



**LEASOWE COMMUNITY HOMES LIMITED**

**FINANCIAL STATEMENTS**

**For the year ended 31 March 2021**

**LEASOWE HOUSING ASSOCIATION LIMITED**  
**Financial Statements**  
**For the year ended 31 March 2021**

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## LEASOWE COMMUNITY HOMES LIMITED

### Foreword by the Chair of the Board For the year ended 31 March 2021

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#### Chair's Foreword to Accounts



I recognise that this has been a tough and unusual year for our tenants, our communities and our employees as we have all faced up the coronavirus pandemic and lockdown. I am really proud of how Prima and everyone who works for us has responded and want to start my report with a big thank you to all our staff for the truly exceptional performance across the year.

The way that Prima, based on our strong investment in technology, were able to adapt quickly to seamless remote working was fantastic. That allowed us to move to helping tenants really speedily - making welfare calls to the most vulnerable and making sure residents had access to support and advice.

We have managed to maintain really excellent standards in all key areas, maintaining services to tenants and keeping them safe:

- **Health and Safety** – 99.9% of gas safety checks completed within target.
- **Rent collection and arrears** – Maintained fantastic collection performance by supporting residents in tough times - current rent arrears performance maintained at 3.25%.
- **Repairs and Maintenance** – 91% of reactive repairs completed within target with customer satisfaction rates of 91%.
- **Continuing Development** - We managed to start two schemes on site during the year at Roughwood Drive in Knowsley and St John's Lane in Liverpool.

We have also maintained our governance rating at the highest level (G1/V1).

Our financial performance was well ahead of target with the key results being:

- Our Group operating surplus was £3.6m - £1m ahead of budget.
- We held £15.1m in cash at the year end and we are net debt free.
- Our commercial arm again made a surplus of £0.3m.

As the world begins to return to some sort of normality we will continue to support our residents as we know that it will be a tough journey for some. We will continue to invest in our current homes and in particular we want to catch up on putting in the new kitchens and bathrooms that were unavoidably delayed during the lockdown period. We have set ourselves the target of achieving three years work in two to do that.

Looking further ahead we have a firm pipeline of a further five developments (as well as the two building schemes already on site) that will deliver 125 new homes in the next couple of years. Beyond that our business plans have targeted the delivery of 600 homes over the next decade as well as beginning to plan on how we can invest in our current homes to meet carbon neutral targets.

Prima is in a good place financially and organisationally and I look forward to us using that strength to invest in our communities with tenants being at the heart of everything that we do.

A handwritten signature in black ink, appearing to read 'James Boyd'.

James Boyd  
Prima Group Chair

# LEASOWE COMMUNITY HOMES LIMITED

## LEASOWE COMMUNITY HOMES LIMITED

### Corporate Information

For the year ended 31 March 2021

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<b>Registered under the Co-operative and Community Benefit Societies Act 2014:</b>	8295
<b>Regulator of Social Housing:</b>	L4195
<b>Secretary:</b>	K Timmins
<b>Registered office:</b>	8 Columbus Quay Riverside Drive Liverpool Merseyside L3 4DB
<b>Bankers:</b>	NatWest 2 - 8 Church Street Liverpool L1 3BG
<b>Auditors:</b>	Beever and Struthers St Georges House 215 Chester Road Manchester M15 4JE
<b>Internal Auditors</b>	BDO LLP 5 Temple Square Temple Street Liverpool L2 5RH
<b>Solicitors:</b>	Brabners LLP Horton House Exchange Flags Liverpool L2 3YL  Weightmans LLP 100 Old Hall Street Liverpool L3 3QJ

**Member of the National Housing Federation**

# LEASOWE COMMUNITY HOMES LIMITED

## STRATEGIC REPORT

For the year ended 31 March 2021

### Overview and Background



PHA was formed in 1971 and built up a portfolio of houses and flats throughout Merseyside. LCH was formed in 1999 when Wirral Borough Council transferred its homes to the Association. Joining together in April 2017, the two organisations provide general needs housing and neighbourhood services to support sustainable communities in Wirral, Liverpool and Sefton. The Group now has a turnover of £14m and owns and manages nearly three thousand properties

Prima Commercial was established in February 2017 with the transfer of a portfolio of 256 properties (including key worker, student and retail units) in June 2017. The aim of Prima Commercial is to generate additional surpluses to support the Group's social aims.

Keen to make use of our financial strength we have a 10-year development programme to deliver over 600 affordable homes as well as properties through our commercial subsidiary .

In February 2018, Prima successfully secured Investment Partners Status (IPS) from Homes England as part of their 2016-2021 Shared Ownership and Affordable Housing Programme. This has enabled Prima Commercial to offer development services to other registered providers.

### Legal structure

Organisation	Form	FCA Registration/ Companies House registration	Regulator of Social Housing registration
Pierhead Housing Association Limited	Charitable Community Benefit Society under the Co-operative and Community Benefit Societies Act 2014	20002R	L1001
Leasowe Community Homes Limited	Charitable Community Benefit Society under the Co-operative and Community Benefit Societies Act 2014	8205	L4195
PHA Commercial Limited	Company limited by shares (all shares owned by parent PHA)	10606594	

# LEASOWE COMMUNITY HOMES LIMITED

## STRATEGIC REPORT

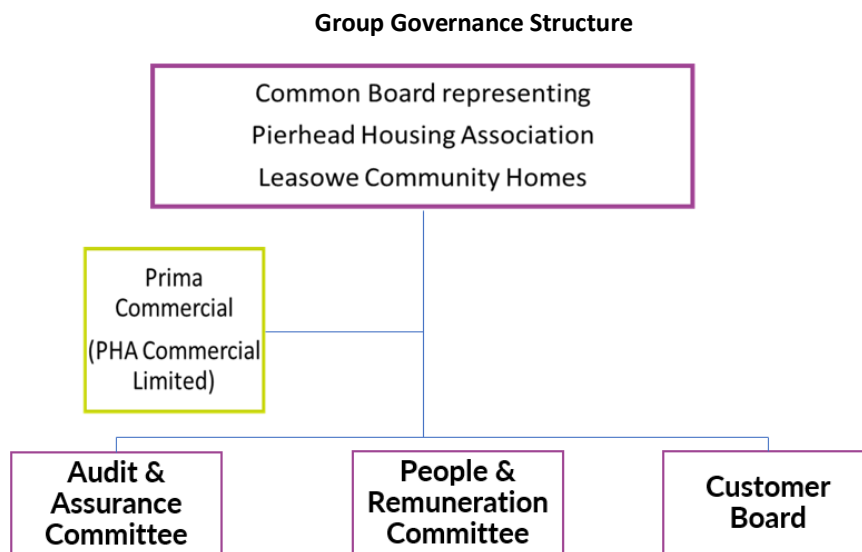
For the year ended 31 March 2021

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The Company structure is:



