our target.
- **Investing in our communities** – We have reviewed and realigned our Employment and Money Advice teams to ensure that our services are delivered effectively and consistently to all of our customers.
- **Offering a befriending service** – We have started offering befriending and support services for our most vulnerable customers. The befriending service was launched in December 2020 and has been successfully implemented virtually.

Integration and procurement

- **Integration efficiencies** – Governance, legal and consultancy savings have been delivered including:
  - **Insurance** – new consolidated contract: £110k saving
  - **Marketing** in-sourcing marketing services saving £70k
  - **Internal & External Audit** - £17k saving
  - **Treasury support** - £25k saving
  - **Reduction in board members** - £18k saving
  - **Executive team and other staff savings** - £700k savings
- **Procurement** – Other major procurement exercises in the year include, consolidating of material supplies to one Group contract saving £85,000. A new mobile telephony contract for the Group will save £120k per year. The procurement team have also reviewed Photovoltaic (PV) registrations from the SARH stock and reclaimed past feed in tariff fees of £120k and secured improved future fees of £80k per annum.

Benchmarking

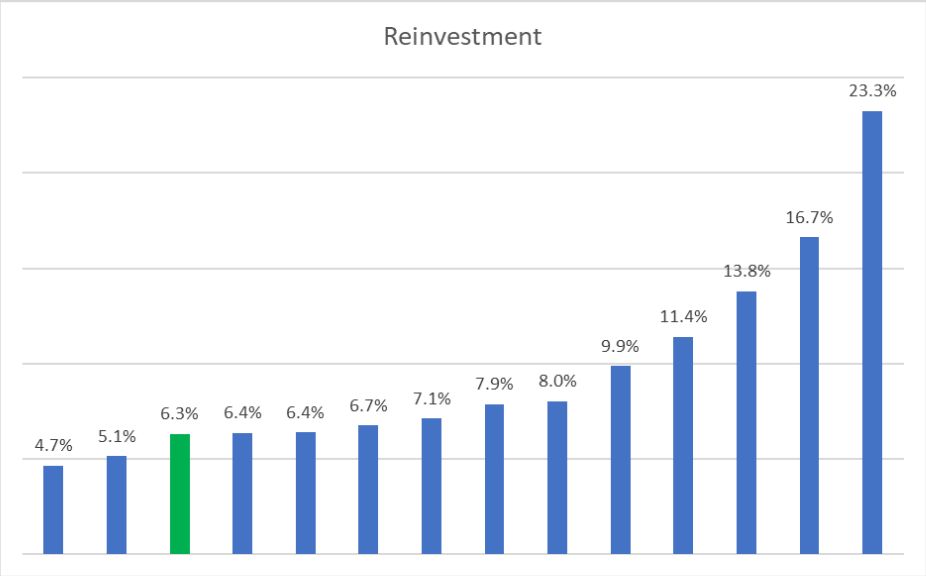
Due to the merger with SARH the Board approved a new peer group to measure our performance for 2020/21 onwards.
Please see graphs below which demonstrate the Group's performance against LSVT and Traditional registered providers with between 15,000 – 25,000 units. London based providers and providers with a high proportion of supported housing have been excluded to ensure a relevant comparison.

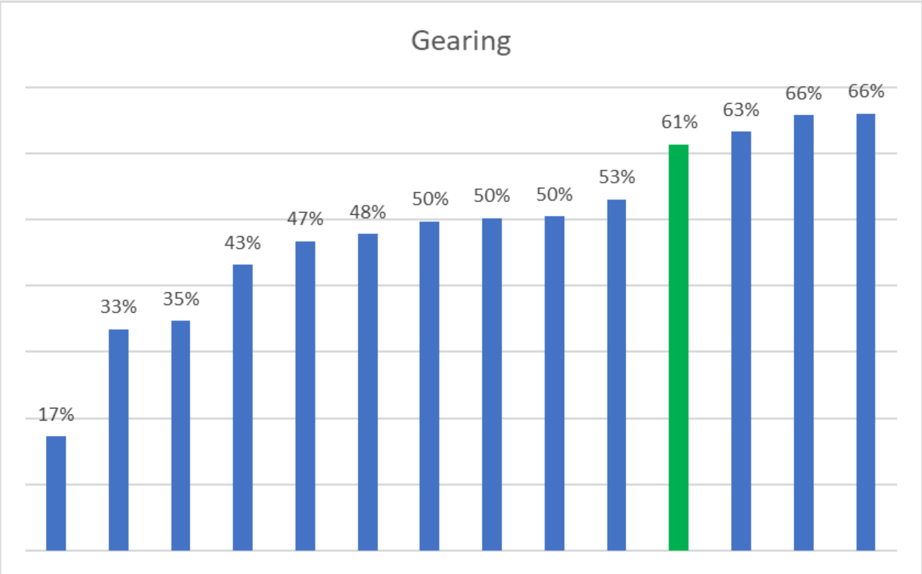
The graphs are divided into two sections, the first graphs are associated with the Groups corporate objective – to be a leading provider of quality, affordable homes, the second section of graphs are related to the regulator's objective to evidence business efficiency.

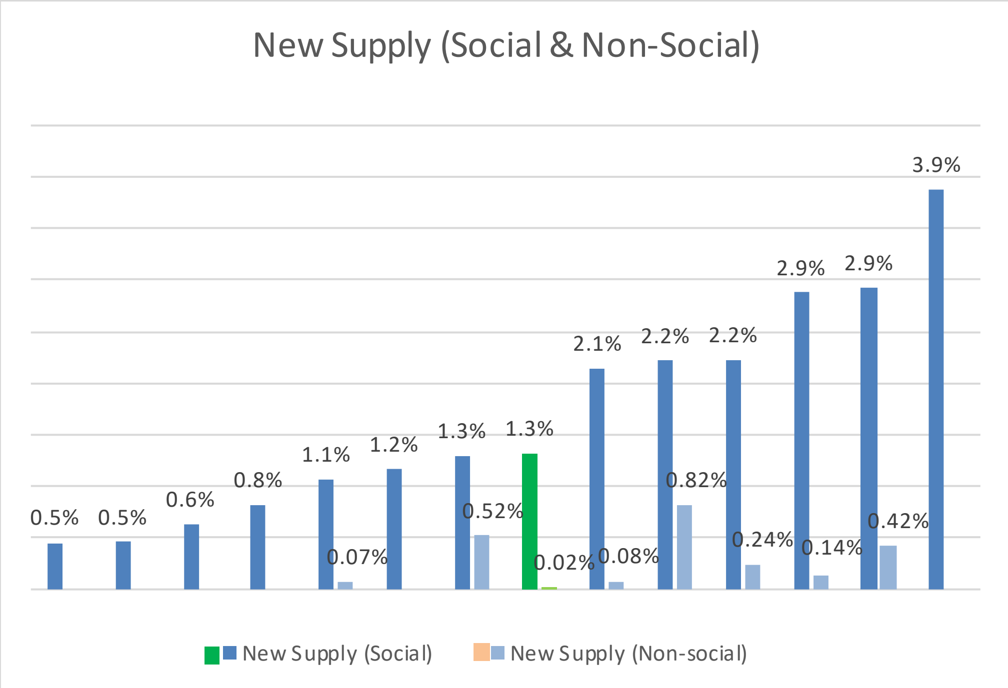
HPG is the green bar on all the charts. Note that the global accounts are a lagging indicator, published in March 2021, but relate to financial year 2019/20.

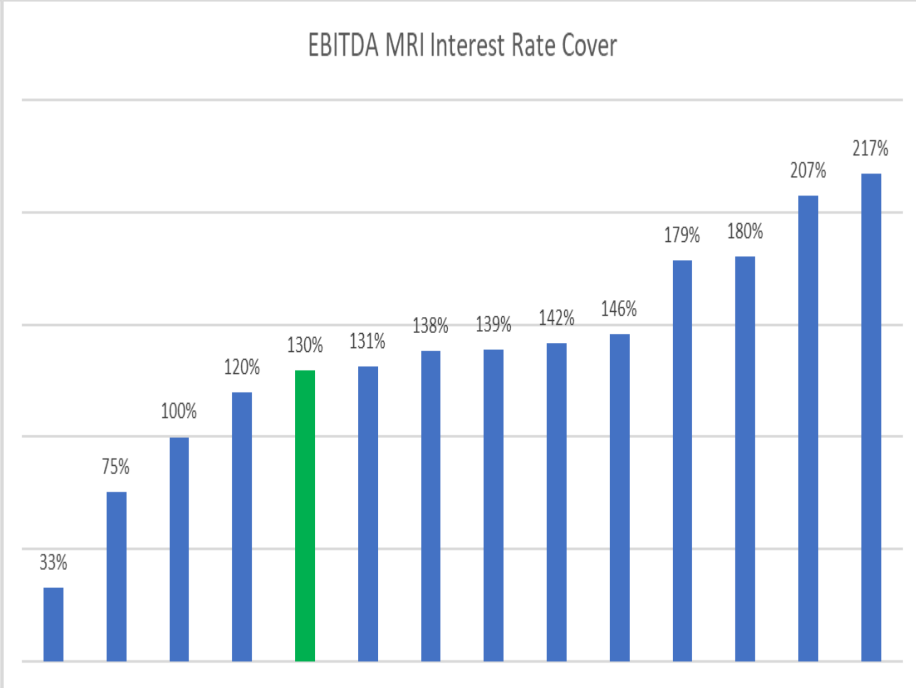
Source: 2020 Global accounts of registered providers – Regulator of Social Housing, March 2021

