ANNUAL REPORT AND FINANCIAL STATEMENTS

31 MARCH 2023

Homes Plus
Acton Court, Acton Gate, Stafford, ST18 9AP

Registration No. 28312R

A member of The Housing Plus Group

CONTENTS:

BOARD MEMBERS, EXECUTIVE OFFICERS, AUDITORS, ADVISORS AND BANKERS

Registered Office	Acton Court, Acton Gate, Stafford, ST18 9AP
Homes Plus	Registered Community Benefit Society No: 28312R Registered by the Regulator of Social Housing No: LH4121
Internal Auditors	**Beever and Struthers** 20 Colmore Circus Queensway, Birmingham, B4 6AT
External Auditors	**KPMG LLP** Chartered Accountants and Statutory Auditors, One Snowhill, Birmingham, B4 6GH
Legal Advisors	**Anthony Collins LLP** 134 Edmund Street Birmingham, B3 2ES **Trowers & Hamlins LLP** 55 Princess Street Manchester, M2 4EW
Banker	**Barclays Bank PLC**, One Snowhill, Birmingham, B3 2WN
Funders	**M&G,** Laurence Pountney Hill, London, EC4R 0HH **Aviva Investors,** Structured and Private Debt, St Helen's 1 Undershaft, London, EC3P 3DQ **Shropshire Council,** The Shirehall, Abbey Foregate, Shrewsbury, SY2 6ND

BOARD MEMBERS, EXECUTIVE OFFICERS, AUDITORS, ADVISORS AND BANKERS (continued)

Board of Management	G Evans (Chair – resigned 31 July 2022) J Burt (Chair – Appointed 1 August 2022) C Royall J Pert R Barber E Harrison H Bowman C Purdy OBE
Chief Executive	S Boden
Executive Directors	
Executive Director of Finance and Transformation	V Whibley
Executive Director of Housing and Care	L Clarke
Executive Director of Property	A Kenny
Company Secretary	I Molyneux

REPORT OF THE BOARD

The principal activities of the company is the development and management of affordable housing for people in housing need together with appropriate support services in the West Midlands.

Homes Plus is an exempt charity and is also registered with the Regulator of Social Housing (LH4121), and operates four key business streams:

- housing for rent, primarily for customers who are unable to rent or buy at open market rates;
- supported housing for people who need additional housing-related support;
- care housing for older people; and
- low cost home ownership, primarily shared ownership.

Homes Plus is a member of The Housing Plus Group (Housing Plus). Housing Plus, Homes Plus ultimate controlling party, is a non-housing assets holding company which provides the central services for Homes Plus such as finance, human resource advice, information technology, development advice and management, property care services, legal services, health and safety advice and corporate publicity.

Housing Plus has prepared a Group Strategic Report to accompany the consolidated financial statements. Homes Plus has taken the exemption not to provide a full strategic report within its own financial statements in line with the Statement of Recommended Practice for registered social housing providers 2018 update. The Statement of Compliance with regulatory policies is available in the Group Strategic Report.

Business & financial review

Homes Plus achieved an operating surplus of £27.2m an increase of £1.9m compared to 2021/22. The Association achieved an overall surplus on the sale of assets of £4.4m (2022 £4.3m). Homes Plus continues to re-invest its surpluses into new housing stock and ended the year with 18,906 social housing units, a net increase of 114 on the previous year after Right to Buy (RTB) stock losses.

Arrears performance at the end of the year was 1.90% (2022: 1.75%) with average arrears levels of £343 (2022: £322) per case.

Board Members and Executive Officers

Homes Plus is governed by a Board of Management composed of seven non-executive members. Homes Plus is managed by a senior management team headed by the Chief Executive and supported by the Executive Director of Finance and Transformation, Executive Director of Housing and Care and Executive Director of Property. The Executive Management Team attends Board meetings.

Each member of the Board, holds one share of £1 in the Association. The Executive Officers of Homes Plus hold no interest in the Association's share capital and, although they do not have legal status of Directors they act as Executive Officers within the authority delegated to them by the Board and are termed Directors. Housing Plus has purchased Directors' and Officers' Liability Insurance for the Board Members, Executive Officers and staff of Housing Plus and Homes Plus. Members of the Board receive remuneration.

REPORT OF THE BOARD (continued)

The remuneration of the Board, the Chief Executive and the other Executive Officers is determined by the Housing Plus Board. External professional advice is sought as necessary to ensure that regard is taken of remuneration levels in similar companies and the market place.

Governance

Homes Plus complies with the Regulator of Social Housing's Governance and Financial Viability Standard. In October 2019 the Group confirmed its adoption of the National Housing Federation's "Code of governance: Promoting board excellence for housing associations (2015 edition)" as it's approved Code of Governance and confirms that the Group complies fully with the Code in all respects. The Group has since adopted the 2020 edition of the National Housing Federation's Code of Governance.

Going concern

The Group board reviewed the 30 year financial plans in May 2023, as part of its normal annual review and budget approval process. The Homes Plus 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 was satisfied that The Housing Plus Group and all of its subsidiaries had sufficient resources, taking account of severe but plausible downsides, such as higher than forecast inflation, higher than forecast Bank of England base rates, changes to the Government's rent settlement agreement, downturn of the UK housing market or other adverse operational issues, 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 high levels of inflation resulting from the war in Ukraine and the after effects of the Covid-19 pandemic has impacted significantly on customers' personal finances, despite this impact, the financial performance of Homes Plus remained strong. Homes Plus ended the year with an arrears figure of 1.9% against a corporate target of 3% which is testament to the hard work of staff across the organisation.

In terms of access to new funding, the Group has £110m surplus security with its lenders as well as £159m of uncharged security based on an EUV-SH valuation methodology. During 2022/23 the Group has worked in partnership with its legal advisors and Local Authorities to ensure it is in a position to value its transferred properties at MVT-STT levels for future funding. The Group currently has £62m (EUV-SH) of secured properties already held in trust which could be allocated quickly to secure new funding if required.

Taking operational performance and access to future funding into account, the board concluded that Homes Plus remains a going concern. The Board remains satisfied that Homes Plus, taking account of severe but plausible downsides, such as higher than forecast inflation, higher than forecast Bank of England base rates, changes to the Government's rent settlement agreement, downturn of the UK housing market or other adverse operational issues, can continue operating as a going concern, being a period of at least 12 months from the date of signing of these financial statements. The accounts have been prepared in the reasonable expectation that Homes Plus is a financially viable organisation.

REPORT OF THE BOARD (continued)

Statement of compliance

The Board confirms that the Housing Plus Group 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 Housing Plus Group has complied with all relevant regulatory and legal requirements. The Board confirms this for The Housing Plus Group and its subsidiaries through appropriate policies and procedures and a strong control framework (described in the Housing Plus 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.

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 Association and of its income and expenditure 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 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 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 2022. 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.

REPORT OF THE BOARD (continued)

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.

Provision of information to auditors

The Board Members who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which Homes Plus' auditors are unaware; the Board Members 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 Homes Plus' 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
18 July 2023

Jason Burt
Chair

Craig Royall
Board member

Irene Molyneux
Company Secretary

Independent auditor's report to Homes Plus Limited

Opinion

We have audited the financial statements of Homes Plus Limited ("the Association") for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position 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 Association as at 31 March 2023 and of its income and expenditure 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 2022.