The organisational structure is supported by the following governance arrangements which was implemented from the 1<sup>st</sup> October 2019 following a review of governance. This moved the two housing associations to management arrangements with a common (shared) board:



Prima PHA is the parent whilst both Prima LCH and Prima Commercial are subsidiaries within the Group, all are working with an agreed Intra-Group Agreement (IGA).

# LEASOWE COMMUNITY HOMES LIMITED

## STRATEGIC REPORT

For the year ended 31 March 2021

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The management structure in place at the close of the financial year was:

### New Executive Team Structure



The Group Director of Finance and Group Services is also the Company Secretary.

The Group is currently undertaking a review of its legal structure in order to be as efficient as possible and to adopt best practice.

### Our strategic framework

The Group's vision, strategic objectives and values have been developed with tenants, employees and board members and are supporting us to create a shared mission and culture. These set out a shared view of how the organisation will operate and move forward into the future and set out our expectations for our approach on how we do things, focusing on embracing positive behaviours.

Our vision is:

**Creating vibrant neighbourhoods in which to live and work, where quality, affordable homes and services are at the heart of the communities.**

Our strategic objectives are focussed on our:

- **Customers** - A landlord of choice that delivers excellence for customers.
- **Partnerships** - Deliver locally for the benefit of neighbourhoods and communities.
- **Business Transformation** - A strong, viable, efficient and effective business.
- **Growth and Development** - A Group that continues to grow and prosper and whose reputation is above that of its peers.

Our values set out how we want to do things and focus on how we:

**People** - Put customers and communities first.

**Pride** - Be proud of what we do and strive to be better.

**Partner** - Respect others, work together and build partnerships.

**Pioneer** - Be creative, embrace change and learn from experience.

# LEASOWE COMMUNITY HOMES LIMITED

## STRATEGIC REPORT

For the year ended 31 March 2021

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### Review of the Year

I think we can all agree that 2020 has been quite a year for our customers and employees here at Prima Group. The pandemic has thrown up enormous challenges in how we live and work. It has interrupted everyone's plans and brought sadness to many, but it has also shown the amazing resilience, spirit and creativity of our communities and our employees in how they have responded.

We are pleased that we did manage to achieve a significant part of our business plan over the last year.

### Customers

- Embedded new ways of working remotely enabling us to continue to deliver services to customers during the pandemic to maintain and improve the customer experience and business performance, focussing on tenancy sustainment and protecting rental income.
- Achieved 40% online customer services including webchat, Messenger, webforms and a customer Self-Serve App providing information on customer accounts and access to key services.
- Adapted our services to customers in response to the pandemic, making over 3,000 welfare check calls, collating a directory of food support for those shielding and providing meals to families as part of our Summer of Fun project targeting holiday hunger.
- Seen the positive impact of the Prima Customer Board as they have grown in confidence and knowledge, and their ability to influence decisions and hold us to account.

### Partnerships

- Continuing to work with partners to collaborate in our communities on projects to tackle illegal money lending, implement training and employment projects and deliver on food poverty initiatives.
- Supported colleagues at Crosby HA, Steve Biko HA and Housing First with staff secondment opportunities.
- Reviewed our neighbourhood planning approach, refreshing Neighbourhood Plans, and setting out how we aim to be more connected to the communities we work in.
- Working with partners to bring to site new developments to provide specialist accommodation for children leaving care and those with specialist needs, including building new relationships and secure new opportunities to develop much needed accommodation in Knowsley.
- Jointly working with housing associations across Liverpool, and in partnership with Liverpool City Council and homeless agencies, we were able to provide homes to 525 homeless households and offer over £50,000 financial support for furniture packages. By working together we created a better way to prioritise and allocate homes to those most in need and Prima were able to provide 27 homes as part of this project.

### Business Transformation

- Respond effectively to the pandemic moving to remote ways of working with employees, customers, and Board members, providing regular updates throughout the pandemic and maintaining our governance processes with remote meetings.
- Procuring new repairs and maintenance contractors, setting out our requirements focused on delivering improved services to customers and managing to continue to deliver services throughout the pandemic safely to customers.
- Successfully rolled out new ways of working across all areas of the business, including moving to a new finance system; implementing new modules for managing ASB, Safeguarding and Tenancy Support; using technology for allocations including online sign-up processes, monitoring noise nuisance and lone working protection and augmented reality technology for repair inspections.
- Amidst the challenges, we were pleased to maintain our G1/V1 rating this year from the Regulator of Social Housing.
- Maintained employee satisfaction levels during a testing year, supporting staff with our Mental Health Champions, and successfully recruiting 7 new employees remotely.
- Maintained good performance on arrears, voids, and compliance in challenging circumstances.



# LEASOWE COMMUNITY HOMES LIMITED

## STRATEGIC REPORT

For the year ended 31 March 2021

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### Growth & Development

- Shifted capital investment plans in response to the pandemic to prioritise external and communal improvement works.
- Continued to deliver compliance works throughout the pandemic for gas, electric, legionella and asbestos to keep tenants safe.
- Made great progress with our growth and development plans, progressing with 7 major schemes that will deliver 125 units and should be on site in 2021:

30 units at Twickenham Drive, Leasowe.

5-unit care home at St Johns Rice Lane.

21 mixed tenure units at Dinas Lane, Liverpool.

13 units at Prescott Police Station site.

26 units at White Rock Street, Liverpool.