Homes – A leading provider of quality, affordable homes



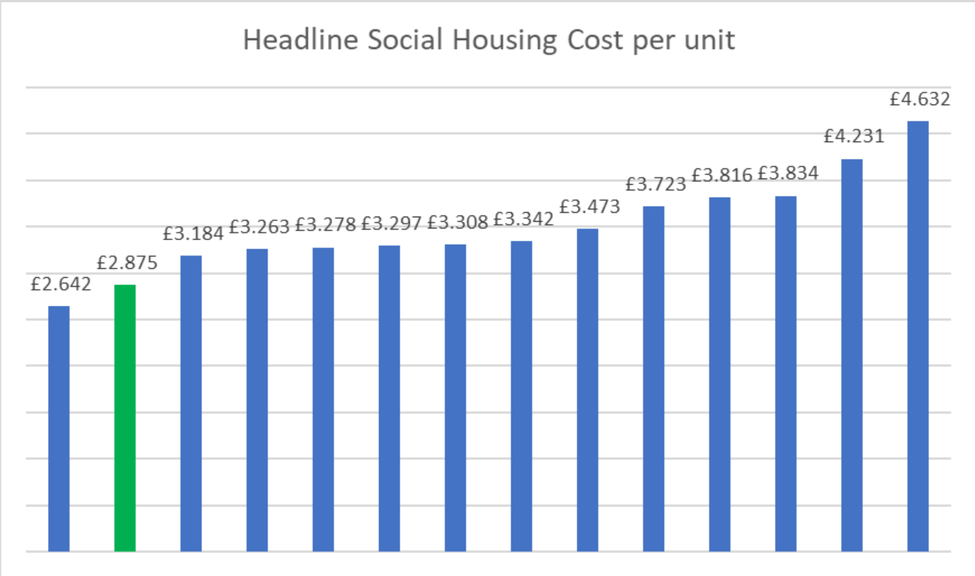


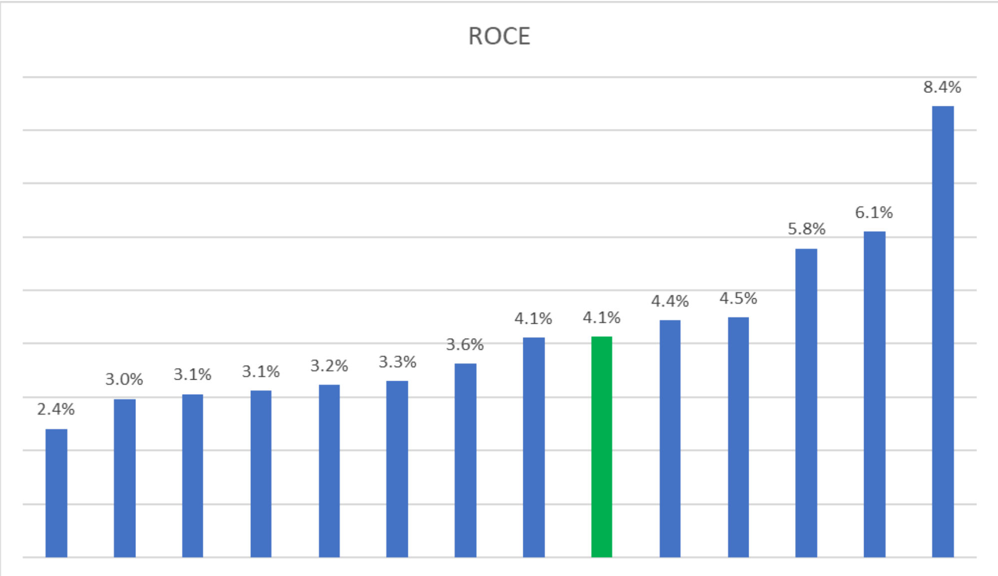


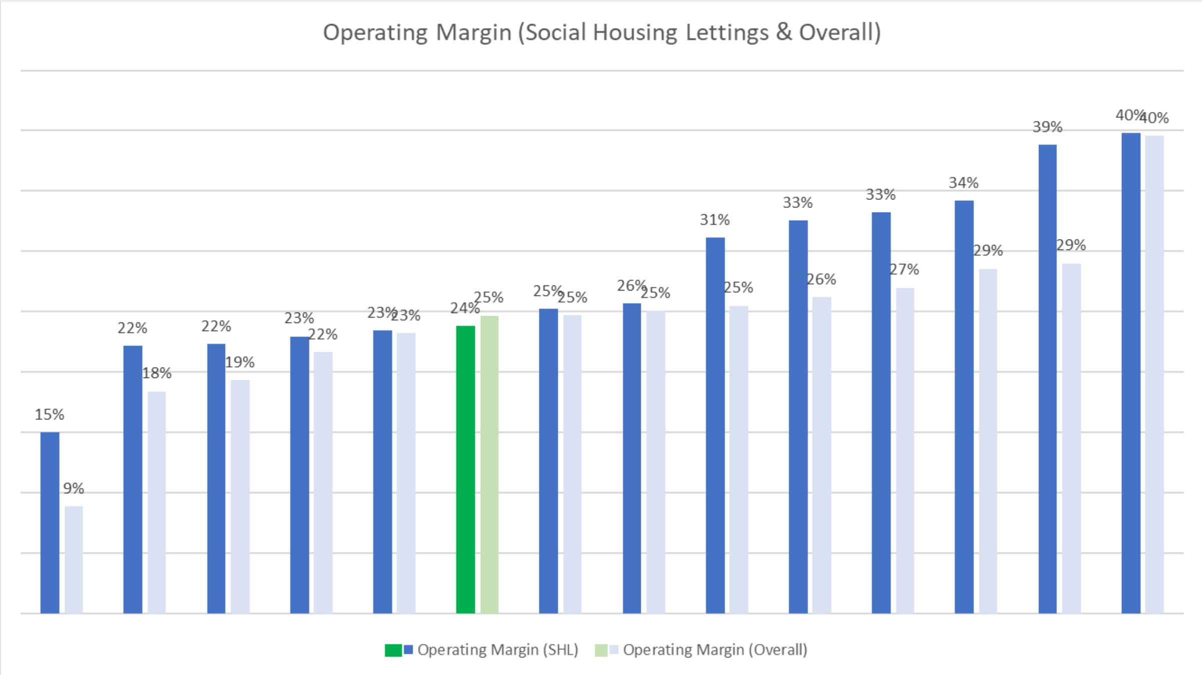


The four graphs above demonstrate that the Group tend to be around the median of the peer group for new supply. Reinvestment of 6.3% was just below the median (7.2%), mainly due to pausing the Stafford and Rural Homes investment programme during the early stages of merger to focus on compliance activities and ensure the Group were delivering a consistent approach to training, and repair and maintenance. Gearing is in the upper quartile at 61% (median 44%), this has improved from 76% in 2018/19 due to merger. This is due to high historic asset values and debt levels which the Group and funders are aware of. The Group continue to lever the debt to develop the business. EBITDA conversely is relatively low compared to the peer group for the same reasons as above.

Business efficiency – delivery VFM







The Group have performed very well against their new peer group for Headline Social Housing cost per unit, the unit cost of £2,875 is almost £1,000 below the median, whilst operating margins are close to the median. Some of the low cost per unit can be contributed to merging with SARH in October 2019. Due to the acquisition accounting method used only six months accounts for SARH are consolidated into the figure. If a combined annual figure for HPG & SARH is used, the unit cost would have been £3,370 which is still below the median. Return on Capital Employed (ROCE) is above average for the peer group demonstrating that the Group is using capital effectively and efficiently.

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GROUP STRATEGIC REPORT (continued)

Value for Money (continued)

Future Plans

Our focus is delivering on the corporate plan (2022-2022) objectives: we have made great strides during 20/21 towards these objectives, as summarised above.

Homes

A leading provider of quality, affordable homes

- Begin building 2,000 more homes to meet a range of needs
- Continue to invest in our existing assets, ensuring homes are well maintained and benefit from ongoing improvement programmes
- Maintain sector leader status in property compliance and health and safety activities

Lives

A dependable supplier of services that customers can trust

- Implement a Care and Wellbeing Strategy for the integration and growth of services
- Develop harmonised services to customers
- Work with customers across all landlords to create a "customer voice" model that ensures views are heard

Communities

An investor in communities across Shropshire and Staffordshire

- Create 20 apprenticeships in our business and with our partners
- Invest in our communities and provide advice to support financial wellbeing and improve employability
- Offer befriending and support services for our most vulnerable customers

As well as ensuring that the above objectives are achieved, there are enabling projects which will be delivered during 2021/22 which support the delivery of our objectives, and enable the business to become more efficient and effective.

These enabling projects include:

- **One Landlord** - The Group is currently consulting with customers to create a single landlord, bringing together our three landlords - Stafford & Rural Homes, Severnside Housing and South Staffordshire Housing Association. The new landlord will be called Homes Plus. By consolidating the three landlords we will become even more effective and efficient, enabling us to add the extra 'Plus' into

GROUP STRATEGIC REPORT (continued)

our homes and services. We will be able to make savings, which we can then reinvest in new housing and improvements to our existing homes and services.

- **Hybrid working** – We have successfully enabled our staff to work at home where possible during the pandemic, issuing cloud-based IT solutions which enable staff to work effectively wherever they are. Our offices will be reviewed and refurbished during 2021/22 to ensure that they are efficient working spaces which are fit for the future, providing great spaces for our colleagues to work, collaborate and develop.
- **Zero carbon strategy** – The Board will be asked to review and approve a new zero carbon strategy. This strategy, along with a new stock condition survey will help to inform a new 30 year investment plan.
- **Procurement** – Further contract consolidation leading to savings and efficiency will continue through procurement exercises, including legal services and training and development.

Self-assessment

After considering 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 our corporate plan.

GROUP STRATEGIC REPORT (continued)

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:

S Jennings
Chair

I Molyneux
Company Secretary

S Boden
Director

29 July 2021

Independent auditor's report to The Housing Plus Group Limited

Opinion

We have audited the financial statements of The Housing Plus Group Limited ("the association") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the group and the association as at 31 March 2021 and of the income and expenditure of the group and the association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group and the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the association or to cease its operations, and as they have concluded that the group's and the association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Board's conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group's and the association's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group's and the association's ability to continue as a going concern for the going concern period.

Independent auditor's report to The Housing Plus Group Limited (continued)

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the association will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Board, the Audit and Risk Committee, internal audit and inspection of policy documentation as to the Group's policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit *and Risk* Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Obtaining a copy of the Group's fraud register.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet *loan covenants* and *regulatory performance targets*, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from *property sales* is recorded in the wrong period and the risk that Group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls

We also performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Assessing significant accounting estimates for bias.
- Sample testing of property sales relating to the period prior to 31 March 2021 to determine whether income is recognised in the correct accounting period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence

Independent auditor's report to The Housing Plus Group Limited (continued)

and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related *co-operative & community benefit society*, and taxation legislation, pensions legislation and specific disclosures required by housing legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: anti-bribery, health and safety, employment law and regulatory oversight by the Care Quality Commission recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Other information

The Group's Board is responsible for the other information, which comprises the Board's Annual Report, the Statement on Internal Controls. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the association has not kept proper books of account; or
- the association has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the association's books of account; or

Independent auditor's report to The Housing Plus Group Limited (continued)

- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

Board's responsibilities

As explained more fully in their statement set out on pages 10 and 11, the association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

SBrown

Sarah Brown
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
8 September 2021

CONSOLIDATED AND PARENT STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2021

	Note	Year Ended 31 March 2021 Group	Year Ended 31 March 2021 Parent	Year Ended 31 March 2020 Restated[25] Group	Year Ended 31 March 2020 Restated[25] Parent
		£'000	£'000	£'000	£'000
Turnover	3	97,745	14,544	79,711	10,552
Cost of sales	3	(3,520)	-	(3,301)	-
Operating costs	3	(69,703)	(14,159)	(56,863)	(11,452)
Surplus on disposal of housing properties	3c	1,524	-	6,880	-
Movement in fair value of investment properties	12c	884	-	(62)	-
Operating surplus/(deficit)		**26,930**	**385**	**26,365**	**(900)**
Interest receivable and similar income	4	43	-	32	14
Interest and financing costs	5	(17,303)	(73)	(17,916)	(103)
Fair value on business acquisition	25	-	-	132,332	-
Distribution received from subsidiary	26	-	-	-	35
Surplus/ (deficit) before taxation	6	**9,670**	**312**	**140,813**	**(954)**
Taxation on surplus/(deficit)	7	-	-	-	-
Surplus/(deficit) for the financial year		**9,670**	**312**	**140,813**	**(954)**
Actuarial (loss)/ gain in respect of pension schemes	21	(15,154)	(4,355)	12,159	1,064
Total comprehensive income for the year		**(5,484)**	**(4,043)**	**152,972**	**110**

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

The accompanying notes on pages 52 to 109 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
for the year ended 31 March 2021

Group	Income and Expenditure Reserve	Restricted Reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2020	**176,920**	**2,533**	**179,453**
Total surplus from Statement of Comprehensive Income	**9,347**	**323**	**9,670**
Actuarial losses on defined benefit pension schemes	(15,154)	-	(15,154)
Other Comprehensive Income for the year	**(15,154)**	**-**	**(15,154)**
Capital spend in the year	-	(76)	(76)
Balance at 31 March 2021	**171,113**	**2,780**	**173,893**

Group	Restated[25]		
	Income and Expenditure Reserve	Restricted Reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2019	**24,006**	**3,043**	**27,049**
Total surplus from Statement of Comprehensive Income	**140,813**	**-**	**140,813**
Actuarial gains on defined benefit pension schemes	12,159	-	12,159
Other Comprehensive Income for the year	**12,159**	**-**	**12,159**
Capital spend in the year	-	(568)	(568)
Reclassification	(58)	58	-
Balance at 31 March 2020	**176,920**	**2,533**	**179,453**

The accompanying notes on pages 52 to 109 form part of these financial statements.

