ANNUAL REPORT AND FINANCIAL STATEMENTS

31 MARCH 2021

South Staffordshire Housing Association Limited
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
South Staffordshire Housing Association Limited	Registered Community Benefit Society No: 28312R Registered by the Regulator of Social Housing No: LH4121
Internal Auditors	**Beever and Struthers** (appointed 1 April 2020) 20 Colmore Circus Queensway, Birmingham, B4 6AT
External Auditors	**KPMG LLP** (appointed 12 November 2020) Chartered Accountants and Statutory Auditors, One Snowhill, Birmingham, B4 6GH
Legal Advisors	**Anthony Collins LLP** 134 Edmund Street Birmingham, B3 2ES
	Trowers & Hamlins LLP 55 Princess Street Manchester, M2 4EW
Bankers	**Barclays Bank PLC**, One Snowhill, Birmingham, B3 2WN

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

Board of Management	S Jennings (Chair) resigned 3 August 2020 G Evans (Chair) appointed 3 August 2020 C Dass – resigned 23 July 2020 C Royall J Pert R Barber E Harrison P Roberts – appointed 13 July 2020 resigned 9 March 2021 H Bowman – appointed 12 November 2020 C Purdy OBE – appointed 12 November 2020 P Ingle (Executive Director)
Chief Executive	S Boden
Executive Directors	
Finance Director and Deputy Chief Executive	P Ingle
Property Director	S Collins
Neighbourhoods Director	J Goode (Resigned 31 March 2021)
Care and Support Director	L Clarke
Company Secretary	I Molyneux

REPORT OF THE BOARD

South Staffordshire Housing Association Limited (‘SSHA’ ‘the Association’) started to trade in March 1997 (28312R) following the large scale voluntary transfer of over 5,000 properties from South Staffordshire Council. Its principal activities are the development and management of affordable housing for people in housing need together with appropriate support services in the West Midlands.

Since 1st October 2008, SSHA has been registered as 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.

SSHA owns the entire issued share capital of SSHA Developments Limited (formerly Acton Gate Limited). The results of SSHA Developments Limited are consolidated into the ultimate controlling party The Housing Plus Group Limited (Housing Plus).

SSHA is the founding member of The Housing Plus Group (Housing Plus). Housing Plus, SSHA’s ultimate controlling party, is a non-housing assets holding company which provides the central services for SSHA 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. SSHA 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

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

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

Board Members and Executive Officers

SSHA is governed by a Board of Management composed of seven non-executive members and one executive member. SSHA is managed by a senior management team headed by the Chief Executive and supported by the Finance Director/Deputy Chief Executive, Property Director, Neighbourhoods Director, the Care and Support Director and People and Transformation Director. With effect from 1 April 2021 the role of Neighbourhoods Director has been combined with that of the Care and Support Director. The Executive Management Team attends Board meetings.

REPORT OF THE BOARD (continued)

Each member of the Board, save for the Executive member, holds one share of £1 in the Association. The Executive Officers of SSHA 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 SSHA. Members of the Board receive remuneration.

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

SSHA and its subsidiaries comply with the Regulator of Social Housing’s Governance and Financial Viability Standard. In April 2015 Housing Plus adopted the National Housing Federation (NHF) Excellence in Governance as its approved Code of Governance. SSHA complies with the Code.

Going concern

The directors, after reviewing the company’s budgets for 2021/22 and the group’s medium term financial position as detailed in the 30-year business plan, including changes arising from the Covid-19 pandemic, are of the opinion that, taking account of severe but plausible downsides, the company will have sufficient funds to meet its liabilities as they fall due for a period of 12 months from the date of approval of the financial statements . The directors therefore continue to adopt the going concern basis in preparing the annual financial statements. See Note 1 for further details.

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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

REPORT OF THE BOARD (continued)

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 2019. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

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 SSHA's 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 SSHA auditors are aware of that information.

REPORT OF THE BOARD (continued)

Independent auditors

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

By Order of the Board
20 July 2021

Gareth Evans
Chair

Philip Ingle
Director

Irene Molyneux
Company Secretary

Independent auditor's report to South Staffordshire Housing Association Limited

Opinion

We have audited the financial statements of South Staffordshire Housing Association Limited("the association") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, 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 2021 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 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the 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 the time they were made, the above conclusions are not a guarantee that the association will continue in operation.