11 units at Roughwood Drive, Knowsley.

19 supported units at Rutland Street, Manchester.

Where some of our plans were impacted by the pandemic, we have revisited timescales and re-prioritised projects so we can get back on track. Key projects affected by the pandemic which will be a focus for us in this coming year include:

- **Changing our neighbourhood management approach**, to become more visible within and connected to our communities, and;
- **Stepping up the 'pace' on internal improvement works** to keep homes at a high standard for customers.

We will continue to use the Group's financial strength and business resilience to deliver more homes and grow the business and we are pleased to have seven new exciting development schemes planned for the coming year. There is still a focus on achieving good results in key performance areas, including income collection and customer services, with more improvements planned during 2021-22 in business-critical areas.

Further developing and strengthening our partnerships remains a key strategic objective. The benefit of working collaboratively could clearly be seen during the pandemic and our proudest achievements from 2020 is where we pulled together with others. Two great examples of this are how we were able to rehouse 22 homeless households through the 'Everybody In' initiative that we took part in alongside other housing associations working in Liverpool and how we helped fight holiday hunger, providing food hampers and packed lunches to 71 families during the Summer, working in partnership with Wirral Development Trust, Lubon and with funding from the Department of Education.

Our streamlined governance structure is now embedded, supported by our newly established Customer Board helping bring to life our co-regulation activity whilst firmly placing the tenants' voice at the heart of Prima. We continue to assess our operating environment, and a key part of our work in the coming year will be preparing to meet the challenges raised in the Government's Charter for Social Housing Residents and in our response to the new building safety regulations.

In preparing our Business Plan for 2021-22 we still face a good deal of uncertainty, and therefore our focus is on how we plan to 'bounce back' and take the business forward during the coming 12 months. The plan sets out our objectives as we work within the restrictions of living and working during a pandemic and plans for recovery post-lockdown. The full plan – Prima Prospects - is available on our website [here](#)

We review that plan annually to ensure that resources and actions are aligned with the Group's mission, vision and values. Progress is monitored regularly.

# LEASOWE COMMUNITY HOMES LIMITED

## STRATEGIC REPORT

For the year ended 31 March 2021

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### External Environment

Prima Group is mindful of the changing operating landscape we work in and scanning our strategic environment is a key part of our planning process. This supports us in preparing the business for change, by identifying risks and opportunities that we may face. The Group continues to monitor changes within the sector, and have identified the following key elements on our strategic radar:

- The Government White Paper on Housing and the accompanying Charter for Social Housing Residents published by the Government in November 2020, set out expectations on how to rebalance the relationship between residents and landlords, ensuring residents voices are heard. It sets out the Government's high expectations for the sector to ensure homes are safe and decent, residents are empowered, that we operate openly and transparently and deal effectively with complaints. This has been supported by the National Housing Federation's together with Tenants initiative. The tragedy that was the Grenfell Tower fire and resulting recommendations from the Hackitt review, the Grenfell Tower Inquiry and the Building Safety Act relating to safety standards, appropriate accommodation and an increased focus on health and safety responsibilities of landlords.
- A revised grant regime for new homes with a particular focus on delivering shared ownership properties that may introduce some risks into our programme for developing new homes.
- The impact of the pandemic and the lockdown on customers and the communities we work with and how we best respond.
- The country's targets for reducing carbon emissions and to become carbon neutral by 2050. This will require investment in both new 'greener' homes as well as improvements and retrofitting to our current stock.
- A new Code of Governance for housing associations with a special focus on addressing issues of equality and diversity.

We understand that we need to be an agile business, adapting to meet the challenges of this increasingly complex, dynamic and uncertain environment. Effective management within this context requires a robust approach to understanding and controlling risk.

### Prima Commercial

It's been another successful year for Prima Commercial which has made a surplus after taxation of £341k.

- The impact of Covid-19 - Performance of the stock has held up well (with tenants supported by the team) despite the challenges to commercial businesses arising from the lockdown with arrears maintained within normal bands. We continue to monitor the situation closely to understand what impacts arise on the medium term economy of the Liverpool City Region.
- The performance of the student accommodation remains challenging especially with the lockdown impact on students. We are working with partners to find a longer term solution to the use of this asset.
- The development team (which sits within the commercial arm of Prima) have managed to keep the development pipeline moving forward during lockdown and we have a firm pipeline of 7 schemes for 125 units with two of those on site as at August 2021 at St John's Lane in Liverpool and Roughwood Drive in Knowsley.
- In addition we have provided some support for external organisations but a little less than in previous years because of the restrictions.
- Prima Commercial continued to progress the Prima development programme including the acquisition of key sites on behalf of the Group. We now have a strong pipeline of future opportunities which will deliver our growth strategy.

### Looking Ahead - Our Strategic Objectives for 2021-22

Like most businesses our response to the pandemic has meant re-prioritising some of our objectives. The next 12 months sees us planning to bounce-back, focusing on flexing where we need to, so we can continue to deliver business

# LEASOWE COMMUNITY HOMES LIMITED

## STRATEGIC REPORT

For the year ended 31 March 2021

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as usual services, as well as putting in place plans to catch up on investment plans and see how we can build stronger strategic partnerships.

### **Objective 1: Customers**

**Strategic Aim:** A landlord of choice that delivers excellence for customers.

**Activity:** To engage with and enable customers to have a strong voice and choices in developing and influencing services.

**Key actions for 2021-22:**

- Ensure Customers are central to service delivery.
- Develop our Neighbourhood Strategy across the Group to identify and improve capacity within neighbourhoods and support recovery of communities during and post-pandemic.
- Review customer standards and key policies in line with the White Paper expectations.

### **Objective 2: Partnerships**

**Strategic Aim:** Deliver locally for the benefit of its neighbourhoods and communities.

**Activity:** To develop collaborative partnerships and alliances to sustain safe, vibrant, healthy, and decent neighbourhoods and position the Group as a provider and partner of choice.