PARENT STATEMENT OF CHANGES IN RESERVES
for the year ended 31 March 2021

Parent	Income and Expenditure Reserve	Restricted Reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2020	**(2,760)**	**-**	**(2,760)**
Total surplus / (deficit) from Statement of Comprehensive Income	**312**	**-**	**312**
Actuarial (loss) / gain on defined benefit pension scheme	(4,355)	-	(4,355)
Other Comprehensive Income for the year	**(4,355)**	**-**	**(4,355)**
Balance at 31 March 2021	**(6,803)**	**-**	**(6,803)**

Parent	Restated[25] Income and Expenditure Reserve	Restricted Reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2019	**(2,870)**	**-**	**(2,870)**
Total surplus / (deficit) from Statement of Comprehensive Income	**(954)**	**-**	**(954)**
Actuarial gains / (losses) on defined benefit pension scheme	1,064	-	1,064
Other Comprehensive Income for the year	**1,064**	**-**	**1,064**
Balance at 31 March 2020	**(2,760)**	**-**	**(2,760)**

The accompanying notes on pages 52 to 109 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2021

	Note	As at 31 March 2021		As at 31 March 2020 Restated[25]	
		Group	Parent	Group	Parent
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets and goodwill	10	2,133	750	237	237
Tangible fixed assets					
Housing properties	11	623,146	-	606,173	-
Other tangible fixed assets	12b	8,958	474	9,793	202
Investment properties	12c	20,654	-	19,770	-
		654,891	**1,224**	**635,973**	**439**
Current assets					
Stocks	12e	14,118	-	15,391	-
Debtors	13	6,693	1,315	5,453	1,724
Investments		8	-	7	-
Cash and cash equivalents		13,939	728	9,950	48
Less: Creditors: Amounts falling due within one year	14	(22,737)	(2,522)	(23,010)	(1,753)
Net current assets/(liabilities)		**12,021**	**(479)**	**7,791**	**19**
Total assets less current liabilities		**666,912**	**745**	**643,764**	**458**
Creditors: Amounts falling due after more than one year	15	(453,119)	-	(439,594)	-
Pension liability	21	(39,900)	(7,547)	(24,717)	(3,217)
Total net assets		**173,893**	**(6,802)**	**179,453**	**2,759**
Reserves					
Income and expenditure reserve		171,113	(6,803)	176,920	(2,760)
Restricted reserve		2,780	-	2,533	-
Total reserves		**173,893**	**(6,803)**	**179,453**	**(2,760)**

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

S Jennings
Chair

S Boden
Director

I Molyneux
Company Secretary

29 July 2021

The accompanying notes on pages 52 to 109 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2021

	Note	Year Ended 31 March 2021		Year Ended 31 March 2020	
		£'000	£'000	£'000	£'000
Cash from operations	23		**39,761**		**32,086**
Taxation receivable / (payable)			(650)		2,046
Net cash generated from operating activities			39,111		34,132
Cash flows from investing activities					
Cash from business acquisition		-		10,113	
Purchase of tangible fixed assets		(36,583)		(39,277)	
Purchase of intangible assets		(2,876)		(202)	
Proceeds from sale of tangible fixed assets		6,809		13,350	
Grants received		1,254		941	
Interest received		41		32	
Net cash from investing activities			**(31,355)**		**(15,043)**
Cash flows from financing activities					
Interest paid		(17,150)		(17,084)	
Loan drawdown/new loans		17,000		12,000	
Repayments of borrowings		(3,617)		(7,608)	
Net cash used in financing activities			**(3,767)**		**(12,692)**
Net increase/(decrease) in cash and cash equivalents		3,989		6,397	
Cash and cash equivalents at beginning of the year		9,950		3,553	
Cash and cash equivalents at the end of the year	24		**13,939**		**9,950**

The accompanying notes on pages 52 to 109 form part of these financial statements.

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 Financial Reporting Standard 102.

2. Accounting policies

A summary of the key accounting policies, which have been applied consistently across all group 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), UK Generally Accepted Accounting Practice (UK GAAP) including FRS102 (*the Financial Reporting Standard* applicable in the UK and Republic of Ireland), 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.

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

The financial statements are presented in pounds sterling (£).

The accounts have been prepared in accordance with applicable accounting standards under the historical cost accounting rules and on a going concern basis.

The Directors have reviewed the 30 year business plan for the Group as part of their normal annual review and budget approval process. The financial plans were stress tested against 3 different scenarios including economic, welfare and compliance changes and a 'perfect storm' scenario was performed combining all of the other 3 scenarios. Debt mitigations were needed for the Group business plan for all scenarios, with the 'perfect storm' scenario requiring a 25% reduction in repairs and maintenance spend of £9.6m, the removal of £80m of uncommitted development, a reduction in non-business critical back office costs of £1.27m per annum and the sale of the Groups market rented properties valued at £13.4m and the Groups offices valued at £6m. This would allow the 'perfect storm' scenario to be managed internally for a period of 3 years, after this the Board would need to consider longer term actions. In addition, a reduction in SARH non-business critical back office costs of £0.6m per annum and the sale of SARH investment properties and offices generating £3.3m is required to maintain SARH loan compliance against the EBITDA (MRI) covenant.

The impact of the Covid-19 outbreak has been considered by the Directors. The Group continues to operate effectively with the majority of support staff working from home and other staff abiding by social distancing. Contrary to expectations the landlords have performed well to date. Rental income collection has remained strong during the period with little change in the arrears figure to date with performance at 1.58% which is below the corporate target of 3%. Voids performance suffered during the 'lockdown'

NOTES TO THE FINANCIAL STATEMENTS (continued)

period, but performance has since improved, and it is anticipated that void loss will be controlled around the budget level. Development work was also suspended during the start of the 2020/21 financial year but has since resumed.

In terms of the non - landlord subsidiaries, only Care Plus and Property Plus carry out any significant trading. Demand for Care Plus' services outside of intra group trading remain stable. The Sandford Care Home was initially impacted by the inability to take in new residents and a few cases of Covid-19 within the home however the care home and occupancy levels are currently over 80%. Therefore the risk for this service is deemed to be small.

In terms of Property Plus, income was significantly reduced in the first two quarters due to suspension of the planned maintenance programme. Activity within Property Plus increased when restrictions were eased and works caught up significantly within the last two quarters of the year and they were able to end the year returning small surplus.

As at 31st March 2021 the Group had £13.94m of cash and a further £79.5m of available facilities ready to draw down. The Group has increased its Revolving Credit Facility with Barclays to £45m from £15m and increased the Nationwide Revolving Credit Facility to £65m from £45m.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities the Board believe that while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Group's ability to continue as a going concern for the foreseeable future, which is a period of at least 12 months from signing of the accounts and audit report. The Board therefore consider it appropriate for the accounts to be prepared on a going concern basis.

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.

At 31 March 2021, the wholly owned subsidiaries were: South Staffordshire Housing Association Limited (SSHA), Severnside Housing, Stafford and Rural Homes (SARH), Severn Homes Limited, Care Plus Staffordshire Limited, SSHA Developments Limited (formerly Acton Gate Limited), Property Plus (Midlands) Limited and Housing Plus Group Finance Limited.

The consolidated statement of financial position at 31 March 2021 incorporates the assets and liabilities of all entities within the group at that time. The consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows incorporate the results for the period that they were members of the group.

The consolidated statement of financial position at 31 March 2021 incorporates the assets and liabilities of all entities within the group at that time. The consolidated statement of comprehensive income, consolidated statement of changes in equity and

NOTES TO THE FINANCIAL STATEMENTS (continued)

consolidated statement of cash flows incorporate the results for the period that they were members of the group.

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

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 the parent company's financial statements have not been presented where equivalent disclosures have been provided for the Group as a whole.
- No disclosure has been made for the aggregate remuneration of the key management personnel of the parent as their remuneration is included in the totals for the group as a whole.

c) Turnover and income recognition
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 notes to the financial statements 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 financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs (HMRC).The Group and subsidiaries are able to reclaim VAT in line with a Partial Exemption Special Method agreed with HMRC.

VAT reclaimed under the partial exemption method is calculated using a sectorised approach, allowing the different activities of the Group to be assessed separately for recovery based on the VAT treatment of the supply.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 payable and other finance costs

Interest and finance costs represent 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 housing properties owned by SSHA, Severnside Housing and Stafford and Rural Housing.

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

Interest is capitalised on borrowings to finance the development of qualifying assets to the extent that it accrues in respect of the period of development if it represents:

i) Interest on borrowings specifically financing the development programme after deduction of related grants received in advance; or

ii) A fair amount of interest on borrowings, as a whole, after deduction of SHG received in advance, to the extent that they can be deemed to be financing the development programme

f) Taxation

The Parent, SSHA, Care Plus, Severnside and Stafford and Rural Homes 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.

g) Pensions

The Group participates in a number of defined benefit 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).

Re-measurement of the net liability (or asset) is recognised as actuarial gains/losses in Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

SARH also participates in the Social Housing (defined contribution) Pension Scheme (SHPS). Contributions to defined contribution pension schemes are charged to the Statement of Comprehensive Income in the year in which they become payable.

h) 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.

i) Housing properties
Housing properties are held for the provision of social housing or to otherwise provide social benefit.

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 (including capitalised interest, see (e) above).

Housing properties under construction are stated at cost less accumulated impairment losses.

Completed housing properties are split between their land and other components. 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.

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

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.
- The estimated useful lives of components and classes of components are kept under review.
- 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Component estimated useful life

• Structure	75 - 100 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, fascia's and guttering	30 years
• Porches	30 years
• Solar Panels	30 years
• Housing Act Sewerage Works	25 years

j) 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. (See (e) above, interest payable and other finance costs)

k) 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.

If an asset (housing property or any of its components) 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 as income to the Statement of Comprehensive Income.

l) 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.