Independent auditor's report to South Staffordshire Housing Association Limited (continued)

Fraud and breaches of laws and regulations – ability to detect

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

- Enquiring of the Board, the Audit and Risk committee, internal audit and inspection of policy documentation as to the 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, Audit and Risk Committee and Homes Board 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 and the risk of fraudulent revenue recognition, in particular the risk that income from property sales is recorded in the wrong period and the risk that Association management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

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

We also performed procedures including:

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

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

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

Independent auditor's report to South Staffordshire Housing Association Limited (continued)

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 & community benefit society legislation), taxation legislation, pensions legislation and specific disclosures required by housing legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the 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 or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: anti-bribery, health and safety 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 other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Other information

The 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 pages 4 and 5, the association's Board is responsible for: the preparation of financial statements which give a true and fair view;

Independent auditor's report to South Staffordshire Housing Association Limited (continued)

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.

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.

S Brown

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

8 September 2021

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2021

	Note	Year Ended 31 March 2021	Year Ended 31 March 2020
		£'000	**£'000**
Turnover	3	30,833	31,711
Cost of sales	3	(446)	(1,334)
Operating expenditure	3	(22,151)	(22,900)
Surplus on disposal of housing properties	4	448	3,761
Operating surplus		**8,684**	**11,238**
Interest receivable and similar income	5	349	339
Interest payable and financing costs	6	(7,600)	(8,465)
Surplus before taxation	7	**1,433**	**3,112**
Taxation	8	-	-
Surplus for the financial year		**1,433**	**3,112**
Actuarial (loss)/ gain in respect of pension schemes	20	(3,307)	2,707
Total comprehensive income for the year		**(1,874)**	**5,819**

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

The accompanying notes on pages 14 to 49 form part of these financial statements.

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

	Year ended 31 March 2021		
	Income and Expenditure Reserve	Restricted Reserve	Total Reserves
	£'000	£'000	£'000
Balance at 1 April	**20,045**	**793**	**20,838**
Capital spend in the year	-	(46)	(46)
Total surplus from Statement of Comprehensive Income	**1,272**	**161**	**1,433**
Actuarial losses on defined benefit pension scheme	(3,307)	-	(3,307)
Other comprehensive income for the year	**(3,307)**	**-**	**(3,307)**
Balance at 31 March	**18,010**	**908**	**18,918**

	Year ended 31 March 2020		
	Income and Expenditure Reserve	Restricted Reserve	Total Reserves
	£'000	£'000	£'000
Balance at 1 April	**14,514**	**623**	**15,137**
Capital spend in the year	-	(118)	(118)
Total surplus from Statement of Comprehensive Income	**2,824**	**288**	**3,112**
Actuarial gains on defined benefit pension scheme	2,707	-	2,707
Other comprehensive income for the year	**2,707**	**-**	**2,707**
Balance at 31 March	**20,045**	**793**	**20,838**

The accompanying notes on pages 14 to 49 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
as at 31 March 2021

	Note	Year Ended 31 March 2021		Year Ended 31 March 2020
		£'000		£'000
Tangible fixed assets				
Housing properties	11	201,231		199,544
Other tangible fixed assets	12	2,517		2,717
		203,748		**202,261**
Debtors: amounts falling after more than one year	13	10,000		8,000
Current assets				
Stocks	12a	250		133
Trade and other debtors	13	2,229		1,789
Investments		7		7
Cash and cash equivalents		2,544		1,668
Less: Creditors: Amounts falling due within one year	14	(6,066)		(6,935)
Net current liabilities		**(1,036)**		**(3,338)**
Total assets less current liabilities		**212,712**		**206,923**
Creditors: Amounts falling due after more than one year	15	(183,512)		(178,838)
Pension liability	21	(10,282)		(7,247)
Total net assets		**18,918**		**20,838**
Reserves				
Income and expenditure reserve	17	18,010		20,045
Restricted reserve	17	908		793
Total Reserves		**18,918**		**20,838**

The financial statements were approved by the Board and authorised for issue and are signed on its behalf on 20 July 2021 by:

G Evans
Chair

P Ingle
Director

I Molyneux
Company Secretary

The accompanying notes on pages 14 to 49 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

SSHA 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. SSHA is a public benefit entity as described by FRS102.

2. Accounting policies

a. 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.

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

The financial plans were stress tested against 3 different scenarios including economic, welfare and compliance changes and a ‘perfect storm’ scenario was performed combining all of the other 3 scenarios. Mitigations were needed for the joint business plan for all scenarios, with the ‘perfect storm’ scenario requiring a 25% reduction in repairs and maintenance spend of £5.4m, the removal of £34m of uncommitted development, a reduction in non-business critical back office costs of £1.27m per annum and the sale of the Groups market rented properties valued at £13.4m and the Groups offices valued at £6m. This would allow the ‘perfect storm’ scenario to be managed internally for a period of 3 years, after this the Board would need to consider longer term actions.