**Key actions for 2021-22:**

- Continue to identify and assess options for strategic alliances that will allow us to maximise the services and support we can give our tenants and neighbourhoods

### **Objective 3: Business Transformation**

**Strategic Aim:** A strong, viable, efficient, and effective business.

**Activity 1:** Consolidating the business by improving process, practice and performance. **Key actions for 2021-22:**

- Deliver an action plan to meet the standards of the new NHF Code of Governance.
- Building on the Group's strength in relation to financial management and control and building on existing healthy financial position and surpluses.
- Continuously improving services and key performance areas nurturing new ideas, innovation, and approaches to increase business efficiency.

### **Activity 2: An employer of choice**

The Group recognises that its people are the greatest resource it has. A well-motivated and trained workforce is crucial to the achievement of the strategic objectives. Having the right people, with the right attitude and customer focus in the right jobs at the right time, is a prerequisite for success.

**Key actions for 2021-22:**

- Recognition as an excellent place to work.
- Encourage a culture that fosters the vision and values of the organisation.
- Modernise our working arrangements to reflect how employees have worked during the pandemic and how we will operate in the new 'normal'.

### **Objective 4: Growth & Development**

**Strategic Aim:** A Group that continues to grow and prosper and whose reputation is above that of its peers. Ensure we are well placed and have capacity to take up any opportunities that arise.

**Key actions for 2021-22:**

- Aim to have all seven new growth projects on site in 2021.
- Enact our Treasury management strategy to support the programme.
- Develop a comprehensive strategy to enable us to support the move towards carbon neutral. We have already included some provision in our medium-term plans to support this important work.

# LEASOWE COMMUNITY HOMES LIMITED

## STRATEGIC REPORT

For the year ended 31 March 2021

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### Summary financial results

Leasowe has reported another healthy surplus for 2020-21 and again closes the year in a very strong financial position.

#### Statement of Comprehensive Income

Leasowe achieved a surplus of £1.3m, (2020: £1.4m).

Statement of comprehensive income	2021 £'m	2020 £'m
Turnover	4.6	4.5
Operating costs	(3.4)	(3.3)
Gain on property disposals	0.1	0.2
<b>Surplus on Ordinary activities for the year</b>	<b>1.3</b>	<b>1.4</b>

Statement of financial position	2021 £'m	2020 £'m
Fixed assets	24.4	24.4
Net current assets	11.3	10.2
<b>Total assets less current liabilities</b>	<b>35.7</b>	<b>34.6</b>
Long term creditors and provisions	(3.6)	(3.5)
<b>Total net assets</b>	<b>32.1</b>	<b>30.9</b>

Key explanations are as follows:

#### **Turnover:**

Turnover has marginally increased by £0.1m (2.2%) to £4.6m (2020: £4.5m).

#### **Operating Costs:**

Operating costs increased by £0.1m (3%) to £3.4m (2020: £3.3m). The increase is mainly driven by further investment in properties through repairs and property maintenance.

#### **Property disposals and revaluations:**

The Association made a surplus of £0.1m on property disposals through RTA/B disposals.

# LEASOWE COMMUNITY HOMES LIMITED

## STRATEGIC REPORT

For the year ended 31 March 2021

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### Statement of financial position:

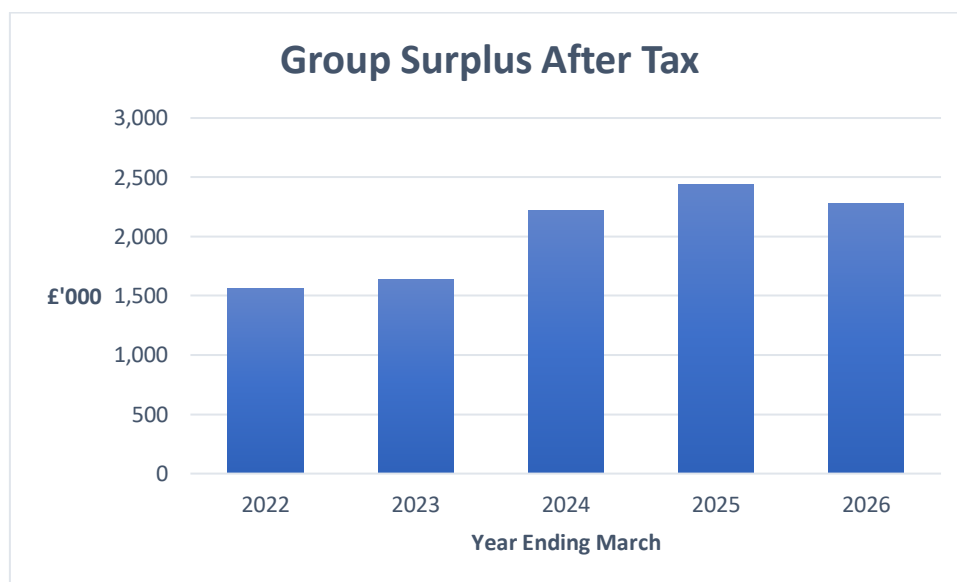
Total net assets have increased by £1.2m (3.8%) to £32.1m (2020: £30.9m), the increase is reflected in the Group's continued investment in its properties less depreciation charges as offset by the increase in the pension provision.

At the close of the year Leasowe maintained its strong liquidity with cash investments of £12.2 (2020: £10.9m) and had no long term borrowings (2020: £nil).

This is an exciting time for Prima as it embarks upon using its strong financial base to grow responsibly and develop new homes and new products across all its neighbourhoods.

The organisation has strong liquidity and is net debt free, there is no immediate need to for additional borrowings to fund current plans but will be embarking on a refinancing exercise during 2021/22 to fund future developments. The strong financial performance and robust asset portfolio leave us in good shape to secure that funding.

The Group maintains a medium-term financial plan summarised in the table below:



This plan is stress tested against a range of scenarios and Board develop mitigating strategies against a range of risks.

### **Covenant Compliance**

The only current loan facilities are with Prima PHA. Review over the first five years of the base plan shows that Prima PHA is comfortably within its covenant targets before the introduction of any stress testing:

- Gearing at a maximum of 19.2% (reflecting the scheduled repayment of loans), giving circa £78m headroom against covenant targets.
- Interest cover over the five years is at a minimum of 1.5 times, against the tightest covenant target of 1.05, providing headroom of £0.29m.