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 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 Association or to cease its operations, and as they have concluded that 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 Association's business model and analysed how those risks might affect 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 Association'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 reasonable at

Independent auditor's report to Homes Plus Limited (continued)

the time they were made, the above conclusions are not a guarantee that the Association 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 the Board, the Audit and Risk committee, internal audit and inspection of policy documentation as to the Association's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Association'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 Association'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, in particular the risk that association management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as valuation of pension liabilities and valuation of investment properties. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue is derived from routine transactions with limited management incentive and opportunity to fraudulently recognise revenue.

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 unusual postings to cash and borrowings and unusual postings to revenue.

Independent auditor's report to Homes Plus Limited (continued)

Identifying and responding to risks of material misstatement related to 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 association's regulatory and legal correspondence 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 association is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related Co-operative and Community Benefit Societies legislation), taxation 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 association 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. We identified the following areas as those most likely to have such an effect: health and safety and employment law recognising the nature of the association's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors 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.

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.

Independent auditor's report to Homes Plus Limited (continued)

Other information

The Association's Board is responsible for the other information, which comprises the Board's Annual Report. 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.

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
- 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 page [x], 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 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 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.

Independent auditor's report to Homes Plus Limited (continued)

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.

Rees Batley

Rees Batley
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

13 September 2023

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2023

	Note	2023	Restated 27 2022
		£'000	£'000
Turnover	3	107,925	97,534
Cost of sales	3	(7,223)	(3,456)
Operating expenditure	3	(78,207)	(74,185)
Gain on disposal of property, plant and equipment (fixed assets)	4	4,372	4,328
Movement in fair value of investment properties	14	382	1,151
Operating surplus		**27,249**	**25,372**
Interest receivable and similar income	5	947	502
Interest and financing costs	6	(19,493)	(17,494)
Distribution received from subsidiary		228	41
Gift aid received from subsidiary		5	-
Surplus before tax	7	**8,936**	**8,421**
Taxation on surplus	8	(64)	-
Surplus for the year		**8,872**	**8,421**
Actuarial gain/(loss) in respect of pension schemes	24	13,538	16,154
Total comprehensive income for the year		**22,410**	**24,575**

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

The accompanying notes on pages 15 to 59 form part of these financial statements.

STATEMENT OF CHANGES IN RESERVES
for the year ended 31 March 2023

	2023		
	Income and Expenditure Reserve	Restricted Reserve	Total Reserves
	£'000	£'000	£'000
Balance at 1 April restated 27	**172,417**	**5,390**	**177,807**
Capital spend in year	-	(156)	(156)
Total surplus from Statement of Comprehensive Income	**6,185**	**2,687**	**8,872**
Actuarial gains on defined benefit pension scheme	13,538	-	13,538
Other comprehensive income for the year	**13,538**	**-**	**13,538**
Balance at 31 March	**192,140**	**7,921**	**200,061**

	Restated 27 2022		
	Income and Expenditure Reserve	Restricted Reserve	Total Reserves
	£'000	£'000	£'000
Balance at 1 April	**148,807**	**4,762**	**153,569**
Capital spend in year	-	(337)	(337)
Total surplus from Statement of Comprehensive Income	**7,456**	**965**	**8,421**
Actuarial (losses) on defined benefit pension scheme	16,154	-	16,154
Other comprehensive income for the year	**16,154**	**-**	**16,154**
Balance at 31 March	**172,417**	**5,390**	**177,807**

The accompanying notes on pages 15 to 59 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
as at 31 March 2023

	Note	2023	Restated 27 2022
		£'000	£'000
Fixed Assets			
Intangible assets	11	3,616	1,840
Tangible fixed assets			
Housing properties	12	639,738	628,138
Other tangible fixed assets	13	5,792	5,960
Investment properties	14	22,231	22,530
		671,377	658,468
Assets: amounts receivable after more than one year			
Debtors	16	20,800	16,700
Pension asset	23	134	-
		20,934	16,700
Current assets			
Stocks	15	9,115	2,991
Debtors	16	6,293	6,715
Investments		7	7
Cash and cash equivalents		9,872	8,394
Less: Creditors: Amounts falling due within one year	17	(26,320)	(26,897)
Net current assets/ (liabilities)		**(1,033)**	**(8,790)**
Total assets less current liabilities		**691,278**	**666,378**
Creditors: Amounts falling due after more than one year	18	(487,557)	(471,753)
Pension Provision	23	(3,660)	(16,818)
Total net assets		**200,061**	**177,807**
Reserves			
Income and expenditure reserve		192,140	172,417
Restricted reserve		7,921	5,390
Total reserves		**200,061**	**177,807**

The financial statements were approved by the Board and authorised for issue and are signed on its behalf on 18 July 2023 by:

J Burt
Chair

C Royall
Board Member

I Molyneux
Company Secretary

The accompanying notes on pages 15 to 59 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

Homes Plus is an exempt charity, registered as a Co-operative and Community Benefit Society and it is registered also with the Regulator of Social Housing (LH4121), under the Housing and Regeneration Act 2008, as a social landlord. Homes Plus is a public benefit entity as described by FRS102.

2. Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (FRS102), and the Statement of Recommended Practice for registered social housing providers 2018 update . 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.

Going concern

As part of their normal annual review and budget approval process, the Board of Management have reviewed the 30 year business plan for Homes Plus, who operate as a funding group with Housing Plus Group Finance Limited and are integral to Housing Plus Group

The Board reviewed the 30 year financial plans in May 2023, as part of its 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. The Group Board were satisfied that the Group and all of its subsidiaries had sufficient resources, taking account of severe but plausible downsides, such as higher than forecast inflation, higher than forecast Bank of England base rates, changes to the Government's rent settlement agreement, downturn in the UK housing market or other adverse operational issues, to continue operating for the foreseeable future and accounts have been prepared in the reasonable expectation that the Group is a financially viable organisation.

The high levels of inflation resulting from the war in Ukraine and the after effects of the Covid-19 pandemic has impacted significantly on customers' personal finances, despite this impact, the financial performance of the Group remained strong. The Group ended the year with an arrears figure of 1.9% against a corporate target of 3% which is testament to the hard work of staff across the organisation.

As at 31st March 2023 the Association had £9.9m of cash and access to a further £35.5 million of undrawn borrowing facilities within Housing Plus Group Finance Limited. The Board is satisfied that this funding is available as Housing Plus Group Finance Limited and Homes Plus are integral to the Group as set out in the 30 year business plan.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Given the strength of the Statement of Financial Position 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 Association'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.

FRS102 Exemptions

The Association is a wholly owned subsidiary and is exempt from the requirement to prepare consolidated financial statements. In preparing separate financials statements the Association has taken advantage of the disclosure exemption in FRS 102 and has not prepared a cash flow statement.

A summary of the key accounting policies, which have been applied consistently across all entities, is set out below with intercompany transactions and balances being eliminated in full.

Turnover

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

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

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

Value Added Tax (VAT)

The Association'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 Association and not recoverable from HM Revenue and Customs (HMRC).The Association is 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

Interest and financial costs

Interest and financial 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 Homes Plus housing assets.