The impact of the Covid-19 outbreak has been considered by the members of the Board. The Association continues to operate effectively with the majority of support staff working from home and other staff abiding by social distancing. Contrary to expectations, the Association has performed well to date. Rental income collection has remained strong during the period with little change in the arrears figure to date with performance at 1.5% which is below the corporate target of 3%. Voids performance suffered during the ‘lockdown’ period, but performance has since improved, and it is anticipated that void loss will be controlled around the budget level. Development work and planned maintenance work was also suspended during the start of the 2020/21 financial year but has since resumed.

As at 31st March 2021 the Association had £2.5m of cash and access to a further £45.5 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, Severnside Housing and South Staffordshire Housing Association 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 balance sheet and availability and liquidity of undrawn loan facilities the Board believe that while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the 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.

b. 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.

c. Turnover

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

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

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

d. Value Added Tax (VAT)

The 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

e. 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 SSHA housing assets.

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

f. Pensions

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

g. Holiday pay accrual

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

h. Housing properties

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

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

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.

SSHA's housing assets are depreciated as follows:

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

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

i. Capitalisation

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

Major improvements and renovation of housing properties which extend the life of the asset, increase the rent or considerably reduce 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.

j. Accounting for grants

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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

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

k. Sale of housing property

Under shared ownership arrangements, SSHA 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 SSHA’s ownership based on the percentage tranche sold or estimated to be sold. The estimated first tranche value of properties that are developed for sale and are either unsold or work in progress are included in current assets. Subsequent tranches (‘Staircasing’) are accounted for as disposals. The remaining unsold element remains on the Statement of Financial Position as a fixed asset and is subject to an annual impairment review.

Under Right to Buy and Right to Acquire arrangements SSHA sells properties to qualifying tenants. Due to the nature of the transfer with South Staffordshire Council 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).

l. Other tangible fixed assets

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

m. Impairment

SSHA 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. SSHA 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.

n. Leased assets

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

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

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

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

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

o. Stocks

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

p. 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.

q. 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.

r. 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.

s. Taxation

The Association is an exempt charity for corporation tax.

t. 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

u. 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.

v. Reserves

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

w. 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 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 2021, 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

x. 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

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

	Note	Year Ended 31 March 2021 Turnover £'000	Cost of Sales £'000	Operating Expenditure £'000	Operating Surplus/ (Deficit) £'000	Year Ended 31 March 2020 Turnover £'000	Cost of Sales £'000	Operating Expenditure £'000
Social housing lettings								
Income and expenditure from social housing lettings	3a	29,782	-	(18,044)	11,738	29,258	-	(18,489)
Other social housing activities								
1st Tranche LCHO sales		625	(446)	(25)	154	1,945	(1,334)	(56)
Leaseholders		91	-	(7)	84	95	-	(11)
Tenant garages		77	-	-	77	84	-	-
Charges for support services		-	-	(3,871)	(3,871)	-	-	(4,272)
Office dep'n & impairment		-	-	(181)	(181)	-	-	(61)
Other activities		61	-	(17)	44	137	-	(2)
		854	(446)	(4,101)	(3,693)	2,261	(1,334)	(4,402)
Activities other than social housing lettings								
Shops		32	-	-	32	19	-	(1)
Private garages		165	-	(6)	159	173	-	(8)
		197	-	(6)	191	192	-	(9)
Total		**30,833**	**(446)**	**(22,151)**	**8,236**	**31,711**	**(1,334)**	**(22,900)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

3a. Income and expenditure from social housing activities

	Year Ended 31 March 2021					Year Ended 31 March 2020
	General Housing	Supported Housing	Low Cost Home Ownership	Care Housing	Total	
	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	22,114	2,223	742	993	26,072	25,768
Service charges income	261	1,147	336	1,469	3,213	3,030
Amortised government grants	297	54	40	106	497	460
Turnover from social housing lettings	**22,672**	**3,424**	**1,118**	**2,568**	**29,782**	**29,258**
Management	(1,929)	(304)	(95)	(224)	(2,552)	(3,030)
Service charge costs	(1)	(1,007)	(1)	(1,544)	(2,553)	(2,715)
Routine maintenance	(2,351)	(102)	(8)	(39)	(2,500)	(2,019)
Planned maintenance	(4,499)	(741)	(23)	(350)	(5,613)	(5,871)
Bad debts	(82)	(8)	-	(4)	(94)	(88)
Depreciation	(3,586)	(522)	(103)	(521)	(4,732)	(4,766)
Operating expenditure on social housing lettings	**(12,448)**	**(2,684)**	**(230)**	**(2,682)**	**(18,044)**	**(18,489)**
Operating surplus/(deficit) on social housing lettings	**10,224**	**740**	**888**	**(114)**	**11,738**	**10,769**
Void losses	(160)	(74)	-	(70)	(304)	(215)