The existing loan facilities have approximately 21 years left to run and there is nothing within the base plan which indicate that Prima PHA will not meet its existing covenant targets.

Overall, the plan demonstrates good financial health and that the Group is financially viable.

# LEASOWE COMMUNITY HOMES LIMITED

## REPORT OF THE BOARD

For the year ended 31 March 2021

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### Value for Money (VfM) Statement

#### What does VFM mean to Prima?

VFM is making the most of all the resources we have available to maximise the delivery of corporate objectives - it is about being a well-run, well governed, effective social business.

Good VFM is about competitive costs, high productivity and successful outcomes. The objective is to achieve the best balance between cost, quantity and quality and then to keep this under regular review.

We will deliver VFM by ensuring we have:

**A Healthy Business** - and maintaining a strong financial position to give us the ability and credibility to invest in services for our customers and communities.

**Effective Asset Management** - through the effective use and maintenance of our existing assets.

**Operating efficiently** - Controlling our costs and delivering a quality service.

**Reinvesting wisely** - efficient use of resources available invested in new homes and our current properties.

**Excellent Outcomes** - Delivering a service our customers love and want.

This review is undertaken in line with the VFM standard and the associated guidance and value for money metrics. The regulator has directed all housing associations to use a common set of measures to help stakeholders judge the performance of providers. We provide a full account of not only the Regulator's metrics, but all the measures developed within the sector scorecard. Prima welcomes this change as it improves transparency and should give stakeholders much better information to judge how a provider is performing.

We assess value for money at a Group level.

#### Who do we compare ourselves to?

Benchmarking with others is an important component of value for money. As a comparator data set, we use performance data (from the Housemark systems and from the Global Accounts for Housing associations published by the regulator ) for:

- Landlords with between 1000-4000 properties.
- We exclude landlords from the South East and London because of the difference in the economies and costs of those regions.
- Whilst we have some supported and specialist housing which might affect costs, we do not believe that the volumes are of sufficient scale to merit a specific comparator for this Group.

We also benchmark at a City Region Level and are members of Housemark.

#### Our corporate objectives set out what we are aiming to achieve:

Our vision is:

**Creating vibrant neighbourhoods in which to live and work, where quality, affordable homes and services are at the heart of the communities.**

Our strategic objectives are focussed on our:

**Customers** - A landlord of choice that delivers excellence for customers.

**Partnerships** - Deliver locally for the benefit of neighbourhoods and communities.

**Business Transformation** - A strong, viable, efficient and effective business.

# LEASOWE COMMUNITY HOMES LIMITED

## REPORT OF THE BOARD

For the year ended 31 March 2021

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**Growth and Development** – A Group that continues to grow and prosper and whose reputation is above that of its peers.

Achieving Value for money means we can:

- Continue to invest in our properties and neighbourhoods and to support our tenants.
- Use our financial capacity to provide new housing.
- Be agile, responsive and innovative in delivering fantastic services.

### **How do we ensure scarce resources are allocated between competing priorities?**

Ultimately the Board sets the strategic direction and determines how scarce resources are rationed between competing priorities, their decision-making process is based on sound and accepted principles and by setting challenging but achievable targets.

The target setting process is underpinned by financial budgets which are set in advance of the forthcoming financial year. The budget and target proposals are created from the ground up and based upon actual business needs and delivery plans.

The Executive Management Team scrutinise the initial budget submissions considering:

- Any business cases supporting proposed growth or new initiatives.
- The link back to the agreed corporate priorities.
- An assessment of current value for money versus agreed targets.
- The expected financial or social return on the investment as appropriate.

Setting the budgets and targets is clearly about much more than costs, the amount we spend on service delivery is an important element of not just VFM, but also of our financial viability, our capacity to support investment into new and existing homes and the social impact it brings.

The process is fine-tuned until the resulting budgets and targets are optimised in terms of economy, efficiency and effectiveness and conflicting interests minimised.

The resulting targets and budgets are monitored regularly and compared to actual performance, any deviations are understood, and corrective action is taken.

### **How do we ensure efficient use of the resources available?**

The properties that Prima owns are an extremely valuable social asset. It is therefore vital that we understand the return on our existing assets so that we make the best use of the resources they represent.

A key element of the regulatory requirements in relation to VFM is the need to clearly demonstrate: 'an understanding of the return on assets and a proactive approach to managing those assets'. Following on from last years work where we documented our Asset Management Strategy and completed large numbers of in-depth stock condition surveys, we have now commissioned work supported by consultants to populate specialist software. The resulting model will use financial and non-financial indicators to evaluate the predicted financial performance of our homes, based upon their Net Present Value. This model can then be used to help inform the strategic decision making on future investment, usage and retention or disposal of assets. This will also be used to help us understand and improve over time, the return on our assets including:

- Measuring the long-term performance of our properties.
- Modelling analysis of our assets value and contribution.
- Providing an objective baseline from which to make investment decisions.
- Identify properties requiring an option appraisal.

This work will complement our approach to neighbourhood management

# LEASOWE COMMUNITY HOMES LIMITED

## REPORT OF THE BOARD

For the year ended 31 March 2021

In addition to the above, the drive to optimise the long term returns on our assets includes taking account of Social Investment and Social Impact. It is well understood that having a good quality home with security of tenure helps people with improved health and wellbeing, the potential for higher educational achievement and improved self-esteem, in turn leading to better employment prospects. We continue to drive to get better results for our customers as some residents suffer disproportionately from poor health, low educational attainment and higher levels of unemployment. We are committed to continuing to invest to improve the neighbourhoods in which we work and to improve the opportunities that are available for our residents. The key areas of activity that are promoted include:

- Sustainable tenancies.
- Improved life chances and opportunities.
- Community cohesion.
- Financial inclusion.

### Delivering VFM:

We use a suite of indicators, including the Regulator's VFM metrics to assess if we are delivering against our 5 key value for money themes:

**A Healthy Business** - and maintaining a strong financial position to give us the ability and credibility to invest in services for our customers and communities.