The proceeds of first tranches sales 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 sold or estimated to be sold.

Properties developed for sale that are either unsold or work in progress at the year-end are included in current assets. Any subsequent tranches sold ('Stair-casing') 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, Severnside and Stafford and Rural Homes may 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 cost of each property sold. An average cost 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).

m) 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

n) 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

NOTES TO THE FINANCIAL STATEMENTS (continued)

- IT software 4 years
- Furniture & equipment 5 years
- Photocopiers 3 years
- IT hardware 2 years

For assets categorised as other tangible fixed assets the threshold for capitalisation is £500 for a single asset or group of assets.

o) Impairment

The Group carries out an annual impairment review of individual tangible fixed assets and cash generating units. The Group considers cash generating units to be schemes or geographical areas depending on size.

The review takes into account internal and external indicators of impairment; including obsolescence, physical damage, expected cash flows, replacement values market factors and government policy.

Where an indicator of impairment exists, an impairment assessment is performed. The assessment compares the carrying amount to the recoverable amount If the carrying amount of an asset or cash generating unit exceeds the higher of the value in use or fair value less costs to sell 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.

p) Leased assets and leasing obligations

At inception, the Group assesses all 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.

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 in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS (continued)

q) Goodwill
Goodwill represents the excess of the cost of a business combination over the fair value of the net identifiable assets at the date of acquisition.

Housing Plus Group recognises intangible assets from goodwill if the intangible meets all of the following three criteria:

- meets the recognition criteria per FRS 102.18.4
- are separable
- arise from contractual or other legal rights.

Goodwill on acquisitions is included in 'intangible assets' and is carried at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be in line with any financing made available to acquire the business or business combination. The estimated useful lives are as follows:

- The Sandford Care Home – 4.5 years

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with FRS 102 Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

r) Stocks
Stocks are stated at the lower of cost and net realisable value.

s) 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.

t) 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 recorded in the Statement of Comprehensive Income.

u) Cash and cash equivalent
'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.

v) Loan issue costs
Loan issue costs are amortised over the life of the related loan. Loans are presented in the Statement of Financial Position within creditors falling due after more than one year net of any unamortised loan issue costs.

Amortised loan issue costs are recognised in the Statement of Comprehensive Income in the year, and are included within interest payable and similar charges

w) Provisions for liabilities and charges
The Group only makes a provision 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.

x) 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.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

The difference on transition between the fair value of investment properties and the historical cost carrying value is credited to the revaluation reserve.

z.a.) Judgements in applying accounting policies and key sources of estimation uncertainty

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 below:

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.

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 2021, the range of assumptions used by the individual schemes of which the Group is a member is shown in Note 20 of the financial statements.

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)

iv) Leases

Whether leases entered into by the Group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

v) Development expenditure

The anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale. This judgement is also based on the best estimate of sales value based on economic conditions within the area of development.

vi) Assets

The appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership between current and fixed assets. The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.

vii) Revaluation of investment properties

The association carries its investment property at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. The association engaged independent valuation specialists to determine the fair value at the reporting date. The valuer used a valuation technique based on a discounted cash flow model. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long-term vacancy rate.

z.b.) Other key sources of estimation uncertainty

i)Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, if appropriate. The actual lives of the assets are assessed annually and may vary depending on a number of factors.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

ii) Debtors

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Group	Note	Year Ended 31 March 2021 Turnover	Cost of Sales	Operating Expenditure	Operating Surplus/ (Deficit)	Year Ended 31 March 2020 Restated Turnover	Cost of Sales	Operating Expenditure	Operating Surplus/ (Deficit)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings									
Income and expenditure from social housing lettings	3a	86,434	-	(65,045)	21,389	70,141	-	(53,551)	16,590
Other social housing activities									
1st Tranche LCHO sales		3,658	(2,586)	(172)	900	4,036	(2,981)	(108)	947
Leaseholders		113	-	(116)	(3)	121	-	(100)	21
Tenant garages		179	-	-	179	196	-	-	196
Charges for support services		-	-	-	-	102	-	(96)	6
External activities		3,146	-	(3,164)	(19)	2,257	-	(2,422)	(165)
Office depreciation and impairment		-	-	(181)	(181)	-	-	(53)	(53)
Other activities		510	-	(92)	419	484	-	(193)	291
		7,606	(2,586)	(3,725)	1,295	7,196	(2,981)	(2,972)	1,243
Activities other than social housing activities									
Shops		183	-	-	183	71	-	(4)	67
Private garages		865	-	(34)	831	972	-	(144)	828
Market and commercial rent		963	-	(109)	854	967	-	(149)	818
Sandford care home		711	-	(730)	(19)				
Other		233	-	-	233	364	(320)	-	44
Market sales		750	(934)	(60)	(244)	-	-	(43)	(43)
		3,705	(934)	(933)	1,838	2,374	(320)	(340)	1,714
Total		**97,745**	**(3,520)**	**(69,703)**	**24,522**	**79,711**	**(3,301)**	**(56,863)**	**19,547**

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Parent	Note	Year Ended 31 March 2021				Year Ended 31 March 2020			
		Turnover	Cost of Sales	Operating Expenditure	Operating Surplus/ (Deficit)	Turnover	Cost of Sales	Operating Expenditure	Operating Surplus/ (Deficit)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings									
Income and expenditure from social housing lettings	3a	-	-	-	-	-	-	-	-
Other social housing activities									
Charges for support services		14,535	-	(14,290)	245	10,552	-	(11,452)	(900)
External activities		-	-	-	-	-	-	-	-
Intra group		9	-	131	140	-	-	-	-
		14,544	-	(14,159)	385	10,552	-	(11,452)	(900)
Total		**14,544**	**-**	**(14,159)**	**385**	**10,552**	**-**	**(11,452)**	**(900)**

All social housing activities are undertaken by SSHA, Severnside and Stafford and Rural Homes (from 1 October 2019) 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 2021						Year Ended 31 March 2020 Restated	
	General Housing	Supported Housing	Low Cost Home Ownership	Care Housing	Group Total	Parent Total	Group Total	Parent Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	64,693	9,752	1,819	3,872	80,136	-	65,042	-
Service charges income	865	2,757	419	1,502	5,543	-	4,430	
Amortised government grants	471	54	56	118	699	-	649	
Other income	20	36	-	-	56	-	20	
Turnover from social housing lettings	**66,049**	**12,599**	**2,294**	**5,492**	**86,434**	**-**	**70,141**	**-**
Management	(15,943)	(3,957)	(591)	(1,155)	(21,646)	-	(19,302)	-
Service charge costs	(160)	(1,252)	(1)	(1,379)	(2,792)	-	(3,593)	-
Routine maintenance	(9,633)	(131)	(8)	(103)	(9,875)	-	(6,314)	-
Planned maintenance	(13,258)	(1,218)	(25)	(518)	(15,019)	-	(11,283)	-
Bad debts	(235)	(19)	-	(15)	(269)	-	(218)	-
Depreciation of housing properties	(12,127)	(2,494)	(302)	(521)	(15,444)	-	(12,842)	-
Operating costs on social housing lettings	**(51,356)**	**(9,071)**	**(927)**	**(3,691)**	**(65,045)**	**-**	**(53,551)**	**-**
Operating surplus on social housing lettings	**14,693**	**3,528**	**1,367**	**1,801**	**21,389**	**-**	**16,590**	**-**
Void losses	(481)	(250)	(1)	(85)	(817)	-	(411)	-

The parent does not have any housing stock for letting

NOTES TO THE FINANCIAL STATEMENTS (continued)

3b. Classes of accommodation in management and development

	Year Ended 31 March 2021		Year Ended 31 March 2020	
	Group	Parent	Group	Parent
	Units	Units	Units	Units
General housing				
- Social rent	13,756	-	13,878	-
- Affordable rent	1,226	-	986	-
Supported housing and housing for older people				
- Social rent	2,492	-	2,509	-
- Affordable rent	41	-	28	-
Low cost home ownership	693	-	643	-
Care housing				
- Social rent	201	-	201	-
- Affordable rent	50	-	50	-
Total social housing units	18,459		18,295	
Market rent	122	-	122	-
Other	2	-	2	-
Leasehold	672	-	671	-
Total social housing owned	**19,255**	**-**	**19,090**	**-**
Non social leasehold	40	-	40	-
Total owned and managed	**19,295**	**-**	**19,130**	**-**
Accommodation in development at the year end	389	-	486	-

3c. Surplus on disposal of housing properties

Group	Year Ended 31 March 2021				Year Ended 31 March 2020
	LCHO	RTB	Other Properties	Total	Total
	£'000	£'000	£'000	£'000	£'000
Disposal proceeds	-	1,271	986	2,257	8,763
Cost of sales	-	(396)	(315)	(711)	(1,874)
Selling costs	-	(16)	(6)	(22)	(9)
Net surplus on disposal of housing properties	**-**	**859**	**665**	**1,524**	**6,880**

Housing Plus as a parent disposed of no housing properties (2020: nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

4.Interest receivable and similar income

	Year Ended 31 March 2021		Year Ended 31 March 2020	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Interest received from current asset investments	43	-	32	-
Other loans to group undertakings	-	-	-	14
Interest receivable and other income	**43**	**-**	**32**	**14**

5.Interest payable and financing costs

	Year Ended 31 March 2021		Year Ended 31 March 2020	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Bank loans and overdraft	(17,407)	-	(16,774)	-
Loan commission and commitment fees	(50)	-	(50)	-
Loan amortisation	1,120	-	562	-
Renegotiation fees	(285)	-	(901)	-
Capitalised interest	223	-	196	-
Non utilisation fee	(347)	-	(55)	-
Net interest on pension liability	(557)	(73)	(894)	(103)
Interest payable and similar charges	**(17,303)**	**(73)**	**(17,916)**	**(103)**

Interest was capitalised at an average rate of 4.54% (2020: 5%)

NOTES TO THE FINANCIAL STATEMENTS (continued)

6.Surplus on ordinary activities before taxation

	Note	Year Ended 31 March 2021		Year Ended 31 March 2020 Restated	
		Group	Parent	Group	Parent
		£'000	£'000	£'000	£'000
Depreciation:					
Housing assets		15,443	-	12,842	-
Other fixed assets		1,250	257	927	253
Impairment:					
Housing assets		-	-	(26)	-
Other fixed assets		1,308	-	-	-
Amortisation:					
Intangible fixed assets	11	980	813	38	38
Grants		(699)	-	(650)	-
Fair value movement (gain)/ loss		(884)	-	62	-
Operating lease rentals	19	437	39	458	36
External auditors' remuneration (incl. expenses):					
Fees for the audit of the financial statements		120	28	108	24
Fees for other services		48	7	7	-

7.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 2021		Year Ended 31 March 2020 Restated	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Surplus / (deficit) on ordinary activities before tax	9,670	312	140,813	(954)
Tax on surplus on ordinary activities at standard UK corporation tax rate of 19% (2020: 19%)	1,837	59	26,476	(181)
Effects of:				
Income not taxable in determining taxable surplus	(1,934)	(59)	(26,431)	-
Deferred tax not recognised	97	-	45	181
Adjustments to tax charge in respect of previous periods	-	-	-	-
Total	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

8.Employees

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

	Year Ended 31 March 2021		Year Ended 31 March 2020	
	Group	Parent	Group	Parent
	Number	Number	Number	Number
Administration and management	345	136	318	119
Property services	182	137	204	111
Housing support and care	191	28	174	30
Other	22	22	16	16
Total	**740**	**323**	**712**	**276**

Employees' costs:

	Note	Year Ended 31 March 2021		Year Ended 31 March 2020	
		Group	Parent	Group	Parent
		£'000	£'000	£'000	£'000
Wages and salaries		22,539	11,025	23,477	9,734
Social security costs		2,042	1,120	2,007	918
Other pension costs	20	2,247	1,148	2,256	1,104
Total		**26,828**	**13,293**	**27,740**	**11,756**

9.Directors' emoluments

Directors (key management personnel) are defined as the members of the board, the Chief Executive and other Executive Directors

Below are the emoluments paid to the Board Members.