NOTES TO THE FINANCIAL STATEMENTS (continued)

3b. Classes of accommodation in management and development

	Year Ended 31 March 2021	Year Ended 31 March 2020
	Units	Units
General housing		
- Social rent	4,737	4,743
- Affordable rent	83	79
Supported housing and housing for older people		
-Social rent	547	547
-Affordable rent	28	28
Low cost home ownership	292	281
Care housing		
- Social rent	201	201
- Affordable rent	50	50
Total social housing units	**5,938**	**5,929**
Other	1	1
Leasehold	236	234
Total social housing owned	**6,175**	**6,164**
Non Social Leasehold	17	17
Total owned and managed	**6,192**	**6,181**
Accommodation in development at the year end	52	87

4. Surplus on disposal of tangible fixed assets

Housing properties	Year Ended 31 March 2021 Other Properties	RTB	Total	Year Ended 31 March 2020
	£'000	£'000	£'000	£'000
Disposal proceeds	371	549	920	4,883
Cost of sales	(242)	(222)	(464)	(1,122)
Selling costs	(1)	(7)	(8)	-
Net surplus on disposal of housing properties	**128**	**320**	**448**	**3,761**

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Interest receivable and similar income

	Year Ended 31 March 2021		Year Ended 31 March 2020
	£'000		£'000
Interest received from current asset investments	-		8
Interest received from group undertakings	349		331
Interest receivable and similar income	**349**		**339**

6. Interest payable and financing costs

	Year Ended 31 March 2021		Year Ended 31 March 2020
	£'000		£'000
Interest payable on Intra Group loans	(7,281)		(4,294)
Bank loans	-		(3,473)
Loan commission and fees	-		(24)
Renegotiation fees	(162)		(434)
Capitalised interest	5		-
Net interest expense (pensions)	(162)		(240)
Interest and financing costs	**(7,600)**		**(8,465)**

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Surplus on ordinary activities before taxation

	Note	Year Ended 31 March 2021		Year Ended 31 March 2020
		£'000		£'000
Depreciation:				
Housing assets		4,732		4,766
Other fixed assets		251		200
Impairment:				
Other Tangible Fixed Assets		55		-
Grant amortisation		(496)		(460)
Operating lease rentals:				
Office equipment	19	10		34
External auditors' remuneration (incl. expenses, excl. VAT):				
Fees for the audit of the financial statements		19		17
Fees for other services		4		3

8. Tax on surplus on ordinary activities

There is no corporate tax charge for the year (2020: nil).

9. Employees

The average number of persons employed during the financial year was:

	Year Ended 31 March 2021		Year Ended 31 March 2020
	Number		Number
Administration (paid monthly)	81		70
Total	**81**		**70**

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Employees (continued)

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

	Year Ended 31 March 2021		Year Ended 31 March 2020
	Number		Number
Administration (paid monthly)	74		62
Total	**74**		**62**

	Note	Year Ended 31 March 2021		Year Ended 31 March 2020
		£'000		£'000
Wages and salaries		2,139		1,764
Social security costs		192		155
Other pension costs	20	177		165
Total		**2,508**		**2,084**

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

	Year Ended 31 March 2021		Year Ended 31 March 2020
	Number		Number
More than £60,000 but not more than £70,000	4		-
More than £70,000 but not more than £80,000	-		1
More than £80,000 but not more than £90,000	-		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 (2021: £nil) and none (2020: 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. Housing properties at cost