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

Pensions

Homes Plus participates in two defined benefit schemes, the Housing Plus Pension Scheme (HPPS) and the Staffordshire County Council Local Government Pension Scheme (Staffordshire LGPS). The assets of the funds are kept separately from those of the Group being invested in independently managed superannuation funds.

The Association has accounted for the both the HPPS and LGPS 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.

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.

Housing properties

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

Completed housing properties are split between their land and structure costs. Freehold land is not depreciated. Housing properties are depreciated on a straight line

NOTES TO THE FINANCIAL STATEMENTS (continued)

basis over the useful economic life of the assets. The depreciable amount is arrived at on the basis of original cost.

Homes Plus's housing assets are depreciated as follows:

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

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

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 the 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 for the year.

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

Accounting for grants

Homes Plus 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 Homes Plus using the accrual model. It means that grants are released to the Statement of Comprehensive Income, on a systematic basis over the expected useful life of the housing property structure or if a Disabled Facilities Grant over the expected useful life of the bathroom.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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

Sale of housing property

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

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

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:

o Software warranties & licences	5 years
o Business Transformation costs	7 years

NOTES TO THE FINANCIAL STATEMENTS (continued)

Other tangible fixed assets

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

o Office Structure	60 years
o Vehicles	4 years
o Furniture & Equipment	5 years
o Photocopiers	3 years
o IT Hardware	3 years

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

Impairment

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

Where an indicator of impairment exists an impairment assessment is performed where the carrying amount is compared to the recoverable amount. If the carrying amount of an asset or cash generating unit exceeds the 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.

Leased assets

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

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

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.
The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

Stocks

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

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 income statement in other operating expenditure.

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 Association accounts for its financial instruments using sections 11 ‘Basic Financial Instruments’ and 12 ‘Other Financial Instruments Issues’ of FRS102.

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

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

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.

Taxation

The Association is registered as a charity with HM Revenue & Customs. By virtue of S.478 Corporation Tax Act 2010, the Association is exempt from corporation tax. The Association pays corporation tax at the rate applicable on any surplus it generates from non-charitable activities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Provisions

The Association only provides for when:

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

- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the Statement of Financial Position date.

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

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

Reserves

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

Key estimates and judgements

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

i). Impairment of assets
The Association 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

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 Association 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 2022, the range of assumptions used by the individual schemes of which the Association is a member are shown in Note 20 of the financial statements.

iii). Classification of Financial Instruments

The Association 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 Association’s loan covenants.

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

iv) Leases

Whether leases entered into by the Association 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

NOTES TO THE FINANCIAL STATEMENTS (continued)

assets. The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.

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 expenditure and operating surplus

	Note	Year Ended 31 March 2023 Turnover	Cost of Sales	Operating Expenditure	Operating Surplus/ (Deficit)	Restated 27 Year Ended 31 March 2022 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	95,640	-	(63,609)	32,031	89,726	-	(57,748)	31,978
Other Social Housing Activities									
First tranche shared ownership sales		5,590	(3,872)	(302)	1,416	4,952	(3,456)	(188)	1,308
Leaseholders		211		(164)	47	122	-	(101)	21
Tenant garages		157		(12)	145	169	-	-	169
Charges for support services		-		(13,748)	(13,748)	-	-	(15,672)	(15,672)
External activities		64		-	64	-	-	-	-
Office depreciation and impairment				(266)	(266)	-	-	(95)	(95)
Other activities		291		-	291	309	-	1	310
Gain on disposal of property assets					4,341				4,328
		6,313	(3,872)	(14,492)	(7,710)	5,552	(3,456)	(16,055)	(9,631)
Activities other than social housing activities									
Income on closure of subsidiaries		14		-	14	-	-	(200)	(200)
Shops		335		-	335	297	-	(4)	293
Private garages		838		-	838	901	-	(7)	894
Market Rent and Commercial Rent		1,005		(12)	993	974	-	(171)	803
Other non social housing activities		-		-	-	84	-	-	84
Properties developed for outright sales		3,780	(3,351)	(94)	335		-	-	-
Gain on disposal of investment properties					31		-	-	-
Movement in fair value of investment properties					382				1,151
		5,972	(3,351)	(106)	2,928	2,256	-	(382)	3,025
Total		**107,925**	**(7,223)**	**(78,207)**	**27,249**	**97,534**	**(3,456)**	**(74,185)**	**25,372**

NOTES TO THE FINANCIAL STATEMENTS (continued)

3a. Income and expenditure from social housing activities

	Year Ended 31 March 2023 General Housing	Supported Housing	Low Cost Home Ownership	Care Housing	Total	Restated 27 Year Ended 31 March 2022 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover						
Rent receivable net of identifiable service charges	70,369	11,042	2,296	4,383	88,090	83,407
Service charge Income	995	2,780	455	1,269	5,499	5,440
Amortised government grants	624	137	66	106	933	880
Other revenue grants	1,118	-	-	-	1,118	(1)
Turnover from Social Housing Lettings	**73,106**	**13,959**	**2,817**	**5,758**	**95,640**	**89,726**
Operating Expenditure						
Management	(7,322)	(1,437)	(279)	(573)	(9,611)	(10,240)
Service charge costs	(3,574)	(2,796)	(5)	(2,069)	(8,444)	(5,298)
Routine maintenance	(10,821)	(4)	-	(13)	(10,838)	(10,634)
Planned maintenance	(18,124)	(35)	-	(37)	(18,196)	(16,083)
Bad debts	(379)	(2)	-	-	(381)	(237)
Depreciation of housing properties	(13,074)	(2,119)	(419)	(527)	(16,139)	(15,045)
Impairment of housing properties	-	-	-	-	-	(211)
Operating expenditure on social housing lettings	**(53,294)**	**(6,393)**	**(703)**	**(3,219)**	**(63,609)**	**(57,748)**
Operating surplus/(deficit) on social housing lettings	**19,812**	**7,566**	**2,114**	**2,539**	**32,031**	**31,978**
Void Losses	(944)	(567)	(7)	(41)	(1,559)	(1,020)

Included within Planned maintenance are compliance costs as follows:

Compliance costs	(10,834)	(20)	-	(18)	(10,872)	(7,663)

NOTES TO THE FINANCIAL STATEMENTS (continued)

3b. Classes of accommodation in management and development

	Year Ended 31 March 2023	Year Ended 31 March 2022
	Number	Number
General housing		
- Social rent	14,377	14,402
- Affordable rent	1,453	1,374
Supported housing and housing for older people		
- Social rent	1,896	1,876
- Affordable rent	121	121
Low cost home ownership	807	767
Care housing		
- Social rent	202	202
- Affordable rent	50	50
Total social housing units	**18,906**	**18,792**
Market Rent	114	122
Other	2	2
Leasehold	646	643
Leasehold for the elderly	30	30
Total social housing units owned and managed	**19,698**	**19,589**
Accomodation managed on behalf of others	1	-
Total social housing units managed	**19,699**	**19,589**
Non social leasehold	40	40

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Sale of properties not developed for outright sale and other fixed assets

