



**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

31 MARCH 2022

Severn Homes Limited

Brassey Road, Old Potts Way, Shrewsbury, SY3 7FA

Registration No. 06474307

A member of The Housing Plus Group

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DIRECTORS, AUDITORS, ADVISORS AND BANKERS

Severn Homes Limited

Registered Company No: 06474307

Registered Office

Sevenside House
Brassey Road
Shrewsbury
Shropshire
SY3 7FA

Directors

J D Burt (Chair)
K A Shaw
I Farrell
V M Cross
P J Ingle – Resigned 31 July 2021

Company Secretary

I E Molyneux

Bankers

National Westminster Bank PLC,
8 Mardol Head,
Shrewsbury SY1 IHE

Internal Auditors

Beever and Struthers
20 Colmore Circus Queensway,
Birmingham, B4 6AT

**External Independent
Auditors**

KPMG LLP
One Snowhill, Snowhill Queensway,
Birmingham, B4 6GH

REPORT OF THE BOARD

The directors present their report and the financial statements of the company for the year ended 31st March 2022.

Principal activity

The principal activity of the company is the buying and selling of real estate. The company made a loss during the year of £496,528 (2021: loss of £530,798).

The Board of Directors

The Directors who served in the period, and up to the date of signing, are listed at page 1.

Going concern

The company has negative reserves but is fully funded by Homes Plus Limited via an intra group loan agreement to deliver works on behalf of the landlord. After reviewing Severn Homes' budget for 2022/23 and long term financial plan based on normal business planning and control procedures and having received confirmation of continued support from Homes Plus, the members of the Board have a reasonable expectation, taking account of severe but plausible downsides, such as higher than forecast inflation, higher than forecast Bank of England base rates, changes to the Governments rent settlement agreement, slowdown of the UK housing market or other adverse operational issues, that Severn Homes has adequate resources to continue in operational existence for the foreseeable future.

The board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and

REPORT OF THE BOARD (continued)

- assess the company'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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

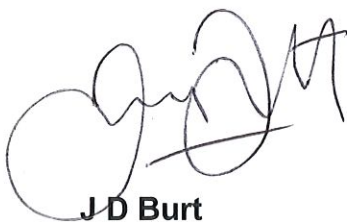
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

External Auditors

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

The report of the Board was approved by the Board on 19 July 2022 and signed on its behalf by:



JD Burt
Chair



I E Molyneux
Company Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEVERN HOMES LIMITED

Opinion

We have audited the financial statements of Severn Homes Limited ("the Company") for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Reserves and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Company 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 directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company'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 directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' 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 directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEVERN HOMES LIMITED (continued)

reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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 directors, the audit and risk committee as to the Company’s high-level policies and procedures to prevent and detect fraud and the Company’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.

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, we perform procedures to address the risk of management override of controls, in particular the risk that Company management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because no revenue was recognised in the year.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.

Assessing whether the judgements made in the accounting estimates are indicative of potential bias including assessing the value of the development site held in current assets

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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEVERN HOMES LIMITED (continued)

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

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEVERN HOMES LIMITED (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company'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 they either intend to liquidate the Company or to cease operations, or have 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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEVERN HOMES LIMITED (continued)

Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Sarah Brown (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

15 September 2022

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2022

	<i>Notes</i>	Year ended 31 March 2022	Year ended 31 March 2021
		£	£
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(61,576)	(60,488)
Operating loss	4	(61,576)	(60,488)
Interest payable and similar expenses	6	(434,952)	(470,310)
Loss on ordinary activities before taxation		(496,528)	(530,798)
Tax on profit on ordinary activities	5	-	-
Loss on ordinary activities for the financial period		(496,528)	(530,798)

All activities relate to continuing activities. The notes on pages 12 to 18 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
31 March 2022

	2022	2022	2021	2021
	Share capital	Profit and loss account	Share capital	Profit and loss account
	£	£	£	£
Balance at 1 April	1	(1,076,468)	1	(545,670)
Loss for the financial year	-	(496,528)	-	(530,798)
Balance at 31 March	1	(1,572,996)	1	(1,076,468)

The notes on pages 12 to 18 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

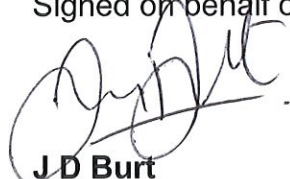
	<i>Notes</i>	31 March 2022 £	31 March 2021 £
Current assets			
Inventories	7	13,010,115	11,879,740
Debtors	8	12,726	11,421
Cash at bank and in hand		478,681	147,904
		13,501,522	12,039,065
Creditors			
Amounts falling due within one year	9	(374,517)	(115,532)
		13,127,005	11,923,533
Net current assets			
Creditors			
Amounts falling due after more than one year	10	(14,700,000)	(13,000,000)
Total net liabilities		(1,572,995)	(1,076,467)
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account		(1,572,996)	(1,076,468)
Equity shareholders' funds		(1,572,995)	(1,076,467)

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

The notes on pages 12 to 18 form part of these financial statements.

These financial statements (registered number 06474307) were approved and authorised for issue by the Board on 19 July 2022.

Signed on behalf of the board of directors



JD Burt

Chair



I E Molyneux

Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

1 Statutory information

Severn Homes Limited is a private company, limited by shares, domiciled in England and Wales, registration number 06474307. The registered office is Severnside House, Brassey Road, Shrewsbury, Shropshire SY3 7FA.

2 Compliance with accounting standards

The accounts have been prepared in accordance with the provisions of FRS 102 Section 1A small entities.