	As at 31 March 2021				
	Houses for Letting		Low Cost Home Ownership		
	Complete for Letting	Under Construction	Complete for Letting	Under Construction	Total
	£'000	£'000	£'000	£'000	£'000
COST					
At 1 April	229,160	1,017	20,006	642	250,825
Additions	2,896	2,280	27	2,501	7,704
Disposals	(1,202)	-	(322)	-	(1,524)
Transfers (note 12a)	418	(430)	1,648	(2,273)	(637)
At 31 March 2021	**231,272**	**2,867**	**21,359**	**870**	**256,368**
LESS ACCUMULATED DEPRECIATION					
At 1 April	(49,300)	-	(1,981)	-	(51,281)
Depreciation charge for year	(4,483)	-	(162)	-	(4,645)
Eliminated in respect of disposals	722	-	67	-	789
At 31 March	**(53,061)**	**-**	**(2,076)**	**-**	**(55,137)**
Net book value					
At 31 March 2021	178,211	2,867	19,283	870	201,231
At 1 April 2020	179,860	1,017	18,025	642	199,544

Note: Included within 'Eliminated in respect of disposals' is accelerated depreciation of £145k (2020: £191k). Of the total additions, £2,427 relate to component replacements (2020: £3,251k).

NOTES TO THE FINANCIAL STATEMENTS (continued)

11a Housing properties at cost (continued)

Transfers	As at 31 March 2021					As at 31 March 2020
	Houses for Letting		Low Cost Home Ownership			
	Complete for Letting	Under Construction	Complete for Letting	Under Construction	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Complete properties	418	(430)	1,648	(1,648)	(12)	-
Transfer to current assets	-	-	-	(625)	(625)	(495)
Transfers	**418**	**(430)**	**1,648**	**(2,273)**	**(637)**	**(495)**

Interest capitalisation

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
Interest capitalised during the year	5	-
Interest capitalised to date	972	972
Total interest capitalised	**977**	**972**
Rate used for capitalisation	**5%**	**5%**

NOTES TO THE FINANCIAL STATEMENTS (continued)

11a Housing properties at cost (continued)

Charges against properties

	As at 31 March 2021		As at 31 March 2020
Number of properties on which there is a fixed charge	5,533		5,420
Number of properties not charged	406		510
Total number of properties	**5,939**		**5,930**

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:

	Year Ended 31 March 2021		Year Ended 31 March 2020
	£'000		£'000
Deferred capital grant at 1 April	43,173		43,785
Grants received during the year	825		-
Grants recycled (to) the recycled capital grant fund	(77)		(245)
Transfers from reserves	149		94
Released to income during the year	(498)		(461)
Deferred capital grant at 31 March	**43,572**		**43,173**

Housing properties book value, net of depreciation

	As at 31 March 2021		As at 31 March 2020
	£'000		£'000
Freehold land and buildings	200,646		198,950
Long leasehold land and buildings	585		594
Total	**201,231**		**199,544**

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Other tangible fixed assets

	As at 31 March 2021						
	Fixtures, Fittings, Tools & Equipment						
	Solar Panels	Vehicles	Furniture & Equipment	Computer Equipment & Telephones	Software	Land & Buildings	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
COST							
At 1 April	78	64	2,320	1,642	25	4,750	8,879
Additions	-	-	92	-	-	14	106
At 31 March	78	64	2,412	1,642	25	4,764	8,985
Accumulated depreciation & impairment							
Depreciation at 1 April	(10)	(7)	(1,863)	(1,638)	(25)	(2,619)	(6,162)
Depreciation charge for year	(5)	(16)	(159)	(2)	-	(69)	(251)
Impairment	-	-	-	-		(55)	(55)
At 31 March	(15)	(23)	(2,022)	(1,640)	(25)	(2,743)	(6,468)
Net book value							
At 31 March 2021	63	41	390	2	-	2,021	2,517
At 1 April 2020	68	57	457	4	-	2,131	2,717

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)

12a. Stocks

	As at 31 March 2021		As at 31 March 2020
	£'000		£'000
LCHO completed properties	186		-
LCHO properties under construction	64		133
Total inventories	**250**		**133**

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 (2020: none).

13. Trade and other debtors

	As at 31 March 2021		As at 31 March 2020
	£'000		£'000
Due within one year			
Rent receivable	868		813
Less: Provision for bad and doubtful debts	(110)		(109)
	758		704
Amounts due from group undertakings			
Housing Plus	303		30
Severnside	159		45
Care Plus	16		1
Property Plus	151		5
Severn Homes	60		331
Stafford and Rural Homes	74		1
Other debtors	476		466
	1,239		879
Prepayments & accrued income	232		206
Total due within one year	**2,229**		**1,789**
Amounts due from group undertakings	10,000		8,000
Total due after more than one year	**10,000**		**8,000**
Total debtors	**12,229**		**9,789**

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Creditors: Amounts falling due within one year