	Year ended 31 March 2023				Year ended 31 March 2022
	Right to Buy	Other Disposals	Investment properties	Total	
	£'000	£'000	£'000	£'000	£'000
Disposal Proceeds	1,914	4,000	669	6,583	5,831
Cost of Sales	(501)	(984)	(622)	(2,107)	(1,445)
Selling Costs	(29)	(60)	(15)	(104)	(58)
Net surplus on disposals	**1,384**	**2,956**	**32**	**4,372**	**4,328**

5. Interest receivable and similar income

	Year ended 31 March 2023	Restated 27 Year ended 31 March 2022
	£'000	£'000
Interest received from temporary investments	94	3
Interest received from Intra Group loans:	853	499
Interest receivable and similar income	**947**	**502**

6. Interest payable and financing costs

	Year ended 31 March 2023	Restated 27 Year ended 31 March 2022
	£'000	£'000
Interest payable on Intra Group loans	(17,540)	(14,300)
Bank Loans	(2,156)	(2,680)
Commitment fee	-	(23)
Renegotiation fees	(189)	(344)
Capitalised interest	833	494
Net interest expense (pensions)	(441)	(641)
Interest and financing costs	**(19,493)**	**(17,494)**

Interest was capitalised at an average rate of 4.75% (2022: 5%)

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Surplus on ordinary activities before taxation

This is arrived at after charging:	Note	Year Ended 31 March 2023	Restated 27 Year Ended 31 March 2022
		£'000	£'000
Depreciation:			
Housing assets		16,139	15,045
Other fixed assets		463	510
Impairment:			
Housing assets		-	211
Other tangible fixed assets		-	20
Grant amortisation:		(933)	(880)
(Surplus)/Deficit on Disposal of properties	4	(4,372)	(4,328)
Operating lease rentals:	22		
Vehicles		800	572
Office equipment		12	23
Auditor's Remuneration (incl. expenses, excl. VAT):			
Fees for the audit of the financial statements		80	71
Fees for other services		7	21

8. Tax on surplus on ordinary activities

	Year ended 31 March 2023	Year ended 31 March 2022
	£'000	£'000
Tax on profit on Outright sales		
Profit on properties developed for Open market sales	335	-
Corporation Tax at 19% (2022 19%)	64	-
Corporation Tax	**64**	**-**

9. Employees

The average number of persons employed during the financial year expressed as full-time equivalents (37 hours) was:

	Year Ended 31 March 2023	Year Ended 31 March 2022
	Number	Number
Administration and Management	174	193
Property Services	38	44
Housing Support and Care	6	2
Total	**218**	**239**

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Employees (continued)

Employee Costs:	Note	Year Ended 31 March 2023	Year Ended 31 March 2022
		£'000	£'000
Wages and salaries		6,854	7,373
Social Security costs		654	690
Other pension costs	23	984	1,058
Total		**8,492**	**9,121**

Staff who received remuneration (including benefits in kind) in excess of £60k are summarised in the following bands:

	Year Ended 31 March 2023	Year Ended 31 March 2022
	Number	Number
More than £60,000 but not more than £70,000	3	2
More than £70,000 but not more than £80,000	2	2
More than £80,000 but not more than £90,000	1	-
More than £90,000 but not more than £100,000	-	-
More than £100,000 but not more than £110,000	1	-

10. Directors’ emoluments

The Directors of the Association are its Board Members. Board Members are not members of any Group pension scheme.

The Executive Directors did not receive any emoluments in respect of their services to the Association (2023: £nil) and none (2022: none) of the Executive Directors were a member of the Association’s pension schemes. The Executive Directors are all employed and remunerated through the ultimate controlling party, The Housing Plus Group Limited.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Intangible assets

	2023 Software	2022 Software
	£'000	£'000
COST		
At 1 April	1,865	-
Transfer to/ from tangible fixed assets	-	25
Additions	1,776	1,840
At 31 March	3,641	1,865
Accumulated Depreciation & Impairment		
At 1 April	(25)	-
Transfer to/ from tangible fixed assets	-	(25)
Depreciation charge for year	-	-
At 31 March	(25)	(25)
Net book value		
At 31 March	3,616	1,840
At 1 April	1,840	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Housing properties at cost

	As at 31 March 2023					
	Houses for Letting		Low Cost Home Ownership			
	Complete for Letting	Under Construction	Complete for Letting	Under Construction	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April	707,959	16,354	58,424	3,765	24	786,526
Additions	13,882	10,046	66	8,266	-	32,260
Transfer on completetion	14,758	(14,758)	5,553	(5,551)	-	2
Disposals	(4,461)	(134)	(501)	-	-	(5,096)
Transfers to current assets	-	-	(1,343)	(2,138)	-	(3,481)
At 31 March	**732,138**	**11,508**	**62,199**	**4,342**	**24**	**810,211**
Less accumalted deprecaition						
At 1 April	(153,967)	-	(4,403)	-	(18)	(158,388)
Depreciation charge for year	(14,894)	-	(481)	-	-	(15,375)
Eliminated in respect of disposals	3,150	-	40	-	-	3,190
Impairment (losses)/reversals	-	-	100	-	-	100
At 31 March	**(165,711)**	**-**	**(4,744)**	**-**	**(18)**	**(170,473)**
Net book value						
At 31 March	566,427	11,508	57,455	4,342	6	639,738
At 1 April	553,992	16,354	54,021	3,765	6	628,138

Note: Included within ‘Eliminated in respect of disposals’ is accelerated depreciation of £381k (2022: £409k). Of the total additions, £12,177k relate to component replacements and £1,648k fire safety works (2022: £9,204k component replacements, £1,773k fire safety works).

NOTES TO THE FINANCIAL STATEMENTS (continued)

12a Housing properties at cost (continued)

Charges against properties

	2023	2022
	£'000	£'000
Number of properties on which there is a fixed charge	16,190	16,220
Number of properties not charged	2,716	2,572
Total number of properties	**18,906**	**18,792**

Housing properties book value, net of depreciation

	2023	2022
	£'000	£'000
Freehold land and buildings	639,267	627,664
Long leasehold land and buildings	471	474
	639,738	**628,138**

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Other tangible fixed assets

	As at 31 March 2023					
	Solar panels	Vehicles	Furniture & Equipment	Computer Equipment & telephones	Land & Buildings	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April restated 27	178	313	6,539	4,240	10,529	21,799
Additions			185		110	295
At 31 March	**178**	**313**	**6,724**	**4,240**	**10,639**	**22,094**
Accumulated depreciation & impairment						
At 1 April restated 27	(80)	(284)	(5,854)	(4,239)	(5,382)	(15,839)
Depreciation charge for year	(12)	(19)	(311)	(1)	(120)	(463)
At 31 March	**(92)**	**(303)**	**(6,165)**	**(4,240)**	**(5,502)**	**(16,302)**
Net book value						
At 31 March	86	10	559	-	5,137	5,792
At 1 April restated 27	98	29	685	1	5,147	5,960

There is no charge on any of these assets. All land held for other property, plant and equipment is owned freehold

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Investment properties

	2023	2022
	£'000	£'000
Balance at 1 April	22,530	20,654
Transfer (to)/ from other fixed assets	(59)	725
Properties disposed	(622)	
Net gain/ (loss) from fair value adjustments	382	1,151
Balance at 31 March	**22,231**	**22,530**

All investment properties were valued as at 31st March 2023 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.