Healthy Business													
Measure	2017/18	2018/19	2019/20	2020/21	2018/19		2019/20		2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Actual	Actual	Actual	Housemark/		Housemark/		Target	Target	Target	Target	Target
	(GROUP)	(GROUP)	(GROUP)	(GROUP)	Global Accounts		Global Accounts		(GROUP)	(GROUP)	(GROUP)	(GROUP)	(GROUP)
					Comparator		Comparator						
					Median	Best Quartile	Median	Best Quartile					
Operating margin (overall)	33.99%	27.77%	24.53%	24.12%	21.50%	29.90%	21.20%	28.80%	17.42%	16.51%	19.14%	20.39%	20.38%
Operating margin % (Social housing units)	34.30%	27.80%	25.36%	25.15%	27.60%	33.60%	24.5%	29.5%	17.53%	16.63%	19.19%	20.42%	20.41%
EBITDA MRI (as % interest) PHA Only	678%	397%	276%	492%	206%	308%	207.00	305.00	197%	170%	309%	309%	280%

### Where are we now?

Prima's finances are in good health with the Group making a high level of surplus. Compared to other similar housing associations we perform well and have significant headroom. Over 90% of the Group's turnover comes from social housing, which achieved an operating margin of 25.15% in 2020/21. Increases in rent income were broadly reflected in inflation increases in costs.

### So what next?

Whilst we want to be in a strong financial position, we realise we need to use that financial strength to invest in both new properties and in our current stock.

The target figures shown for 2021/22 and future years are the projections from our financial plan and show a slightly worse position for margins despite applying the government permitted rent increase of CPI + 1% because:

- We budget at a full establishment with no allowance for vacant posts.
- We have made very prudent provisions for repairs costs and staff cost increases above inflation.
- We have made provisions for disrepair costs and bad debts.
- Increasing depreciation because old low value assets are being replaced by new kitchens and bathrooms as we invest in our stock.

There is a forecast tightening of interest cover because of catching up on component investment after the lockdown period and the impact of building new homes.

We have consistently outperformed our budgets in recent years.



# LEASOWE COMMUNITY HOMES LIMITED

## REPORT OF THE BOARD

For the year ended 31 March 2021

**Our medium term aim is to return towards median financial surpluses** (whilst still using our capacity to deliver new homes). The margins shown reflect a largescale investment in major repairs and maintenance costs which are above sector norms. We are optimistic that the detailed asset condition survey work will allow us to refine these budgets to make savings and increase margins.

We expect margins to increase as we deliver new homes and begin to receive the benefit of increased income streams over the next few years. In addition, we are expecting rental increases of CPI+1% for the next few years in line with government policy. After those assumed rent increases whilst the margin remains healthy it is declining over time because we (prudently) assume costs rise in line with RPI and rents only increase at CPI.

We are going to consult with tenants about consolidating the housing entities to improve efficiency and to have more financial resilience.

**Effective Asset Management** - through the effective use and maintenance of our existing assets.

Effective Asset Management													
Measure	2017/18	2018/19	2019/20	2020/21	2018/19		2019/20		2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Actual	Actual	Actual	Housemark/ Global Accounts		Housemark/ Global Accounts		Target	Target	Target	Target	Target
	(GROUP)	(GROUP)	(GROUP)	(GROUP)	Comparator		Comparator		(GROUP)	(GROUP)	(GROUP)	(GROUP)	(GROUP)
					Median	Best Quartile	Median	Best Quartile					
Occupancy	99.20%	99.59%	99.28%	Awaited	99.28%	99.69%	99.20%	99.62%	99.60%	99.60%	99.60%	99.60%	99.60%
Ratio of responsive repairs to planned	0.9	0.81	0.38	0.56	0.63	0.43	0.58	0.42	0.42	0.42	0.42	0.42	0.42
ROCE	4.46%	3.53%	3.34%	3.29%	4.8%	7.1%	3.2%	3.9%	2.12%	2.11%	2.51%	2.60%	2.52%

### So where are we now?

Against a backdrop of:

- Significant impacts from Welfare reform.
- Holding some challenging stock in less desirable areas that requires investment.

We perform well in maintaining occupancy levels and that performance remained steady this year - We are just above median performance. We aim to stay closer to best quartile performance. Void numbers have been managed successfully during the Covid-19 lockdown exploiting technology to do virtual viewings and enable lettings to continue.

We recognise managing our repairs better and moving to a position where more work is planned and less is responsive is important. In recent years performance has improved significantly but the ratio was impacted in the last financial year because of the lockdown and requirements to operate safely.

Return on Capital Employed reflects the operating surplus compared to Total assets (including current assets) less current liabilities.

### So what next?

Occupancy – In our financial plan we are very prudent in our assumptions around occupancy. **We aim to move back towards top quartile performance** by:

- Using what we have learnt about our most vulnerable tenants during the lockdown to inform the support we provide.
- Increasingly using technology to let properties efficiently.
- Working with the city region to allow unoccupied homes to support the homeless across Merseyside.
- Using our data analysis to identify poor performing properties and developing a strategy to deal with them.

Ratio of responsive to planned – We will use our improved asset management data and systems to **maintain top quartile performance**.

# LEASOWE COMMUNITY HOMES LIMITED

## REPORT OF THE BOARD

For the year ended 31 March 2021

Return on Capital Employed reflects the operating surplus compared to Total assets (including current assets) less current liabilities.

The operating surplus is suppressed for the next few years for the reasons set out in the healthy business section.

- Because we are prudent in our planning, surpluses are lower in the medium term plan.
- In the next few years we will reduce our current assets (cash) as we invest in the fixed assets of new homes and in our current stock. From about 18 months' time we will begin borrowing to fund those investments so the denominator of this calculation will increase without surpluses immediately improving.