	As at 31 March 2021		As at 31 March 2020
	£'000		£'000
Loans and borrowings Intragroup	1,650		3,300
Trade creditors	156		19
Rents and service charges received in advance	472		526
Taxation and social security	5		17
Deferred grant income	515		513
Recycled capital grant fund	77		-
Amounts owed to group undertakings			
- Housing Plus	9		-
- HPG Finance	807		881
- Severnside	39		16
- Property Plus	874		646
- SSHA Developments	-		1
- Stafford and Rural Homes	12		-
Employees	-		60
Accruals and deferred Income	1,450		956
Total Creditors: Amounts falling due within one year	**6,066**		**6,935**

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

	As at 31 March 2021		As at 31 March 2020
	£'000		£'000
Loans and borrowings intragroup	139,350		135,100
Loan arrangement fees	(51)		(140)
Deferred grant income	43,057		42,660
Recycled capital grant	287		389
Other designated funds	869		829
Total Creditors: Amounts falling due after one year	**183,512**		**178,838**

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Movements in Recycled Capital Grant Fund

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
Recycled Capital Grant Fund		
Balance as at 1 April	389	154
Recycled grant input	78	245
Withdrawals	(103)	(10)
Balance as at 31 March	**364**	**389**

Loan repayments

	Intragroup Bank Loans 2021	Total 2021
	£'000	£'000
In one year or less	1,650	1,650
In more than one year but not more than two years	5,900	5,900
In more than two years but not more than five years	21,000	21,000
In more than five years	112,450	112,450
	141,000	**141,000**

	Bank Loans 2020	Total 2020
	£'000	£'000
In one year or less	3,300	3,300
In more than one year but not more than two years	1,650	1,650
In more than two years but not more than five years	15,450	15,450
In more than five years	118,000	118,000
	138,400	**138,400**

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Loan repayments (continued)

Housing Plus Group Finance Limited holds a £141 million (2020: £138 million) loan portfolio in relation to SSHA. During the year SSHA repaid £1.4 million of its loans with Housing Plus Group Finance Limited, Severnside transferred £1 million of its loans to SSHA as part of the issue of the £2 million Care Plus inter-company loan used to purchase The Sandford care home and SSHA received new loans totalling £3 million from Housing Plus Group Finance Limited.

The final scheduled inter-company loan repayment is due in March 2045 with £112 million of the loan facility repayable after 5 years. As at 31 March 2021, Housing Plus Group Finance Limited held £103 million of fixed rate loans in relation to SSHA with a weighted average rate of 5.55%. Housing Plus Group Finance Limited also held £26 million of variable rate loans in relation to SSHA with a weighted average rate of 1.37% and £12 million of index linked loans in relation to SSHA at a rate of 5.32%.

At 31 March 2021 SSHA had undrawn loan facilities of £nil (2020: nil).

SSHA has access to £45.5 million of undrawn loan facilities within Housing Plus Group Finance Limited.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Financial instruments

	Note	Year Ended 31 March 2021		Year Ended 31 March 2020
		£'000		£'000
Financial assets that are debt instruments measured at amortised cost				
Rent & service charge receivable	13	742		680
Amounts owed by group undertakings	13	763		413
Other debtors	13	476		466
Investments in short term deposits		7		7
Cash and cash equivalents		2,545		1,668
TOTAL FINANCIAL ASSETS		**4,533**		**3,234**
Financial liabilities measured at amortised cost				
Loans	15	(141,000)		(138,400)
Trade creditors	14	(156)		(19)
Accruals	14	(1,455)		(1,032)
Amounts due to group undertakings	14	(1,728)		(663)
TOTAL FINANCIAL LIABILITIES		**(144,339)**		**(140,114)**

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

17. Called up non-equity share capital

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

	As at 31 March 2021		As at 31 March 2020
Number of Shareholders as at 1 April	5		6
Shares issued during the financial year	-		-
Returned shares during the financial year	-		(1)
Number of Shareholders as at 31 March	**5**		**5**

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Capital commitments

	As at 31 March 2021		As at 31 March 2020
	£'000		£'000
Expenditure contracted but not provided in the financial statements	3,436		13,679
Expenditure authorised by the Board but not contracted	27,894		72,459
Total capital commitments	**31,330**		**86,138**

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

	As at 31 March 2021		As at 31 March 2020
	£'000		£'000
Loans and reserves	22,235		14,829
Social Housing Grant	3,433		5,000
Other grant funding	-		138
Forecast sales	4,662		66,171
Total gross expenditure	**30,330**		**86,138**

19. Leases

Operating leases

The Association held coin operated washing machines and lone working safety devices on cancellable operating leases. At 31 March 2021 the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

	As at 31 March 2021		As at 31 March 2020
	£’000		£’000
Leases for equipment:			
Not later than one year	10		34
Total	**10**		**34**

The expenditure charged in the Statement of Comprehensive Income during the year in relation to minimum lease payments was £10k (2020:£34k).