15. Stocks

	2023	Restated 27 2022
	£'000	£'000
Properties developed for outright sale		
Completed	442	-
Under construction	6,066	-
Total outright sales properties	**6,508**	**-**
Shared ownership properties		
Completed	869	1,361
Under Construction	1,442	1,456
Total shared ownership properties	**2,311**	**2,817**
Other Stocks - materials	296	174
Total Stocks and materials	**9,115**	**2,991**

Inventories are 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 (2022: none).

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Trade and other debtors

	2023	Restated 27 2022
Due within one year	**£'000**	**£'000**
Rent receivable	3,996	3,529
Less: Provision for bad and doubtful debts	(732)	(586)
	3,264	2,943
Amounts due from group undertakings	-	527
Other debtors	1,979	2,342
Less: Provision for bad and doubtful debts	(66)	(69)
	1,913	2,800
Employees	-	1
Other taxation and social security	-	59
Prepayments & accrued Income	1,116	912
Total due within one year	**6,293**	**6,715**
Amounts due from group undertakings	20,800	16,700
Total due after more than one year	**20,800**	**16,700**

17. Creditors: Amounts falling due within one year

	2023	Restated 27 2022
	£'000	**£'000**
Loans and borrowings	343	334
Loans and borrowings - intragroup	9,500	11,800
Trade creditors	1,226	491
Rents and service charges received in advance	3,170	3,072
Social housing grant received in advance	-	-
Deferred grant income	867	917
Recycled capital grant fund	-	-
Amounts owed to group undertakings:	3,126	3,299
Taxation and social security	87	-
Employees	1	286
Other creditors	142	52
Accruals and deferred income	7,858	6,601
Accrued loan interest	-	45
	26,320	**26,897**

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	2023	2022
	£'000	£'000
Loans and borrowings - bank	57,530	57,873
Loans and borrowings - intra group	350,000	334,500
Loan arrangement fees	(1,088)	(1,198)
Deferred captal grant	78,948	78,649
Recycled capital grant and disposal proceeds fund	302	191
Other Creditors	-	2
Other designated funds	1,865	1,736
	487,557	**471,753**

Repayment of Debt

	2023		
	Intra Group	Other Loans	Total
	£'000	£'000	£'000
In one year or less, or on demand	9,500	343	9,843
In more than one year but not more than two years	8,500	353	8,853
In more than two years but not more than five years	121,000	1,119	122,119
In more than five years	220,500	56,058	276,558
	359,500	**57,873**	**417,373**

	2022		
	Intra Group	Other Loans	Total
	£'000	£'000	£'000
In one year or less, or on demand	11,800	334	12,134
In more than one year but not more than two years	9,500	344	9,844
In more than two years but not more than five years	91,500	1,089	92,589
In more than five years	233,500	56,441	289,941
	346,300	**58,208**	**404,508**

The amounts repayable in relation to the bank loans are inter-company creditors with the amounts owed to fellow subsidiary Housing Plus Group Finance Limited. Housing Plus Group Finance Limited recognises equivalent inter-company debtors within its accounts and the third-party liabilities to repay the loans when they fall due.

Housing Plus Group Finance Limited holds a £360m (2022: £346m) loan portfolio in relation to Homes Plus. During the 2022/23 financial year, Homes Plus repaid £11.8m of its loans with Housing Plus Group Finance Limited and received new loans totalling £25m from Housing Plus Group Finance Limited.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

The final scheduled inter-company loan repayment is due in September 2048 with £234m of the loan facility repayable after 5 years. As at 31 March 2023, Housing Plus Group Finance Limited held £218m of fixed rate loans (including index linked) in relation to Homes Plus with a weighted average rate of 5.56%. Housing Plus Group Finance Limited also held £142m of variable rate loans in relation to Homes Plus with a weighted average rate of 5.12%.

Homes Plus has access to £35.5m of undrawn loan facilities within Housing Plus Group Finance Limited.

The Shropshire Council annuity loans of £6.1m and £1.8m held within Homes Plus are repayable in instalments, with the final scheduled loan payments due in August 2041 and June 2039 respectively.

The Shropshire Council loans are secured against properties that Homes Plus owns. The interest rates are fixed at 4.32% and 2.3%.

Homes Plus holds a £15m Private Placement with M&G and a £35m Private Placement with Aviva Investors. The Private Placements are repayable in annual instalments of £10m between 2047 and 2051.

The M&G Private Placement is secured against properties that Homes Plus owns. The interest rate is fixed at 3.86%.

The Aviva Investors Private Placement is secured against properties that Homes Plus owns. The interest rate is fixed at 3.86%.

At 31 March 2023 Homes Plus had undrawn loan facilities of £nil (2022: nil).

Social Housing Grant and other grants

The Association has received government grants in order to acquire and develop its 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:

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Deferred Capital Grant

	2023	2022
	£'000	£'000
Deferred capital grant at 1 April	79,566	73,641
Grants received during the year	1,190	6,277
Grants recycled from/(to) the recycled capital grant fund	(110)	184
Transfers from reserves	90	373
Released to income during the year	(921)	(909)
Deferred capital grant at 31 March	**79,815**	**79,566**
Amounts due within one year	867	917
Amounts due after more than one year	78,948	78,649
	79,815	79,566

Recycled Capital Grant Fund

	2023	2022
	£'000	£'000
Balance as at 1 April	191	374
Recycled Grant Input	111	-
Withdrawals	-	(183)
Balance as at 31 March	**302**	**191**
Amount due with one year	-	0
Amount due after more than one year	302	191
	302	**191**

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Financial instruments

	Note	2023	Restated 27 2022
		£'000	£'000
Financial assets that are debt instruments measured at amortised cost			
Rent & service charge receivable	16	3,264	2,943
Amounts owed by group undertakings	16	20,800	16,700
Other debtors	16	3,029	3,244
Investments in short term deposits		7	7
Cash and cash equivalents		9,872	8,394
Total financial assets		**36,972**	**31,288**
Financial liabilities measured at amortised cost			
Loans	17/18	(407,530)	(404,507)
Trade creditors	17	(1,226)	(491)
Other creditors	17	(3,313)	(3,410)
Accruals	17	(7,858)	(6,646)
Amounts due to group undertakings	17	(3,126)	(3,299)
		(423,053)	**(418,353)**

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. 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.

	2023	2022
	£	**£**
Number of Shareholders as at 1 April	5	5
Number of Shareholders as at 31 March	**5**	**5**

21. Capital commitments

	2023	2022
	£'000	**£'000**
Expenditure contracted but not provided in the financial statements	27,492	33,060
Expenditure authorised by the Board but not contracted	84,717	99,278
Total capital commitments	**112,209**	**132,338**

The following amounts describe the way the Association funds the development:

	2023	2022
	£'000	**£'000**
Loans and reserves	68,714	90,027
Social Housing Grant	15,380	10,029
Forecast sales	28,115	32,282
Total Gross Expenditure	**112,209**	**132,338**

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. Leases

Operating leases

At 31 March 2023 the total of future minimum lease payments under non-cancellable operating leases for each of the following periods was:

	2023	Restated 27 2022
	£'000	**£'000**
Leases for vehicles:		
Not later than one year	800	572
Later than one year and not later than five y	834	553
Later than five years		
Leases for equipment:		
Not later than one year	12	23
Later than one year and not later than five years	22	45
	1,668	**1,193**

The expenditure charged in the Statement of Comprehensive Income during the year in relation to minimum lease payments was £812k (2022: £595k).