Summary of Board Members Pay	Year Ended 31 March 2021		Year Ended 31 March 2020	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Pay	189	189	147	147
National insurance	6	6	7	7
Total	**195**	**195**	**154**	**154**

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Directors' emoluments (continued)

Detail of Board Members' Pay	31 March 2021 £'000	Group Board	Homes Board	Property Board	Care Plus Board	Audit Committee	HPG Finance	People Committee
A Dhillon	9	♦			♦			
A Burns (appointed 15 July 2020)	4					♦		
C Dass	10	♦	0					♦
C Purdy (appointed 12 November 2020)	-		♦					
C Royall	9		♦					
E Harrison	9		♦				♦	♦
G Evans	14	♦	♦				♦	♦
G Betts (appointed 27 August 2020)	6	♦			♦			
H Punchihewa (resigned 1 July 2020)	8				0			
H Bowman (appointment 12 November 2020)	3		♦			♦		
I Farrell	9			♦				
J Burt	14	♦		♦		♦		
J Pert	9		♦					
J Taylor (appointed 12 November 2020)	3				♦			
J Fillary	9				♦	♦		
K Shaw	12			♦				
P Roberts (appointed 13 July 2020, resigned 9 March 2021)	6		0					
P Price	9	0			♦			
R Barber	9	0	♦					
R Bowden	11	♦				♦	♦	♦
R Lawrence (resigned 30 Apr 2020)	1	0		0				
S Jennings	16	♦	0				♦	♦
V Cross	9			♦		♦		
Total	**189**							

Current member ♦

Became former member during the year 0

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Directors' emoluments (continued)

The aggregate amount of emoluments (including benefits in kind and pension contributions) paid to or receivable by the five (2020: seven) Executive Officers of the Group and of the five (2020: seven) of the Parent during the year was made up as follows:

	Year Ended 31 March 2021		Year Ended 31 March 2020	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Emoluments (including Benefits in Kind)	915	915	984	984
Compensation for loss of office	-	-	147	147
Pension contribution	89	89	134	134
Total	**1,004**	**1,004**	**1,265**	**1,265**

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 2021		Year Ended 31 March 2020	
	Group	Parent	Group	Parent
More than £60,000 but not more than £70,000	15	8	9	3
More than £70,000 but not more than £80,000	8	5	6	4
More than £80,000 but not more than £90,000	4	4	4	3
More than £90,000 but not more than £100,000	-	-	4	4
More than £100,000 but not more than £110,000	3	3	1	1
More than £110,000 but not more than £120,000	2	2	2	-
More than £120,000 but not more than £130,000	2	2	2	2
More than £130,000 but not more than £140,000	-	-	-	-
More than £140,000 but not more than £150,000	-	-	-	-
More than £150,000 but not more than £160,000	1	1	1	1
More than £160,000 but not more than £170,000	1	1	1	1
More than £170,000 but not more than £180,000	-	-	2	2
More than £180,000 but not more than £190,000	-	-	-	-
More than £190,000 but not more than £200,000	-	-	-	-
More than £200,000 but not more than £210,000	1	1	1	1
More than £210,000 but not more than £220,000	1	1	-	-
More than £220,000 but not more than £230,000	-	-	1	1
More than £230,000 but not more than £240,000	-	-	-	-
More than £240,000 but not more than £250,000	-	-	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 £219k (2020: £211k). The Chief Executive is a member of the LGPS pension scheme on an ordinary 50:50 basis, employer pension contributions were £39k (2020: £35k)

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Intangible assets and goodwill

	As at 31 March 2021				As at 31 March 2020	
	Group			Parent Software	Group Software	Parent Software
	Software	Goodwill	Total	Total	Total	Total
	£'000	£'000	£'000	£'000	£000	£000
Cost						
At 1 April	828	-	828	478	626	276
Additions	1,326	1,550	2,876	1,326	202	202
At 31 March	**2,154**	**1,550**	**3,704**	**1,804**	**828**	**478**
Accumulated amortisation						
At 1 April	(591)	-	(591)	(241)	(553)	(203)
Charge for the year	(813)	(167)	(980)	(813)	(38)	(38)
At 31 March	**(1,404)**	**(167)**	**(1,571)**	**(1,054)**	**(591)**	**(241)**
Net book value						
At 31 March	750	1,383	2,133	750	237	237
At 1 April	237	-	237	237	73	73

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Housing properties at cost

Group	As at 31 March 2021						As at 31 March 2020
	Houses for Letting		Low Cost Home Ownership				
	Complete for Letting	Under Construction	Complete for Letting	Under Construction	Other	Group Total	Group Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
COST							
At 1 April	634,960	19,117	42,723	3,100	7	699,907	448,045
Reclassification	(511)	-	511	-	-	-	-
Housing properties acquired from SARH	-	-	-	-	-	-	219,508
Additions	5,748	20,481	27	9,281	-	35,537	38,309
Disposals	(2,239)	-	(834)	-	-	(3,073)	(4,433)
Transfers (note 12a)	15,154	(15,166)	5,498	(7,205)	-	(1,719)	(1,522)
At 31 March	**653,112**	**24,432**	**47,925**	**5,176**	**7**	**730,652**	**699,907**
LESS ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 April	(91,246)	-	(2,488)	-	-	(93,734)	(83,377)
Reclassification	6	-	(6)	-	-	-	
Depreciation charge for year	(14,858)	-	(360)	-	-	(15,218)	(12,355)
Eliminated in respect of disposals	1,379	-	67	-	-	1,446	1,998
At 31 March	**(104,719)**	**-**	**(2,787)**	**-**	**-**	**(107,506)**	**(93,734)**
Net book value							
At 31 March	548,393	24,432	45,138	5,176	7	623,146	606,173
At 1 April	543,714	19,117	40,135	3,100	7	606,173	364,668

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note: Included within 'Eliminated in respect of disposals' is accelerated depreciation of £281k (2020: £472k). Of the total additions, £4,902k relate to component replacements (2020: £8,467k).

12a Housing properties at cost

Transfers	As at 31 March 2021					As at 31 March 2020
	Houses for Letting		Low Cost Home Ownership			
	Complete for Letting	Under Construction	Complete for Letting	Under Construction	Group Total	Group Total
	£'000	£'000	£'000	£'000	£'000	£'000
Complete properties	15,154	(15,166)	5,498	(5,311)	175	-
Transfer to current assets	-	-	-	(1,894)	(1,894)	(1,522)
Transfers	**15,154**	**(15,166)**	**5,498**	**(7,205)**	**(1,719)**	**(1,522)**

SSHA, Severnside and SARH hold all housing assets within the Group. The ultimate controlling party, the group parent, The Housing Plus Group Limited is a non-housing asset holding company.

Capitalised interest

	As at 31 March 2021	As at 31 March 2020
Amount of interest capitalised during the year	223	673
Cumulative interest capitalised to date	3,608	2,935
Total interest capitalised	**3,831**	**3,608**
Rate used for capitalisation	**4.54%**	**5.0%**

NOTES TO THE FINANCIAL STATEMENTS (continued)

12a Housing properties at cost (continued)

Charges against properties

	As at 31 March 2021	As at 31 March 2020
Number of properties on which there is a fixed charge	15,691	15,651
Number of properties not charged	2,768	2,860
Total number of properties	**18,459**	**18,511**

SSHA, Severnside and SARH 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 2021	As at 31 March 2020 Restated
	£'000	£'000
Deferred capital grant at 1 April	60,949	60,205
Grants received during the year	1,188	1,095
Grants recycled from/(to) the disposal proceeds fund	(77)	(245)
Transfers from reserves	179	544
Releases to income during the year	(699)	(650)
Deferred capital grant at 31 March	**61,541**	**60,949**
Amounts due within one year	964	1,153
Amounts due after more than one year	60,577	59,796
Total	**61,541**	**60,949**

Housing properties book value, net of depreciation and impairments

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
Freehold land and buildings	622,561	602,250
Long leasehold land and buildings	585	3,923
Total	**623,146**	**606,173**

NOTES TO THE FINANCIAL STATEMENTS (continued)

12b. Other tangible fixed assets

Group	As at 31 March 2021					As at 31 March 2020
	Fixtures, Fittings, Tools & Equipment					
	Vehicles	Furniture & Equipment	Computer Equipment & Software	Land & Buildings	Group Total	Group Total
	£000	£000	£000	£000	£000	£000
COST						
At 1 April	647	4,280	6,469	11,170	22,566	17,714
Additions	-	235	527	1,039	1,801	
Reclassification	-	1,033	(1,033)	-	-	4,852
Disposals	-	-	(753)	-	(753)	-
At 31 March	**647**	**5,548**	**5,210**	**12,209**	**23,614**	**22,566**
Accumulated depreciation & impairment						
Depreciation at 1 April	(564)	(3,020)	(6,005)	(3,184)	(12,773)	(11,872)
Depreciation charge for year	(33)	(694)	(369)	(154)	(1,250)	(927)
Reclassification	-	(966)	966	-	-	
Eliminated in respect of disposals	-	-	675	-	675	-
Impairment	-	-	-	(1,308)	(1,308)	26
At 31 March	**(597)**	**(4,680)**	**(4,733)**	**(4,646)**	**(14,656)**	**(12,773)**
Net book value						
At 31 March	50	868	477	7,563	8,958	9,793
At 1 April	83	1,260	464	7,986	9,793	8,842

Land and buildings includes £2,235k held under long leasehold (2020 £3,329k)

NOTES TO THE FINANCIAL STATEMENTS

Parent	As at 31 March 2021					As at 31 March 2020
	Fixtures, Fittings, Tools & Equipment					
	Vehicles	Furniture & Equipment	Computer Equipment & Software	Land & Buildings	Group Total	Group Total
	£000	£000	£000	£000	£000	£000
COST						
At 1 April	243	9	1,869	-	2,121	1,994
Additions	-	-	527	-	527	127
Disposals	-	-	-	-	-	-
At 31 March	**243**	**9**	**2,396**	**-**	**2,648**	**2,121**
Accumulated depreciation & impairment						
Depreciation at 1 April	(229)	(9)	(1,680)	-	(1,918)	(1,665)
Depreciation charge for year	(12)	-	(244)	-	(256)	(254)
Eliminated in respect of disposals	-	-	-	-	-	-
At 31 March	**(241)**	**(9)**	**(1,924)**	**-**	**(2,174)**	**(1,919)**
Net book value						
At 31 March	2	-	472	-	474	202
At 1 April	14	1	189	-	202	329

There is no charge on any of these assets.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12c. Investment properties

Group	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
Balance at 1 April	19,770	14,162
Additions	-	5,670
Net Gain/ (loss) from fair value adjustments	884	(62)
Balance at 31 March	**20,654**	**19,770**

All investment properties were valued as at 31st March 2021 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	%
Severnside 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%
Stafford and Rural Homes Ltd	Registered Provider of social housing	Non-equity shares	100%
Housing Plus Finance Ltd	Group funding vehicle	Equity shares	100%
Property Plus (Midlands) Ltd	Property repairs and maintenance	Equity shares	100%
Housing Worx Ltd	Will be dissolved in 2021/22	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%
County Town Homes Ltd	Developing and selling properties for outright sale	Equity shares	100%
SSHA Developments Ltd	Will be dissolved in 2021/22	Equity shares	100%
Development Worx	Developing of properties	Equity shares	100%

NOTES TO THE FINANCIAL STATEMENTS (continued)

12e. Stocks

Group	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
LCHO completed properties	845	1,272
LCHO properties under construction	1,111	1,203
Total low cost home ownership	**1,956**	**2,475**
Other stocks	282	201
Land held for development	11,880	11,845
Open market sale properties under construction	-	870
Total stocks	**14,118**	**15,391**

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 (2020: none).