**We aim to effectively manage to maintain ROCE at median performance.**

### Operating efficiently - controlling our costs and delivering a quality service

Operating Efficiently													
Measure	2017/18	2018/19	2019/20	2020/21	2018/19		2019/20		2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Actual	Actual	Actual	Housemark/ Global Accounts		Housemark/ Global Accounts		Target	Target	Target	Target	Target
	(GROUP)	(GROUP)	(GROUP)	(GROUP)	Comparator		Comparator		(GROUP)	(GROUP)	(GROUP)	(GROUP)	(GROUP)
					Median	Best Quartile	Median	Best Quartile					
Headline Social Housing Cost per Unit	£3,156	£3,450	£3,848	£3,351	£3,980	£3,200	£3,970.00	£3,470.00	£4,318	£4,535	£4,369	£4,373	£4,302
Management Cost per Unit	£1,008	£955	£972	£1,121	£1,042	£852	£1,161	£838	£1,249	£1,230	£1,227	£1,228	£1,229
Service Charge Cost Per unit	£240	£256	£308	£320	£246	£160	£526	£256	£255	£251	£249	£248	£247
Maintenance Cost per unit	£834	£910	£880	£771	£983	£845	£733	£673	£1,131	£1,181	£1,189	£1,196	£1,216
Major Repairs Cost Per unit	£931	£1,127	£1,504	£1,015	£727	£507	£888	£437	£1,678	£1,867	£1,699	£1,697	£1,605
Other Social Housing Cost Per unit	£145	£200	£184	£123	£183	£98	£16	£0	£6	£6	£6	£6	£6
Rent Collection	101.10%	99.82%	100.00%		99.75%	100.27%	99.66%	100.38%	100.00%	100.00%	100.00%	100.00%	100.00%

#### So where are we now?

We appear currently to be relatively low cost. This in part however affected by the impact of lockdown. Costs reduced between 2019/20 and 2020/21.

Historically we have been effective at controlling our management costs which are better than the median.

We have traditionally out performed our prudent budget forecasts in actual performance.

Rent collection performance has been very strong despite welfare reform and the impact of lockdown.

#### So what next?

At the moment in our medium term financial plan we have retained really prudent provisions for future costs in all areas and in particular in relation to repairs and maintenance of our stock. This means that we are currently forecasting to increase our cost per unit significantly. We did this because we wanted to make sure we could effectively deliver whatever investment is needed in our stock in the medium term. In particular we want to have sufficient provision to deal with the Green Homes agenda and to make sure that our stock is being moved towards being carbon neutral by 2050, in line with government plans. These challenges are faced by all housing associations especially those with older stock.

**Overall we aim to keep below median costs.** We will do this by:-

- Seeking to grow (both by building our own stock) and by seeking partnerships so that our investment in the business is spread over a wider stock base.
- Continuing to review the most effective managerial structures for our homes.
- Using greater intelligence over our stock to make our property investment as cost effective as possible.

We have planned a number of service reviews for the year, based on our benchmarking data, to identify opportunities to improve service quality and cost.

# LEASOWE COMMUNITY HOMES LIMITED

## REPORT OF THE BOARD

For the year ended 31 March 2021

We are investing to support tenants as the impact of welfare reform continues to be felt and implementing our anti-poverty strategy will help us maintain good performance in collecting rent. We recognise however that the impact of the coronavirus has had an impact on our tenants already and that in the medium term the Merseyside economy is overexposed to the impacts of a global downturn because of its reliance on hospitality, leisure, retail and university sectors. Our medium term financial plan reflects that uncertainty. **Our aim will be to outperform the plan and remain near 100% collection.**

**Reinvesting wisely** - efficient use of resources available invested in new homes and our current properties.

Reinvestment													
Measure	2017/18	2018/19	2019/20	2020/21	2018/19		2019/20		2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Actual	Actual	Actual	Housemark/ Global Accounts		Housemark/ Global Accounts		Target	Target	Target	Target	Target
	(GROUP)	(GROUP)	(GROUP)	(GROUP)	Comparator		Comparator		(GROUP)	(GROUP)	(GROUP)	(GROUP)	(GROUP)
					Median	Best Quartile	Median	Best Quartile					
New supply delivered (Social housing units)	0.23%	0.00%	1.43%	0.00%	1.00%	2.90%	1.50%	2.70%	0.00%	3.11%	3.15%	2.35%	2.03%
New supply delivered (Non-social housing units)	0.29%	0.04%	0.00%	0.00%	0%	0%	0%	0%	0.00%	0.19%	0.52%	0.00%	0.00%
Gearing %	0.26%	0.00%	1.53%	0.00%	35.7%	45.3%	35.9%	45.5%	6%	9%	11%	16%	19%
Reinvestment	2.32%	4.73%	4.77%	2.23%	7.00%	11.13%	5.10%	9.40%	11.78%	6.27%	6.81%	10.49%	9.12%

### So where are we now?

Our plans for delivering new homes have to some extent been delayed by the pandemic and lockdown. However we know have affirm pipeline of 7 schemes to deliver 125 new units with the first two of those on site in Knowsley and Liverpool.

Board have recognised that we have only partially used our underlying capacity and are ambitious to do much more.

We have seen growth in levels of reinvestment, however, we have been able to do this from our cash holdings and without borrowing, therefore we retain very low levels of gearing. *(This is actually a negative figure but has been capped at zero)*

### So what next?

We plan to deliver around 600 properties over the next decade – an investment of around £60m net of grant. We will borrow against our capacity - this will increase our gearing over the next few years. This will see delivery of new units increasing in line with our ambition.

Coronavirus has delayed development works (across the whole economy) but we are well placed to progress because of our strong financial position.

We are optimistic about the possibility of developing a large scheme on our site at Rose Brae to support Wirral Councils ambitious regeneration plans for that area.

We are also aware that our financial strength may mean that there are new opportunities for ‘cash rich’ organisations that may not have presented, without the economic shock from lockdown. We will actively look for good value opportunities that allow us to **outperform our current growth targets.**

Increasing stock numbers allow us to spread our current costs over a larger base.

Reinvestment shows investment in new homes plus capital investment in current properties divided by housing properties at valuation. This will increase significantly as we invest in both our current and new homes.

# LEASOWE COMMUNITY HOMES LIMITED

## REPORT OF THE BOARD

For the year ended 31 March 2021

Excellent outcomes - delivering a service our customers love and want.