Finance leases

The Association as a lessee does not have any leases that have been classified as finance leases.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pension

During the year end 31 March 2023, Homes Plus participated in 4 defined benefit pension schemes (2022: 4).

Impact of Inflation

Recent changes in global and UK economic pressures and tightening of monetary policy have had a significant impact on asset markets and corporate bonds yields, which are key to the FRS102 assessment of the net pension asset or liability. In particular, AA corporate bond yields, used to set the FRS102 discount rate, have increased significantly, with corresponding falls in asset values. The markets have been exceptionally volatile and therefore both gross Defined benefit obligations and assets have fallen for each of the schemes the company participate in.

a) Staffordshire County Council Scheme
The Association participates in the Local Government Pension Scheme (LGPS) which is a multi-employer defined benefit Scheme, is funded and is contracted out of the state scheme.

The Housing Plus Group has 3 schemes within the Staffordshire LGPS of which two relate to Homes Plus. Two of the schemes (one in Housing Plus and ones in Homes Plus) are currently pooled together but for the purposes of the accounting valuation for the financial statements they have been split out. We are currently in the process of pooling the other Staffordshire LGPS scheme so there will be one overall scheme for the Group.

The latest triennial valuation of the scheme was carried out as at 31 March 2022. The triennial valuation is based on the pooling of all 3 schemes within the Housing Plus Group. The funding position at 31 March 2022 is a surplus of £21,432k. (Assets £90,010k, Liabilities £68,578k, funding level 131%)

The actuary has estimated that the net pension liability under FRS102 as at 31 March 2023 for Scheme 1 is a liability of £3,653k (2022: £6,086k). For Scheme 2 there is an asset of £12,669k. (2022: £616k). The surplus is not recoverable in full, we have followed IAS19 to determine the economic benefit of the surplus that Homes Plus can recognise. For 2023 the surplus recognised as an asset in the statement of financial position is £134k (2022: 0k).

Assumptions as at	2023	2022
	%p.a.	%p.a.
Salary increases	3.30%	3.70%
Pension increases	2.80%	3.20%
Discount rate	4.80%	2.80%

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:

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pension (continued)

Scheme 1	Males	Females
Current Pensioners	21.4 years	24.4 years
Future Pensioners*	22.2 years	25.4 years
Scheme 2	**Males**	**Females**
Current Pensioners	21.2 years	24.2 years
Future Pensioners*	22.7 years	25.7 years

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

Categories of plan assets as a % of total plan assets	2023	2022
	%	%
Equities	68	71
Bonds	22	17
Property	8	8
Cash	2	4

Reconcialtion of the effect of the net asset ceiling	2023	2022
	£'000	£'000
Opening asset ceiling	616	-
Movement in asset ceiling	12,053	616
Asset ceiling	12,669	616
Surplus recognised (IAS19)	(134)	-
Closing net asset ceiling	**12,535**	**616**

Net pension liability	2023	2022
	£'000	£'000
Fair value of employer assets	52,373	57,803
Present value of funded obligations	(43,305)	(63,210)
Net (under)funding in funded plans	9,068	(5,407)
Present value of unfunded liabilities	(52)	(63)
	9,016	(5,470)
Effect of net asset ceiling*	(12,535)	(616)
Net pension (liability)	**(3,519)**	**(6,086)**

* We have elected to cap a surplus £12,669k (2022 £616k) on the asset celling of one scheme to £134k.

The estimate of the liability comprises of approximately £6,554,000 (2022: £23,488,000), £13,962,000 (2022: £19,556,000) and £22,789,000 (2022: £20,166,000) in respect of employee members, deferred pensioners and pensioners respectively as at 31 March 2023. 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

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pension (continued)

employer. However, the Actuary is satisfied that the approach used leads to reasonable estimates for the aggregate liability figure.

Amount charged to operating surplus	2023	2022
	£'000	£'000
Current service cost*	(621)	(826)
Past service cost	(13)	0
Total operating charge	(634)	(826)
Amount charged to financing costs		
Interest income on plan assets	1601	1,036
Interest cost on defined benefit obligation	(1,757)	(1,341)
Total net interest	(156)	(305)
Total defined benefit cost recognised in surplus for the year	**(790)**	**(1,131)**

* The Service Cost figures include an allowance for administration expenses of 0.6% (2022: 0.6%) of payroll.

Re-measurements recognised in Other Comprehensive Income	2023	2022
	£'000	£'000
Change in financial assumptions	22,168	5,280
Change in demographic assumptions	641	(172)
Other experience	(4,752)	(161)
Effect of movement in net asset ceiling	(12,535)	(616)
Return on assets (excluding amounts included in net interest)	(2,654)	5,262
	2,868	**9,593**

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pension (continued)

Reconciliation of defined benefit obligation	2023	2022
	£'000	£'000
Opening defined benefit obligation	**63,273**	**67,289**
Current service cost	621	826
Past service cost	13	0
Interest cost	1,757	1,341
Contributions from members	95	109
Actuarial losses/ (gains)	(20,650)	(4,947)
Estimated unfunded benefits paid	(3)	(3)
Estimated benefits paid	(1,749)	(1,342)
Closing defined benefit obligation	**43,357**	**63,273**

Reconciliation of fair value of employer assets	2023	2022
	£'000	£'000
Opening fair value of employer assets	**57,803**	**52,193**
Expected return on assets	(5,863)	5,262
Interest income on plan assets	1,601	1,036
Contributions from members	95	109
Contributions from employer	486	545
Contributions in respect of unfunded benefits	3	3
Unfunded benefits paid	(3)	(3)
Benefits paid	(1,749)	(1,342)
Closing fair value of employer assets	**52,373**	**57,803**

History of gains and losses	2023	2022
	£'000	£'000
Fair value of employer assets	52,373	57,803
Net asset ceiling	(12,535)	(616)
Present value of defined benefit obligations	(43,357)	(63,273)
Deficit	**(3,519)**	**(6,086)**

Net Deficit broken down as follows	2023	2022
	£'000	£'000
Scheme 1	(3,653)	(6,086)
Scheme 2	134	0
Deficit	**(3,519)**	**(6,086)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pension (continued)

b) Shropshire County Council Scheme

The association 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 latest triennial valuation of the scheme was carried out as at 31 March 2022. The funding position at 31 March 2022 is a surplus of £4,006k. (Assets £45,279k, Liabilities £41,273k, funding level 110%)

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 2023 is an asset of £749,000 (2022: £9,709,000 Liability). The surplus is not recoverable in full, we have followed IAS19 to determine the economic benefit of the surplus that Homes Plus can recognise. For 2023 the surplus recognised as an asset in the statement of financial position is £nil (2022: £nil).