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)

20. Pension

a) Staffordshire 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 actuary has estimated that the net pension asset/liability as at 31 March 2021 is a liability of £7,650,000 (2020: £6,330,000).

Assumptions as at	31 Mar 2021 %p.a.	31 Mar 2020 %p.a.
Salary increases	3.30%	2.25%
Pension increases	2.80%	1.75%
Discount rate	2.00%	2.30%

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

	Males	Females
Current Pensioners	20.9 years	23.6 years
Future Pensioners*	21.6 years	24.9 years

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pension (continued)

Net pension liability as at	31 Mar 2021	31 Mar 2020
	£'000	£'000
Fair value of employer assets	8,928	7,378
Present value of funded obligations	(16,512)	(13,648)
Net (under)funding in funded plans	(7,584)	(6,270)
Present value of unfunded liabilities	(66)	(60)
Net pension (liability)	**(7,650)**	**(6,330)**

The estimate of the liability comprises of approximately £1,640,000 (2020: £1,595,000), £6,716,000 (2020: £5,801,000) and £8,156,000 (2020: £8,477,000) in respect of employee members, deferred pensioners and pensioners respectively as at 31 March 2021. The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of member may not be reliable for certain types of employer. However, the Actuary is satisfied that the approach used leads to reasonable estimates for the aggregate liability figure.

	Year to 31 Mar 2021	Year to 31 Mar 2020
Amount charged to operating surplus	£'000	£'000
Current service cost*	(140)	(226)
Total operating charge	**(140)**	**(226)**
Amount charged to financing costs		
Interest income on plan assets	165	197
Interest cost on defined benefit obligation	(311)	(381)
Total net interest	**(146)**	**(184)**
Total defined benefit cost recognised in surplus for the year	**(286)**	**(410)**

* The Service Cost figures include an allowance for administration expenses of 0.6% (2020: 0.5%) of payroll.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pension (continued)

Re-measurements recognised in Other Comprehensive Income	Year to 31 Mar 2021	Year to 31 Mar 2020
	£'000	£'000
Change in financial assumptions	3,160	1,412
Change in demographic assumptions	(83)	587
Other experience	(165)	370
Return on assets (excluding amounts included in net interest)	(1,788)	(916)
Total re-measurements recognised in Other Comprehensive Income	**(1,124)**	**1,453**

Reconciliation of defined benefit obligation	Year to 31 Mar 2021	Year to 31 Mar 2020
	£'000	£'000
Opening defined benefit obligation	**13,708**	**15,942**
Current service cost	140	226
Past service cost	-	13
Interest cost	311	381
Contributions from members	28	34
Actuarial losses/ (gains)	2,912	(2,369)
Estimated unfunded benefits paid	(3)	(3)
Estimated benefits paid	(518)	(516)
Closing defined benefit obligation	**16,578**	**13,708**

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pension (continued)

Reconciliation of fair value of employer assets	Year to 31 Mar 2021	Year to 31 Mar 2020
	£'000	£'000
Opening fair value of employer assets	**7,378**	**8,477**
Expected return on assets	1,788	(916)
Interest income on plan assets	165	197
Contributions from members	28	34
Contributions from employer	87	102
Contributions in respect of unfunded benefits	3	3
Unfunded benefits paid	(3)	(3)
Benefits paid	(518)	(516)
Closing fair value of employer assets	**8,928**	**7,378**

History of gains and losses	Year to 31 Mar 2021	Year to 31 Mar 2020
	£'000	£'000
Fair value of employer assets	8,928	7,378
Present value of defined benefit obligations	(16,578)	(13,708)
Deficit	**(7,650)**	**(6,330)**

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 actuary has estimated that the net pension asset/liability as at 31 March 2021 is a liability of £2,632,000 (2020: £917,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pension (continued)