13. Trade and other debtors

	As at 31 March 2021		As at 31 March 2020	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charges receivable	2,993	-	2,628	-
Leaseholders	-	-	-	-
Less: Provision for bad and doubtful debts	(607)	-	(469)	-
	2,386	-	2,159	-
Care service receivable	337	-	112	-
Less: Provision for bad and doubtful debts	(40)	-	(7)	-
	297	-	105	-
Amounts due from group undertakings	-	787	-	1,083
Other debtors	2,214	20	1,856	137
Less: Provision for bad and doubtful debts	(11)	-	(153)	-
	2,203	807	1,703	1,220
Prepayments & accrued Income	1,399	488	1,486	473
Taxation & social security	408	20	-	31
Total due within one year	**6,693**	**1,315**	**5,453**	**1,724**
Total Debtors	**6,693**	**1,315**	**5,453**	**1,724**

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Creditors: Amounts falling due within one year

	Year Ended 31 March 2021		Year Ended 31 March 2020 Restated[25]	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Loans payable within one year	(3,625)	-	(3,617)	-
Trade creditors	(889)	(687)	(2,290)	(196)
Rents and service charges received in advance	(2,934)	-	(2,630)	-
Amounts owed to group undertakings	-	(852)	-	(197)
Taxation and social security	-	-	(243)	-
Other creditors	(32)	-	(68)	-
Social housing grant received in advance	(3,643)	-	(3,643)	-
Deferred grant income	(964)	-	(1,153)	-
Recycled capital grant and disposals proceeds fund	(77)	-	(10)	-
Accruals and deferred income	(8,928)	(982)	(6,748)	(953)
Accrued interest	(1,630)	-	(2,034)	-
Employees	(15)	(1)	(574)	(408)
Total Creditors: Amounts falling due within one year	**(22,737)**	**(2,522)**	**(23,010)**	**(1,754)**

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

	Year Ended 31 March 2021		Year Ended 31 March 2020 Restated[25]	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Amounts falling due between one and five years				
Loans and borrowings	(391,544)	-	(379,290)	-
Loan arrangement fees	939	-	988	-
Deferred grant income	(60,577)	-	(59,796)	-
Recycled capital grant and disposal proceeds fund	(576)	-	(667)	-
Other designated funds	(1,362)	-	(829)	-
Total Creditors: Amounts falling due after more than one year	**(453,119)**	**-**	**(439,594)**	**-**

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Movements in Recycled Capital Grant Fund

	As at Year Ended 31 March 2021		As at Year Ended 31 March 2020	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Balance as at 1 April	401	-	155	-
Recycled grant input	78	-	256	-
Withdrawal	(103)	-	(10)	-
Balance as at 31 March	**376**	**-**	**401**	**-**

Movements in Disposal Proceeds Fund

	As at Year Ended 31 March 2021		As at Year Ended 31 March 2020	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Balance as at 1 April	275	-	275	-
Inputs arising from disposals	1	-	1	-
Balance as at 31 March	**276**	**-**	**276**	**-**

Repayment of debt

Group	Bank Loans 2021	Other Loans 2021	Total 2021
	£'000	£'000	£'000
In one year or less	3,300	325	3,625
In more than one year but not more than two years	11,800	334	12,134
In more than one year but not more than five years	63,000	1,059	64,059
In more than five years	308,536	6,814	315,350
	386,636	**8,532**	**395,168**

Group	Bank Loans 2020	Other Loans 2020	Total 2020
	£'000	£'000	£'000
In one year or less	3,300	317	3,617
In more than one year but not more than two years	3,300	325	3,625
In more than one year but not more than five years	51,357	1,031	52,388
In more than five years	316,100	7,177	323,277
	374,057	**8,850**	**382,907**

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Security, terms of repayment and interest rates

At 31 March 2021 the Group had total facilities as detailed below of £460.6m (2020: £414.2m) with £79.5m (2020: £46.5m) remaining undrawn. £17m of additional funding was drawn from existing facilities during the year and £3.6m repaid. In addition the Groups Revolving Credit Facilities increased by £20m for Nationwide and £30m for Barclays. Loan balances as 31 March 2021 were £381.1m (2020: £367.8m). It should be noted that the Group's loan repayment schedule in note 15 includes a fair value adjustment of £14.1m (2020: £15.2m) for the SARH loans incurred at acquisition.

The Nationwide loan is secured by properties owned by SSHA and Severnside. The final scheduled loan repayment is due in March 2045. Of the total loan drawn of £198.6m, 63% are fixed rate loans with a weighted average interest rate of 6.10%, 31% are variable rate loans with a weighted average interest rate of 1.39% and 6% are index linked with an interest rate of 5.32%. The total Nationwide facility as at 31 March 2021 is £237.1m, with £38.5m remaining undrawn.

The Private Placement with the BAE pension fund of £45m is secured against properties owned by SSHA. £35m of the Private Placement is to be repaid between August 2038 and August 2042 in equal instalments of £7m and has a fixed interest rate of 5%, with the remaining £10m being repaid in a single instalment in August 2042 with a fixed interest rate of 3.75%.

The Private Placement with Canada Life of £35m is secured against properties owned by Severnside. The interest rate is fixed at 4.54% and the Private Placement is due to be repaid in September 2048.

The Shropshire Council loans of £1.9m and £6.6m are secured against properties owned by Severnside. The interest rates are fixed at 4.32% and 2.3% respectively. The loans are repaid biannually, with the final scheduled repayment due in March 2042.

The £15m Revolving Credit Facility with Clydesdale Bank plc. is secured against properties owned by SSHA. At 1 April 2021 £8m of the facility had been utilised. The facility is repayable in full on 26 January 2023 and has a variable interest rate of 1.29%. £7m of the facility remains undrawn.

The Barclays loan is secured by properties owned by SARH. The final scheduled loan repayment is due in March 2031. Of the total loan drawn of £36m, 69% are fixed rate loans with a weighted average interest rate of 5.75% and 31% are variable rate loans with a weighted average interest rate of 1.47%. The total Barclays facility as at 31 March 2021 is £70m, with £34m remaining undrawn.

The Private Placement with M&G of £50m is secured against properties owned by SARH. The Private Placement is to be repaid between June 2047 and June 2051 in equal instalments of £10m and has a fixed interest rate of 3.81%.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Financial instruments

	Note	Year Ended 31 March 2021		Year Ended 31 March 2020	
		Group	Parent	Group	Parent
		£'000	£'000	£'000	£'000
Financial assets measured at historical cost					
Rent & service charge receivable	13	2,385	-	2,159	-
Care service receivable	13	297	-	105	-
Amounts owed from group undertakings	13	-	787	-	1,083
Other debtors	13	2,203	20	1,703	137
Investments in short term deposits		8	-	7	-
Cash and cash equivalents		13,940	728	9,950	48
TOTAL FINANCIAL ASSETS		**18,833**	**1,535**	**13,924**	**1,268**
Financial liabilities measured at amortised cost					
Loans	14/15	(395,169)	-	(382,907)	-
		(395,169)	**-**	**(382,907)**	**-**
Financial liabilities measured at historical cost					
Trade creditors	14	(889)	(687)	(2,290)	(196)
Accruals	14	(10,558)	(982)	(8,781)	(953)
Amounts owed to group undertakings	14	-	(852)	-	(197)
Other creditors	14	(32)	-	(68)	-
		(11,478)	**(2,521)**	**(11,139)**	**(1,346)**
TOTAL FINANCIAL LIABILITIES		**(406,647)**	**(2,521)**	**(394,046)**	**(1,346)**

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 2021	Year Ended 31 March 2020
Number of Shareholders as at 1 April	6	6
Returned shares	-	-
Shares issued during the year	-	-
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 2021		As at 31 March 2020	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Expenditure contracted but not provided in the financial statements	44,374	-	63,555	-
Expenditure authorised by the Board but not contracted	114,192	-	92,859	-
Total capital commitments	**158,166**	**-**	**156,414**	**-**

The expenditure will be funded as follows:

	As at 31 March 2021	As at 31 March 2020
Group	£'000	£'000
Loans and reserves	108,097	74,409
Social housing grant	16,137	8,096
Other grant funding	-	138
Forecast sales	33,932	73,771
Total gross expenditure	**158,166**	**156,414**

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Leases

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 2021 the total of future minimum lease payments under non-cancellable operating leases for each of the following periods was:

	As at 31 March 2021		As at 31 March 2020	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Leases for vehicles:				
Not later than one year	188	-	344	19
Later than one year and not later than five years	-	-	103	16
Leases for buildings:				
Not later than one year	29	-	29	-
Later than one year and not later than five years	7	-	7	-
Leases for equipment:				
Not later than one year	76	39	93	32
Later than one year and not later than five years	74	59	29	13
	374	**98**	**605**	**80**

The expenditure charged in the Statement of Comprehensive Income during the year in relation to minimum lease payments was £437k for the Group (2020: £458k) and £39k for the Parent (2020: £36k).