Assumptions	**2023**	**2022**
	%p.a.	%p.a.
Salary increases	3.30%	3.70%
Pension increases	2.80%	3.20%
Discount rate	4.80%	2.80%

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	22.0 years	24.9 years
Future Pensioners*	23.1 years	26.3 years

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

Categories of plan assets as a % of total plan assets	**2023**	**2022**
	%	**%**
Equities	51	50
Bonds	19	19
Property	3	4
Alternatives	26	25
Cash	1	2

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pension (continued)

Reconcialtion of the effect of the net asset ceiling	2023	2022
	£'000	£'000
Opening asset ceiling	0	-
Movement in asset ceiling	749	-
Asset ceiling	749	-
Surplus recognised (IAS19)	0	-
Closing net asset ceiling	**749**	**-**

Net pension liability	2023	2022
	£'000	£'000
Fair value of employer assets	42,496	45,082
Present value of funded obligations	(41,514)	(54,520)
Net (under)funding in funded plans	982	(9,438)
Present value of unfunded liabilities	(233)	(271)
	749	(9,709)
Effect of net asset ceiling	(749)	-
Net pension (liability)	**-**	**(9,709)**

Amount charged to operating surplus	2023	2022
	£'000	£'000
Current service cost	(659)	(720)
Past service cost	-	-
Administration expense	(15)	(11)
Effects of curtailments	-	-
Total operating charge	(674)	(731)
Amount charged to financing costs		
Interest income on plan assets	1248	848
Interest cost on defined benefit obligation	(1,512)	(1,137)
Total net interest	(264)	(289)
Total defined benefit cost recognised in surplus for the year	**(938)**	**(1,020)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pension (continued)

Re-measurements recognised in Other Comprehensive Income	2023	2022
	£'000	£'000
Change in financial assumptions	19,839	3,694
Change in demographic assumptions	312	(247)
Other experience	(6,431)	(134)
Effect of movement in net asset ceiling	(749)	-
Return on assets (excluding amounts included in net interest)	(2,803)	2,142
Total re-measurements recognised in Other Comprehensive Income	**10,168**	**5,455**

Reconciliation of defined benefit obligation	2023	2022
	£'000	**£'000**
Opening defined benefit obligation	**54,791**	**57,306**
Current service cost	659	720
Past service cost	-	-
Interest cost	1,512	1,137
Contributions from members	122	125
Actuarial losses/ (gains)	(13,720)	(3,313)
Result on curtailments	-	-
Estimated benefits paid	(1,617)	(1,184)
Closing defined benefit obligation	**41,747**	**54,791**

Reconciliation of fair value of employer assets	2023	2022
	£'000	**£'000**
Opening fair value of employer assets	**45,082**	**42,681**
Expected return on assets	(2,803)	2,142
Interest income on plan assets	1,248	848
Contributions from members	122	125
Contributions from employer	479	481
Administration expenses	(15)	(11)
Unfunded benefits paid	-	-
Benefits paid	(1,617)	(1,184)
Closing fair value of employer assets	**42,496**	**45,082**

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pension (continued)

History of gains and losses	2023	2022
	£'000	£'000
Fair value of employer assets	42,496	45,082
Net asset ceiling	(749)	-
Present value of defined benefit obligations	(41,747)	(54,791)
Deficit	**-**	**(9,709)**

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. The major assumptions used by the actuary are shown below.

The latest triennial valuation of the scheme was carried out as at 30 September 2022. The results are still being finalised.

The actuary has estimated that the net pension asset/ liability as at 31 March 2023 under FRS102 is a liability of £7,000 (2022: £1,023,000).

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but given the current level of uncertainties, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue. We have been informed the maximum potential liability would be £70,000.

Financial assumptions	2023	2022
	%p.a.	%p.a.
Discount rate	4.80%	2.80%
Inflation (RPI)	3.15%	3.60%
Inflation (CPI)	2.80%	3.20%
Deferred revaluation	3.15%	3.60%
Pension increases		
- CPI max 5% p.a.	2.74%	3.05%
- CPI max 3% p.a.	2.22%	2.40%

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pension (continued)

Demographic assumptions as at	2023	2022
Mortality		
Base Tables	Pre retirement: nil Post retirement: 113% of S3PXA	Pre retirement: nil Post retirement: 111% of S3PXA
Improvement allowance	CMI_2021 (1.25%) for males CMI_2021 (1.25%) for females	CMI_2021 (1.25%) for males CMI_2021 (1.25%) for females
Smoothing parameter	7.0	7.5
Life expectancy from age 65		
Pensioners (currently aged 65)	Male: 21.3 Female :23.7	Male: 21.4 Female :23.7
Non-pensioners (currently aged 65)	Male: 22.6 Female: 25.2	Male: 22.6 Female: 25.1
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	2023	2022
	£'000	**£'000**
Equities	27	1,362
Bonds	3,066	3,718
Property	378	403
Other	2,226	2,541
Total market value of assets	**5,697**	**8,024**

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pension (continued)

Net pension liability	2023	2022
	£'000	£'000
Fair value of employer assets	5,697	8,024
Present value of scheme liabilities	(5,704)	(9,047)
Surplus/ (deficits)	(7)	(1,023)
Effect of asset celling	-	-
Net pension (liability)	**(7)**	**(1,023)**

	2023	2022
Amount charged to operating surplus	£'000	£'000
Current service cost	-	-
Past service cost	-	-
Administration expense	(70)	(55)
Settlement losses/ (gains)	-	-
Total operating charge	(70)	(55)
Amount charged to financing costs		
Interest income on plan assets	231	148
Interest cost on defined benefit obligation	(252)	(195)
Total net interest	(21)	(47)
Total defined benefit cost recognised in income statement for the year	**(91)**	**(102)**

Re-measurements recognised in Other Comprehensive Income	2023	2022
	£'000	£'000
Change in financial assumptions	3,770	1,224
Change in demographic assumptions	281	(31)
Other experience	(550)	(380)
Return on assets (excluding amounts included in net interest)	(2,999)	293
Total re-measurements recognised in Other Comprehensive Income	**502**	**1,106**

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pension (continued)

Changes in assets/ (liabilities) during the year	2023	2022
	£'000	£'000
Opening Surplus/ (deficit) at the start of the period	**(1,023)**	**(2,632)**
Current service cost	-	-
Past service cost	-	-
Net interest cost	(21)	(47)
Expenses	(70)	(55)
Re-measurements included in other comprehensive income	502	1,106
Employer contribution	605	605
Estimated benefits paid	-	-
Surplus/ (deficit) at the end of the period	**(7)**	**(1,023)**

Change in liabilities during the year	2023	2022
	£'000	£'000
Opening liabilities	**9047**	**9824**
Interest cost on defined benefit obligations	252	195
Benefits paid	(94)	(158)
Actuarial (gain)/ loss on changes in assumptions	(4,051)	(1,193)
Experience (gain)/ loss on liabilities	550	379
Closing Liabilities	**5704**	**9047**