3 Accounting policies

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

The company buys and sells real estate as part of Housing Plus Group, its ultimate parent. At 31 March 2022 the company holds land assets valued at £13.9m and has net liabilities of £1.6m. The company's cash balances were £479k and the company had access to £7.3m of undrawn facilities which are immediately available from an intragroup loan agreement.

The directors, after reviewing the company's budget for 2022/23 and the medium term financial position as detailed in the 5-year business plan, are of the opinion that, taking account of severe but plausible downsides with a maximum delay in market sales of four months, combined with a maximum reduction in open market valuations of 5%, that the company will have sufficient funds to meet its liabilities as they fall due for a period of 12 months from the date of approval of the financial statements. The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

a) Turnover

Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the purchaser. It is recognised at the fair value of consideration received or receivable on legal completion.

NOTES TO THE FINANCIAL STATEMENTS (continued)

b) Interest payable and similar charges

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

c) Taxation

The charge for taxation is based on the profit/loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

d) Value Added Tax (VAT)

The company is registered for VAT. The majority of expenditure is subject to VAT, which the company is able to reclaim.

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

e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises land and associated acquisition costs, direct materials and subcontractor work, other direct costs and those overheads (based on normal operating capacity) that have been incurred in bringing the inventories to their present location and condition, excluding borrowing costs. These include infrastructure and development costs such as roads and sewers. Provisions are established to write down land where the estimated net sales proceeds less costs to complete exceed the current carrying value. Adjustments to the provisions will be required where selling prices or costs to complete change.

f) Cash and cash equivalents

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

g) 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 company accounts for its financial instruments using sections 11 'Basic Financial Instruments' and 12 'Other Financial Instruments Issues' of FRS102.

Basic financial instruments are initially recognised at transaction price and in subsequent years at amortised cost. Financial instruments that do not meet the criteria of basic financial instruments are initially recognised at fair value and in

NOTES TO THE FINANCIAL STATEMENTS (continued)

subsequent years are measured at fair value at the end of each reporting period with any changes in fair value being recognised in the Statement of Comprehensive Income.

Financial assets are derecognised when the rights to the cash flows from the asset expire or are settled. Financial liabilities are derecognised when the obligation is discharged, cancelled or expired. Any difference between the consideration paid or received and the amounts derecognised are recognised in the Statement of Comprehensive Income.

The company's financial instruments are all currently classified as basic.

h) Key estimates and judgements

The preparation of the financial statements requires the use of certain accounting estimates and judgements concerning the future. The fair value of the companies land is estimated at £13.5m. The land was originally purchased for £11.7m, and construction of 220 units of mixed tenure commenced in January 2022. There are no other estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

4 Operating loss

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
The operating loss is stated after charging:		
Auditors' remuneration:		
- Audit of financial statements	4,000	1,500
- Taxation advisory services	4,800	5,280

Directors' remuneration for the period was nil (2021: nil), and there were no directors (2021: nil) to whom retirement benefits were accruing under direct contribution pension schemes.

The directors are remunerated by the parent company, not specifically in respect of Severn Homes Ltd duties. The company has no employees.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 Taxation

	31 March 2022 £	31 March 2021 £
Analysis of tax charge / (credit) for the period		
Current tax		
UK corporation tax at 19% (2021: 19%)	-	-
Adjustments in respect of prior periods	-	-
Total current tax charge / (credit)	-	-
Deferred tax		
Origination and reversal of timing difference	-	-
Tax on profit on ordinary activities	-	-
Reconciliation of tax charge		
Profit / (loss) on ordinary activities before tax	(496,528)	(530,798)
Tax on profit / (loss) on ordinary activities at standard CT rate of 19% (2021: 19%)	(94,340)	(100,852)
<i>Effects of:</i>		
Amounts (charged) / credited directly to equity or otherwise transferred	-	-
Adjustments to tax charge in respect of previous periods		
Rate differences	-	-
Deferred tax not recognised	94,340	100,852
Tax charge / (credit) for the period	-	-

6 Interest payable

	31 March 2022 £	31 March 2021 £
Interest payable on group loan	434,952	470,310

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 Inventories

	31 March 2022 £	31 March 2021 £
Land and properties under construction	13,010,115	11,879,740
	13,010,115	11,879,740

8 Debtors

	31 March 2022 £	31 March 2021 £
Amounts falling due within one year		
Amounts due from group undertakings		
Homes Plus	-	11,420
Other Debtors	250	-
Tax and social security	12,476	-
Unpaid share capital	-	1
	12,726	11,421

9 Creditors: amounts falling due within one year

	31 March 2022 £	31 March 2021 £
Amounts owed to group undertakings		
Housing Plus	24,330	8,358
Homes Plus	-	96,594
Accruals	350,187	10,580
	374,517	115,532

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 Creditors: amounts falling due after more than one year

	31 March 2022 £	31 March 2021 £
Intragroup Loan Homes Plus	14,700,000	13,000,000
	14,700,000	13,000,000

The intragroup loan is repayable within 2 to 5 years

11 Authorised, allotted and called up share capital

	31 March 2022 £	31 March 2021 £
Ordinary shares of £1 each	1	1

12 Group companies

The ultimate parent undertaking and controlling party is The Housing Plus Group Limited, a Registered Provider (Registered Co-operative & Community Benefit Society No. 30224R). The consolidated financial statements of The Housing Plus Group Limited are available from the Company Secretary, The Housing Plus Group Limited, Acton Court, Acton Gate, Stafford, ST18 9AP.

13 Related party transactions

The company has taken advantage of the exemption by S33.1A of FRS102 not to disclose related party transactions with other group companies.