Finance leases and hire purchase

The group had no obligations under finance leases or hire purchase agreements as at 31 March 2021 (2020: None)

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) Staffordshire County Council Scheme

The parent, SSHA and SARH 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. The organisations' net liabilities can be summarised as:

	At 31 March 2021				At 31 March 2020		
	Group	SSHA	SARH	Parent	Group	SSHA/sarh	Parent
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of employer assets	83,495	8,928	43,265	31,302	65,085	41,375	23,710
Present value of defined benefit obligations	(104,991)	(16,578)	(50,711)	(37,702)	(78,298)	(51,771)	(26,527)
Provision at end of period	**(21,496)**	**(7,650)**	**(7,446)**	**(6,400)**	**(13,213)**	**(10,396)**	**(2,817)**

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

Assumptions as at	31 Mar 2021 %p.a.	31 Mar 2020 %p.a.
Salary increases	3.30%	2.25%
Pension increases	2.80%	1.75%
Discount Rate	2.00%	2.3%

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	20.9 years	23.6 years
Future Pensioners*	21.6 years	24.9 years

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

a) Staffordshire County Council Scheme (continued)

Categories of plan assets as a % of total plan assets	Assets at 31 Mar 2021	Assets at 31 Mar 2020
	%	%
Equities	72	65
Bonds	19	23
Property	8	10
Cash	1	2

Group

Net pension liability as at	31 Mar 2021	31 Mar 2020
	£'000	£'000
Fair value of employer assets	83,495	65,085
Present value of funded obligations	(104,925)	(78,238)
Net (under)funding in funded plans	(21,430)	(13,153)
Present value of unfunded liabilities	(66)	(60)
Net pension liability	**(21,496)**	**(13,213)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

Parent

Net pension liability as at	31 Mar 2021	31 Mar 2020
	£'000	£'000
Fair value of employer assets	31,302	23,710
Present value of funded obligations	(37,702)	(26,527)
Net (under)funding in funded plans	(6,400)	(2,817)
Net pension liability	**(6,400)**	**(2,817)**

Information about the defined benefit obligation - Parent	31 Mar 2021	31 Mar 2020
	£'000	£'000
Active members	24,611	16,176
Deferred members	7,207	5,138
Pensioner members	5,884	5,213
Net pension liability	**37,702**	**26,527**

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 2021 Group	Year to 31 Mar 2021 Parent	Year to 31 Mar 2020 Group	Year to 31 Mar 2020 Parent
Amount charged to operating surplus	£'000	£'000	£'000	£'000
Current service cost*	(1,844)	(1,127)	(2,968)	(1,660)
Past service cost	-	-	(487)	(130)
Total operating charge	**(1,844)**	**(1,127)**	**(3,325)**	**(1,790)**
Amount charged to financing costs				
Expected return on employer assets	1,504	557	1,660	567
Interest on pension scheme liabilities	(1,809)	(623)	(2,155)	(646)
Total net interest	**(305)**	**(66)**	**(495)**	**(79)**
Total defined benefit cost recognised in surplus for the year	**(2,149)**	**(1,193)**	**(3,820)**	**(1,869)**

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

a) Staffordshire County Council Scheme (continued)

Reconciliation of defined benefit obligation	Year to 31 Mar 2021 Group	Year to 31 Mar 2021 Parent	Year to 31 Mar 2020 Group	Year to 31 Mar 2020 Parent
	£'000	£'000	£'000	£'000
Opening defined benefit obligation	**78,298**	**26,527**	**88,036**	**25,844**
Current service cost	1,844	1,127	2,968	1,660
Past service cost	-	-	487	130
Interest cost	1,809	623	2,155	646
Contributions from members	439	295	495	289
Actuarial (gains)/losses	24,128	9,421	(14,296)	(1,697)
Estimated unfunded benefits paid	(3)	-	(3)	-
Estimated benefits paid	(1,524)	(291)	(1,544)	(345)
Closing defined benefit obligations	**104,991**	**37,702**	**78,298**	**26,527**

	Year to 31 Mar 2021 Group	Year to 31 Mar 2021 Parent	Year to 31 Mar 2020 Group	Year to 31 Mar 2020 Parent
	£'000	£'000	£'000	£'000
Opening fair value of employer assets	**65,085**	**23,710**	**69,236**	**23,295**
Interest income on plan assets	1,504	557	1,660	567
Contributions from members	439	295	495	289
Contributions from employer	1726	1,014	2,062	1,083
Contributions in respect of unfunded benefits	3	-	3	-
Actuarial gains/(losses)	16,265	6,017	(6,824)	(1,179)
Unfunded benefits paid	(3)	-	(3)	-
Benefits paid	(1,524)	(291)	(1,544)	(345)
Closing fair value of employer assets	**83,495**	**31,302**	**65,085**	**23,710**

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

b) Shropshire County Council Scheme

Severnside 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 2021 is a liability of £15,666,000 (2020: £10,187,000).

Assumptions as at	31 Mar 2021 %p.a.	31 Mar 2020 %p.a.
Salary increases	3.30%	2.25%
Pension increases	2.80%	1.75%
Discount rate	2.00%	2.3%

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	22.5 years	24.7 years
Future Pensioners*	23.4 years	26.0 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 2021	Assets at 31 Mar 2020
	%	%
Equities	50	50
Bonds	21	23
Property	4	4
Alternatives	24	22
Cash	1	1

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

b) Shropshire County Council Scheme (continued)

Net pension liability as at	31 Mar 2021	31 Mar 2098
	£'000	£'000
Fair value of employer assets	42,681	36,477
Present value of funded obligations	(57,017)	(46,402)
Net (under)funding in funded plans	(14,336)	(9,925)
Present value of unfunded liabilities	(289)	(262)
Net pension (liability)	(14,625)	**(10,187)**

	Year to 31 Mar 2021	Year to 31 Mar 2020
Amount charged to operating surplus	£'000	£'000
Current service cost	(529)	(701)
Past service cost	-	(121)
Administration expense	(11)	(13)
Effect of curtailments	-	(7)
Total operating charge	**(540)**	**(842)**
Amount charged to financing costs		
Interest income on plan assets	829	916
Interest cost on defined benefit obligation	(1,058)	(1,235)
Losses on curtailments and settlements	-	-
Total net interest	**(229)**	**(319)**
Total defined benefit cost recognised in surplus for the year	**(769)**	**(1,161)**

Re-measurements recognised in other comprehensive income	Year to 31 Mar 2021	Year to 31 Mar 2020
	£'000	£'000
Change in financial assumptions	(10,507)	6,405
Change in demographic assumptions	70	-
Return on assets (excluding amounts included in net interest)	6,280	(2,449)
Total re-measurements recognised in other comprehensive income	**(4,157)**	**3,956**

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

b) Shropshire County Council Scheme (continued)

Reconciliation of defined benefit obligation	Year to 31 Mar 2021	Year to 31 Mar 2020
	£'000	£'000
Opening defined benefit obligation	**46,664**	**51,963**
Current service cost	529	**701**
Interest cost	1058	**1,235**
Contributions from members	128	**139**
Past service cost	-	**121**
Actuarial (gains)/losses	10,437	**(6,405)**
Result on curtailments	-	**7**
Estimated benefits paid	(1,510)	**(1,097)**
Closing defined benefit obligation	**57,306**	**46,664**

Reconciliation of fair value of employer assets	Year to 31 Mar 2021	Year to 31 Mar 2020
	£'000	£'000
Opening fair value of employer assets	**36,477**	**38,288**
Expected return on assets	6,280	(2,449)
Interest income on plan assets	829	916
Contributions from members	128	139
Contributions from employer	488	693
Administration expenses	(11)	(13)
Benefits paid	(1,510)	(1,097)
Closing fair value of employer assets	**42,681**	**36,477**

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

b) Shropshire County Council Scheme (continued)

History of gains and losses	Year to 31 Mar 2021	Year to 31 Mar 2020
	£'000	£'000
Fair value of employer assets	42,681	36,477
Present value of defined benefit obligations	(57,306)	(46,664)
Deficit	**(14,625)**	**(10,187)**

c) 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 at 31 March 2021 were based on data used to calculate the amount of assets to be transferred on 31 October 2018, updated 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.

History of gains and losses	31 Mar 2021 %p.a.	31 Mar 2020 %p.a.
Discount rate	2.00%	2.30%
Inflation (RPI)	3.20%	2.50%
Inflation (CPI)	2.80%	1.75%
Deferred revaluation	3.20%	2.50%
Pension increases in payment:		
• CPI max 5% p.a	2.75%	1.85%
• CPI max 3% p.a	2.20%	1.65%

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

c) Housing Plus Pension Scheme (continued)

Demographic assumptions as at	31 Mar 2021	31 Mar 2020
Mortality		
Base Tables	Pre retirement: nil Post retirement: 111% of S3PXA	Pre retirement: nil Post retirement: 111% of S3PXA
Improvement allowance	CMI_2019 (1.25%) for males CMI_2019 (1.25%) for females	CMI_2018 (1.25%) for males CMI_2018 (1.25%) for females
Smoothing parameter	7.0	7.0
Life expectancy from age 65		
Pensioners (currently aged 65)	Male: 21.1 Female : 23.4	Male: 21.1 Female : 23.4
Non-pensioners (currently aged 65)	Male: 22.3 Female: 24.9	Male: 22.4 Female: 24.9
Commutation	90% of maximum allowance	90% of maximum allowance
Other demographic assumptions	As per most recent Technical Provisions assumptions	As per most recent Technical Provisions assumptions

Categories of plan assets	Assets at 31 Mar 2021 Group	Assets at 31 Mar 2020 Group
	£'000	£'000
Equities	1,358	1,145
Bonds	5,340	4,446
Property	408	331
Other	3,218	2,999
Total market value of assets	**10,324**	**8,921**

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

c) Housing Plus Pension Scheme (continued)

Net pension liability as at	31 Mar 2021 Group	31 Mar 2020 Group
	£'000	£'000
Fair value of employer assets	10,324	8,921
Present value of scheme liabilities	(14,103)	(10,238)
Surplus / (deficit)	(3,779)	(1,317)
Effect of asset ceiling	-	-
Net pension (liability)	**(3,779)**	**(1,317)**

	Year to 31 Mar 2021 Group	5 months to 31 Mar 2020 Group
Amount charged to operating surplus	£'000	£'000
Current service cost	-	-
Expenses	(79)	(61)
Past service cost / (credit) – plan amendments / curtailments	-	-
Settlement losses / (gains)	-	-
Total operating charge	**(79)**	**(61)**
Amount charged to financing costs		
Interest income on assets	211	203
Interest cost on defined benefit obligation	(234)	(283)
Total net interest	**(23)**	**(80)**
Total defined benefit cost recognised in surplus for the year	**(102)**	**(141)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

c) Housing Plus Pension Scheme (continued)

Re-measurements recognised in Other Comprehensive Income	Year to 31 Mar 2021 Group	Year to 31 Mar 2020 Group
	£'000	£'000
Return on assets excluding interest income	662	254
Experience gains / (losses) on liabilities	129	245
Gain / (loss) from change of demographic assumptions	(779)	171
Gain / (loss) from change of financial assumptions	(3,146)	1,130
Total re-measurements recognised in Other Comprehensive Income	**(3,134)**	**1,800**

Reconciliation of defined benefit obligation	Year to 31 Mar 2021 Group	Year to 31 Mar 2020 Group
	£'000	£'000
Opening defined benefit obligation	**(1,317)**	**(3,536)**
Current service cost	-	-
Past service (costs) / credits – plan amendments	-	-
Net interest (cost) / credit	(23)	(80)
Expenses	(79)	(61)
Re-measurements included in other comprehensive income	(3,134)	1,800
Employer contributions	774	560
Closing defined benefit obligation	**(3,779)**	**(1,317)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

c) Housing Plus Pension Scheme (continued)