Reconciliation of fair value of employer assets	2023	2022
	£'000	£'000
Opening fair value of employer assets	**8,024**	**7,191**
Expected return on assets	(2,999)	293
Interest income on plan assets	231	148
Contributions from members	-	-
Contributions from employer	605	605
Administration expenses	(70)	(55)
Unfunded benefits paid	-	-
Benefits paid	(94)	(158)
Closing fair value of employer assets	**5,697**	**8,024**

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Pension liability

The Association had the following liabilities during the year:

	Staffordshire LGPS	Shropshire LGPS	HPPS	Total
	£'000	**£'000**	**£'000**	**£'000**
At 1 April 2022	(6,086)	(9,709)	(1,023)	(16,818)
Additions/(reductions) dealt within surplus/deficit	(145)	(195)	535	195
Additions/(reductions) dealt within other comprehensive income	2,868	10,168	502	13,538
Interest costs	(156)	(264)	(21)	(441)
At 31 March 2023	**(3,519)**	**-**	**(7)**	**(3,526)**
Pension Asset	134	-	-	134
Pension Liability	(3,653)		(7)	(3,660)
Net Pension liability	**(3,519)**	**-**	**(7)**	**(3,526)**

Pension liability – LGPS

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

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.

25. Restricted reserves

Restricted reserves constitute surpluses accruing from sales of LSVT units under the Right to Buy. 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)

26. Related party transactions

Transactions with non-regulated members of the Group:

	2023				
	Care Plus	Severn Homes Ltd	Housing Plus Finance Ltd	Development Worx	County Town Homes
	£'000	£'000	£'000	£'000	£'000
Inflow				0	
Services provided	497	-	-	-	-
Interest receivable	86	766	-	-	-
Loan finance	-	-	13,200	-	-
Gift Aid	-	-	-	228	-
Distribution from subsidairy	-	-	-	-	5
Total	**583**	**766**	**13,200**	**228**	**5**
Outflow					
Services received	3,007	4,066		3,762	
Interest payable			17,540		
Loan finance		4100			
Write off subsidiary costs					-
Total	**3,007**	**8,166**	**17,540**	**3,762**	**-**

	Restated [27] 2022						
	Care Plus	Severn Homes Ltd	Housing Plus Finance Ltd	Housing Worx	Development Worx	County Town Homes	SSHA Developments
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Inflow							
Services provided	630	-	-	-	-	-	-
Interest receivable	64	435	-	-	-	-	-
Loan finance	-	-	59,700	-	-	-	-
Gift Aid	-	-	-	-	41	-	-
Distribution from subsidairy	-	-	-	29	-	-	-
Distribution on dissolution	-	-	-	-	-	-	79
Total	**694**	**435**	**59,700**	**29**	**41**	**-**	**79**
Outflow							
Services received	2,726	-	-	-	6,820	-	-
Interest payable	-	-	14,150	-	-	-	-
Loan finance	-	1700	-	-	-	-	-
Write off subsidiary costs	-	-		-	-	308	-
Total	**2,726**	**1,700**	**14,150**	**-**	**6,820**	**308**	**-**

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:

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At the year end the following net trading and loan balances w

	2023	Restated 27 2022
	£'000	£'000
Care Plus	1,930	1,920
Servern Homes	18,798	14,700
Housing Plus Group Finance	(361,086)	(347,851)
Development Worx	(221)	(376)
Total	**(340,579)**	**(331,607)**

27. Homes Plus Limited – New Merged entity

On 24 March 2023 Homes Plus Limited and Property Plus (Midlands) Limited merged. Homes Plus principle activities are the development and management of affordable homes, Property Plus delivers maintenance services to group entities within the Housing Plus Group. Property Plus (Midlands) Limited carried out a transfer of engagements to Homes Plus Limited.

In accordance with the requirements of FRS 102 19.29 to 19.33 and PBE34.82 - PBE34.86, Homes Plus Limited has adopted the merger accounting method to reflect the group reconstruction and presented combined financial statements from the beginning of the financial period, whilst also restating the relevant comparative information.

The impact of the merger is set out in the following analysis, which the Total Comprehensive Income of both entities prior to merger and the newly merged entity from merger date to 31st March 2023, along with the share of Total Comprehensive Income for each entity in the comparative period, with the effects of any accounting policy adjustments and intra group trading and margins and the share of net assets at merger.

The key adjustments required as a result of the merger included: removal of intra group trading and margins between both companies and within the net assets the removal of intercompany balances that existed between both companies. Accounting policies had already been aligned so no further adjustments were required as part of the merger.

Total Comprehensive Income 31st March 2022	**Homes Plus**	**Property Plus**	**Merger adjustment**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Turnover	97,448	32,191	(32,105)	97,534
Cost of sales	(3,456)	(25,174)	25,174	(3,456)
Operating expenditure	(74,139)	(6,944)	6,898	(74,185)
Gain on disposal of property, plant and equipment (fixed assets)	4,295	-	33	4,328
Movement in fair value of investment properties	1,151	-	-	1,151
Operating surplus	**25,299**	**73**	**-**	**25,372**
Interest receivable and similar income	502	-	-	502
Interest payable and financing costs	(17,494)	-	-	(17,494)
Gift aid received from subsidiary	41	-	-	41
Surplus before taxation	**8,348**	**73**	**-**	**8,421**
Taxation	-	-	-	-
Surplus for the financial year	**8,348**	**73**	**-**	**8,421**
Actuarial gain/(loss) in respect of pension schemes	16,154	-	-	16,154
Total comprehensive income for the year	**24,502**	**73**	**-**	**24,575**

NOTES TO THE FINANCIAL STATEMENTS (continued)

27. Homes Plus Limited – New Merged entity

	Prior to merger date					
Total Comprehensive Income in year of merger	**Homes Plus**	**Property Plus**	**At Merger date**	**Merger adjustment**	**Post merger**	**Year to 31 March 2023**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Turnover	107,861	33,769	141,630	(33,705)	-	107,925
Cost of sales	(7,222)	(27,470)	(34,692)	27,469	-	(7,223)
Operating expenditure	(78,169)	(6,274)	(84,443)	6,236	-	(78,207)
Gain on disposal of property, plant and equipment (fixed assets)	4,370	-	4,370	2	(2)	4,372
Movement in fair value of investment properties	-	-	-	-	382	382
Operating surplus	**26,840**	**25**	**26,865**	**2**	**380**	**27,249**
Interest receivable and similar income	947	-	947	(0)	0	947
Interest payable and financing costs	(19,493)	-	(19,493)	(0)	0	(19,493)
Distribution received from subsidiary	228	-	228	-	-	228
Gift aid received from subsidiary	5	-	5	0	(0)	5
Surplus before taxation	**8,527**	**25**	**8,552**	**2**	**380**	**8,936**
Taxation	(64)	-	(64)	-	-	(64)
Surplus for the financial year	**8,463**	**25**	**8,488**	**2**	**380**	**8,872**
Actuarial gain/(loss) in respect of pension schemes	-	-	-	-	13,538	13,538
Total comprehensive income for the year	**8,463**	**25**	**8,488**	**2**	**13,918**	**22,410**
Net Assets	**185,886**	**254**	**186,140**	**-**	**13,918**	**200,059**

NOTES TO THE FINANCIAL STATEMENTS (continued)

28. Group companies

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