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

Demographic assumptions as at	31 Mar 2021	31 Mar 2020
Mortality		
Base Tables	Pre retirement: nil Post retirement: 111% of S2PXA	Pre retirement: nil Post retirement: 111% of S2PXA
Improvement allowance	CMI_2019 (1.25%) for males CMI_2019 (1.25%) for females	CMI_2019 (1.25%) for males CMI_2019 (1.25%) for females
Smoothing parameter	7.0	7.0
Life expectancy from age 65		
Pensioners (currently aged 65)	Male: 21.1 Female :23.4	Male: 21.1 Female :23.4
Non-pensioners (currently aged 65)	Male: 22.3 Female: 24.9	Male: 22.4 Female: 24.9
Commutation	90% of maximum allowance	90% of maximum allowance
Other demographic assumptions	As per most recent Technical Provisions assumptions	As per most recent Technical Provisions assumptions

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pension (continued)

Categories of plan assets	Assets at 31 Mar 2021
	£'000
Equities	946
Bonds	3,720
Property	284
Other	2,241
Total market value of assets	**7,191**

Net pension liability as at	31 Mar 2021
	£'000
Fair value of employer assets	7,191
Present value of scheme liabilities	(9,823)
Surplus / (deficit)	(2,633)
Effect of asset ceiling	-
Net pension (liability)	**(2,632)**

	31 Mar 2021
Amount charged to operating surplus	**£'000**
Current service cost	-
Expenses	(55)
Past service cost / (credit) – plan amendments / curtailments	-
Settlement losses / (gains)	-
Total operating charge	**(55)**
Amount charged to financing costs	
Interest income on assets	147
Interest cost on defined benefit obligation	(163)
Total net interest	**(16)**
Total defined benefit cost recognised in surplus for the year	**(71)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pension (continued)

Re-measurements recognised in Other Comprehensive Income	31 Mar 2021
	£'000
Return on assets excluding interest income	461
Experience gains / (losses) on liabilities	90
(Loss)/ gain from change of demographic assumptions	(543)
(Loss)/ gain from change of financial assumptions	(2,191)
Total re-measurements recognised in Other Comprehensive Income	**(2,183)**

Reconciliation of defined benefit obligation	31 Mar 2021
	£'000
Opening defined benefit obligation	**(917)**
Current service cost	-
Past service (costs) / credits – plan amendments	-
Net interest (cost) / credit	(16)
Expenses	(55)
Re-measurements included in other comprehensive income	(2,183)
Employer contributions	539
Closing defined benefit obligation	**(2,632)**

Reconciliation of fair value of employer assets	31 Mar 2021
	£'000
Opening fair value of employer assets	**6,214**
Interest income on assets	147
Expenses	(55)
Return on assets excluding interest income	461
Employer contributions	539
Member contributions	-
Benefits paid	(115)
Closing fair value of employer assets	**7,191**

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Pension liability

The Association had the following liabilities during the year:

	LGPS £'000	HPPS £'000	Total £'000
At 1 April 2020	(6,330)	(917)	(7,247)
Transfer in of SHPS assets / (liabilities)	-	-	-
Additions dealt within surplus	(50)	484	434
Additions dealt within other comprehensive income	(1,124)	(2,183)	(3,307)
Interest costs	(146)	(16)	(162)
At 31 March 2021	**(7,650)**	**(2,632)**	**(10,282)**

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.

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

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

The association has sought advice from the scheme actuary to assess the potential impact the judgement could have upon the scheme should the ruling apply to the scheme. As this figure is not deemed to be material to the financial statements, no adjustment has been made.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Pension liability – HPPS

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

22. Restricted reserves

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

23. Related party transactions

Transactions with non-regulated members of the Group

	2021			
	Property Plus Limited £'000	Severn Homes £'000	Housing Plus Group Finance Limited £'000	Care Plus Staffordshire Limited £'000
Inflow				
Services provided	418	-	-	1
Interest receivable	-	319	800	30
Loan Finance	-	-	3,000	-
Total	**418**	**319**	**100**	31
Outflow				
Services received	9,736	-	7	1,780
Interest payable	-	-	7,281	-
Loan finance	-	-	1,400	2,000
Total	9,736	-	7,288	3,780
	2020			
Inflow				
Services provided	6	1	-	37
Interest receivable		331	4,293	-
Loan Finance	-	2,000	138,400	-
Total	**6**	**2,332**	**142,693**	37
Outflow				
Services received	9,675	-	-	1,821
Interest payable	-	-	4,293	-
Loan finance	-	-	-	-
Total	**9,675**	**-**	**4,293**	1,821

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Related party transactions (continued)

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

	2021 £000	2020 £000
Care Plus	2,016	1
Severn Homes	8,060	8,832
Property Plus	(723)	(640)
Housing Plus Group Finance	(141,807)	(139,281)
Total	**(132,454)**	**(131,088)**

24. 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.