Change in liabilities during the period	Year to 31 Mar 2021 Group	Year to 31 Mar 2020 Group
	£'000	£'000
Opening liabilities	**10,238**	**11,625**
Current service cost	-	-
Interest cost on defined benefit obligation	234	283
Past service cost/(credit) – plan amendments	-	-
Past service cost/(credit) - curtailments	-	-
Settlements	-	-
Member contributions	-	-
Benefits paid	(165)	(124)
Actuarial (gain)/loss on changes in assumptions	3,925	(1,301)
Experience (gain)/loss on liabilities	(129)	(245)
Closing liabilities	**14,103**	**10,238**

Change in fair value of assets during the period	Year to 31 Mar 2021 Group	Year to 31 Mar 2020 Group
	£'000	£'000
Opening fair value of employer assets	**8,921**	**8,089**
Interest income on assets	211	203
Expenses	(79)	(61)
Return on assets excluding interest income	662	254
Employer contributions	774	560
Member contributions	-	-
Benefits paid	(165)	(124)
Closing fair value of employer assets	**10,324**	**8,921**

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

c) Housing Plus Pension Scheme (continued)

Categories of plan assets	Assets at 31 Mar 2021 Parent	Assets at 31 Mar 2020 Parent
	£'000	£'000
Equities	412	347
Bonds	1,620	1,349
Property	124	101
Other	977	910
Total market value of assets	**3,133**	**2,707**

Net pension liability as at	31 Mar 2021 Parent	31 Mar 2020 Parent
	£'000	£'000
Fair value of employer assets	3,133	2,707
Present value of scheme liabilities	(4,279)	(3,106)
Surplus / (deficit)	(1,147)	(399)
Effect of asset ceiling	-	-
Net pension (liability)	(1,147)	(399)

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

c) Housing Plus Pension Scheme (continued)

	Year to 31 Mar 2021 Parent	Year to 31 Mar 2020 Parent
Amount charged to operating surplus	£'000	£'000
Current service cost	-	-
Expenses	24	19
Past service cost / (credit) – plan amendments / curtailments	-	-
Settlement losses / (gains)	-	-
Total operating charge	**24**	**19**
Amount charged to financing costs		
Interest income on assets	(64)	(62)
Interest cost on defined benefit obligation	71	86
Total net interest	**7**	**24**
Total defined benefit cost recognised in surplus for the year	**31**	**43**

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

d) Housing Plus Pension Scheme (continued)

Re-measurements recognised in Other Comprehensive Income	Year to 31 Mar 2021 Parent	Year to 31 Mar 2020 Parent
	£'000	£'000
Return on assets excluding interest income	201	77
Experience gains / (losses) on liabilities	39	74
Gain / (loss) from change of demographic assumptions	(236)	52
Gain / (loss) from change of financial assumptions	(955)	343
Total re-measurements recognised in Other Comprehensive Income	**(951)**	**546**

Reconciliation of defined benefit obligation	Year to 31 Mar 2021 Parent	Year to 31 Mar 2020 Parent
	£'000	£'000
Opening defined benefit obligation	**(400)**	**(1,073)**
Current service cost	-	-
Past service (costs) / credits – plan amendments	-	-
Net interest (cost) / credit	(7)	(24)
Expenses	(24)	(19)
Re-measurements included in other comprehensive income	(951)	546
Employer contributions	235	170
Closing defined benefit obligation	**(1,147)**	**(400)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

c) Housing Plus Pension Scheme (continued)

Change in liabilities during the period	Year to 31 Mar 2021 Parent	Year to 31 Mar 2020 Parent
	£'000	£'000
Opening liabilities	**3,106**	**3,527**
Current service cost	-	-
Interest cost on defined benefit obligation	71	86
Past service cost/(credit) – plan amendments	-	-
Past service cost/(credit) - curtailments	-	-
Settlements	-	-
Member contributions	-	-
Benefits paid	(50)	(38)
Actuarial (gain)/loss on changes in assumptions	1,191	(395)
Experience (gain)/loss on liabilities	(39)	(74)
Closing liabilities	**4,279**	**3,106**

Change in fair value of assets during the period	Year to 31 Mar 2021 Parent	Year to 31 Mar 2020 Parent
	£'000	£'000
Opening fair value of employer assets	**2,707**	**2,454**
Interest income on assets	64	62
Expenses	(24)	(19)
Return on assets excluding interest income	201	77
Employer contributions	235	170
Member contributions	-	-
Benefits paid	(50)	(38)
Closing fair value of employer assets	**3,133**	**2,707**

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 2020	10,187	13,213	1,317	24,717
Additions/(Reductions) dealt within surplus/deficit	52	115	(695)	(728)
Additions/(Reductions) dealt within other comprehensive income	4,157	7,863	3,134	15,154
Interest costs	229	305	23	557
At 31 March 2021	**14,625**	**21,496**	**3,779**	**39,900**

The Parent had the following liabilities during the year:

	Staffordshire LGPS	HPPS	Total
	£000	£000	£000
At 1 April 2020	2,817	400	3,217
Additions/(Reductions) dealt within surplus/deficit	113	(211)	(98)
Additions/(Reductions) dealt within other comprehensive income	3,404	951	4,355
Interest costs	66	7	73
At 31 March 2021	**6,400**	**1,147**	**7,547**

Pension liability – LGPS

The Staffordshire and Shropshire LGPS pension schemes are multi-employer defined benefit schemes. Each year the scheme 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Pension liability (continued)

Pension liability – LGPS (continued)

The association 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 (e.g. McCloud) and firefighter pensions (e.g. 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 association 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. 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 2021	Year Ended 31 March 2020 Restated
	£'000	£'000
Surplus for the year	**9,670**	**140,812**
Adjustments for non cash items:		
Amortisation	(839)	(1,166)
Depreciation & Impairment	17,777	13,257
(Increase) in stock	(766)	(2,602)
(Increase) in trade and other debtors	(832)	(95)
(Decrease)/ Increase in trade and other creditors	(184)	1,777
Pension costs less contributions payables	29	1,934
Valuation movements	(884)	62
Movement in sinking fund	533	181
Non cash amount of tangible fixed assets disposals	78	-
Fair value on business acquisition	-	(132,184)
	14,912	**(118,836)**
Adjustments for investing or financing activities		
Surplus from the sale of tangible fixed assets	(1,524)	(6,880)
Interest payable	16,746	17,022
Interest receivable	(43)	(32)
	15,179	**10,110**
Cash from operations	**39,761**	**32,086**

24. Analysis of changes in net debt during year

Group	31 March 2021	Cash flow	31 March 2020
	£'000	£'000	£'000
Cash at bank and in hand	13,940	3,990	9,950
Short Term Deposits	8	1	7
	13,948	3,991	9,957
Housing loans due within one year	(3,625)	(8)	(3,617)
Housing loans due after one year	(391,544)	(12,254)	(379,290)
Loan arrangement fees	939	(49)	988
Total changes in net debt	**(380,282)**	**(8,320)**	**(371,962)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Acquisition of business

On 1 October 2019, The Housing Plus Group Limited entered into a business combination recognising the value of Stafford and Rural Homes Limited in the statement of comprehensive income as a gift to the group as per FRS 102 (PBE 34.77).

All post acquisition results of Stafford and Rural Homes Limited have been consolidated in the group statement of comprehensive income.

The acquisition had the following effect on the group's assets and liabilities:

	Book values	Restated Fair value adjustments	Recognised Value on acquisition
	£'000	£'000	£'000
Tangible fixed assets – housing properties	184,079	35,428	219,507
Tangible fixed assets – other	3,884	-	3,884
Investment properties	5,670	-	5,670
Stocks	2,031	158	2,189
Trade and other debtors: receivable within one year	2,277	386	2,663
Cash and cash equivalents	10,113	-	10,113
Creditors: amounts falling due within one year	(11,324)	-	(11,324)
Creditors: amounts falling due after one year	(89,308)	(3,345)	(92,653)
Pension provision	(8,786)	1,069	(7,717)
Net funds as at 31 March 2021	**98,636**	**33,696**	**132,332**

Prior year adjustment

Group

During 2020/21 further consideration was given to the treatment of deferred capital grant in the fair value calculation, to ensure it was consistent with paragraph 13.9 of the SORP. As a result the 2019/20 figures/amounts have been restated. The correction has resulted in the following changes:

Statement of Comprehensive Income	**£’000**
Turnover – reduction in amortised grant received (note 3a)	147
Fair value on business acquisition, deferred capital grant at the date of acquisition written off	12,373
Prior year adjustment, increase in surplus for the year	**12,226**
Statement of Financial Position	
Creditors : amounts falling due with one year (note 14):	
Deferred capital grant	289
Creditors: Amounts falling due after more than one year (note 15):	
Deferred capital grant	11,937
Increase in total net assets	**12,226**
Increase in income and expenditure reserve	**12,226**

NOTES TO THE FINANCIAL STATEMENTS (continued)

Parent

The financial statements for 2019/20 have been restated to incorporate a correction. During 2020/21 further consideration was given to on the fair value of the business acquisition and investment in Stafford and Rural Homes. The investment in Stafford and Rural Homes should not have been included within the parents financial statements, since it has no value. The correction has resulted in the following changes:

Statement of Comprehensive Income	**£'000**
Fair value on business acquisition - removed	(119,959)
Prior year adjustment, decrease in income for the year	**(119,959)**
Statement of Financial Position	
Fixed assets	
Investments - removed	(119,959)
Decrease in total net assets	**(119,959)**
Decrease in income and expenditure reserve	**(119,969)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

26. Related party transactions

Transactions with non-regulated members of the Group

	Care Plus	Property Plus	Severn Homes	SSHA Developments	Housing Worx	Development Worx	County Town Homes
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Parent 2021							
Inflow							
Services provided	803	11,585	81	6	-	113	7
Total	**803**	**11,585**	**81**	**6**	**-**	**113**	**7**
Outflow							
Services received	1,968	17,795	11	1	-	2,937	-
Total	**1,968**	**17,795**	**11**	**1**	**-**	**2,937**	**-**
Parent 2020							
Inflow							
Services provided	725	9,241	65	-	6	515	119
Interest receivable	-	14	331	4,293	-	-	-
Loan Finance	-	500	2,000	283,900	-	-	-
Total	**725**	**9,755**	**2,396**	**288,193**	**6**	**515**	**119**
Outflow							
Services received	2,508	18,542	-	-	-	4,982	7,419
Total	**2,508**	**18,542**	**-**	**-**	**-**	**4,982**	**7,419**

NOTES TO THE FINANCIAL STATEMENTS (continued)

26. Related party transactions (continued)

At the year end the following net trading and loan balances were due from/ (to) non regulated entities

	Parent	
	2021	2020
	£000	£000
Care Plus	(4)	(98)
Property Plus	806	627
Severn Homes	(3)	66
SSHA Developments	6	1
Development Worx	20	1
County Town Homes	7	1
Housing Worx	-	2
Housing Plus Group Finance	-	-
Total	**832**	**600**