Excellent Outcomes													
Measure	2017/18	2018/19	2019/20	2020/21	2018/19		2019/20		2021/22	2022/23	2023/24	2024/25	2025/26
	Actual (GROUP)	Actual (GROUP)	Actual (GROUP)	Actual (GROUP)	Housemark/ Global Accounts Comparator		Housemark/ Global Accounts Comparator		Target (GROUP)	Target (GROUP)	Target (GROUP)	Target (GROUP)	Target (GROUP)
					Median	Best Quartile	Median	Best Quartile					
Customer satisfaction	78%	n/a	75%	Not Conducted	89.00%	92.00%	88.00%	91.40%	88.00%	88.00%	88.00%	88.00%	88.00%
£ Invested in Communities	£173,239	£159,376	£143,000	£143,000	£95,340		92,027	206,760	tbc	tbc	tbc	tbc	tbc

### So where are we now?

We recognise that overall satisfaction levels are on the lower side. We intended updating our overall customer satisfaction survey but this was delayed because of lockdown until February 2022. This is in part of a reflection of the dispersed nature of our stock and the diverse range of neighbourhoods in which they are located.

We perform better on a range of other measures where we interact directly with customers, for example 9/10 tenants are happy with a recent repair.

We are sector leaders in providing opportunities for tenants to engage with us in different ways with around 40% of transactions happening through electronic means.

Whilst we have traditionally included the amount invested in communities as a measure of performance in this area we recognise that there are clearly differences in how organisations measure this. We are looking to review other measures available that might better help us understand the VFM of our investment in communities.

### So what next?

We aim to move towards Median Performance **by a range of measures. We have:**

- Embedded new ways of working to improve the customer experience and business performance, focussing on tenancy sustainment and protecting rental income;
- Re-assessed our team structures to reallocate resources effectively and prepare the Group to meet the challenges ahead;
- Update our Customer Satisfaction Index survey with results informing our knowledge and insight on customers' needs now and for the future;
- Developed more online customer services including webchat, online housing applications and a customer Self-Serve App to provide information on their account and access to key services 24/7;
- Began a process of reviewing customer facing services, using feedback from our Customer Scrutiny Group on repairs to help inform procurement of new repair contractors;
- With the help of our Customer Steering Group we have set up and recruited to the new Prima Customer Board;
- Achieved good performance for housing and repairs services including the key areas of managing empty homes and income collection, and responding positively to the increased roll out of Universal Credit to more customers;
- Reaching customers in new ways, increasingly using digital channels and video to communicate, including Facebook Messenger, setting up Instagram and YouTube channels.

These measures have already proved effective during the lockdown period.

**We aim to maintain our investment in communities** and have especially focused resources on support that enables tenants into work.

# LEASOWE COMMUNITY HOMES LIMITED

## REPORT OF THE BOARD

For the year ended 31 March 2021

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### VFM compliance

The Board has considered this value for money self-assessment and believes that Prima fully complies with the expectations set out in the Regulator's value for money standard. In particular, that:

- This assessment is a fair and balanced account of where Prima is on the VFM journey, including the outcomes and activities achieved to date and in opportunities from the Group structure;
- A robust process has been followed in producing the self-assessment and we have not just cherry picked the best service areas to report on;
- There is sufficient evidence and assurance that processes are already in place and being further developed to enable us to fully understand our assets and services against costs and performance in key areas of the business; and

We are aware of current limitations and gaps and have a robust plan in place to address these.

# LEASOWE COMMUNITY HOMES LIMITED

## REPORT OF THE BOARD

For the year ended 31 March 2021

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The Board of Leasowe Community Homes Limited present their report and audited financial statements for the year ended 31 March 2021.

### Principal activities

The Association's activities are the development and management of social housing, ensuring the provision of good quality housing and related services for those in need. More details are included in the Strategic report that precedes this report.

### Financial results

The Group has achieved a surplus for the year of £1,416K (2020: £4,346K) and the Association shows a surplus of £1,174K (2020: £1,525K). The group results are after the actuarial pension loss of £1.4m, (2020: gain £1.5M).

### Board and Executive Directors

The Board members who held office during the year and the Committees they serviced were:

J Boyd (Chair)	- People and Remuneration Committee
A Ramsay	- People and Remuneration Committee
G Lewis	- Customer Board and Audit and Assurance Committee
B Callow	- Board Member
J Hale	- People and Remuneration Committee
K Vogel	- Audit and Assurance Committee
M Evans	- People and Remuneration Committee
P Roberts	- Audit and Assurance Committee
R Young	- Audit and Assurance Committee
T Dunne	- People and Remuneration Committee, and Audit and Assurance Committee
R Woolfall	- Board Member (Term expired 16/09/2020)

Board members are remunerated for their services and permitted to claim expenses incurred in the performance of their duties. Details of the remuneration of board members are set out in note 5 to the financial statements. Each member of the Board holds a fully paid share in the Association.

### Prima Customer Board:

C Sheehy (Resigned 26/05/2021)
D Williamson (Resigned 12/05/2021)
J Crozier (Resigned 12/05/2021)
N Wiffen (Resigned 02/02/2021)
S Mends (Resigned 07/06/2021)
A Webster (Appointed 18/11/2020)

### The Executive Team

J Ghader (Chief Executive)
K Timmins (Group Director of Finance and Group Services)
S Wharton (Group Director of Growth)
A Dunn (Group Director of Customers and Insight)

The Chief Executive and other Executive Directors are appointed on permanent contracts of employment with a notice period of six months. The remuneration of the Executive Directors is reviewed by the People and Remuneration Committee, who make recommendations to be considered and determined by the Board. Full details of executive emoluments are set out in note 5 to the accounts.

# LEASOWE COMMUNITY HOMES LIMITED

## REPORT OF THE BOARD

For the year ended 31 March 2021

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### **Pensions**

The Chief Executive's pension contributions are made on his behalf to a separate fund run by AVIVA pensions. In the case of the other Executive Directors they are eligible to participate in the Social Housing Pension Scheme defined contribution scheme, their participation is on the same terms as all other eligible employees. The Association contributes to the scheme on behalf of its employees. Non-executive directors are not eligible to participate in any company pension scheme.

### **Other benefits**

The Executive Directors are entitled to private health insurance.

### **Landlord health and safety compliance**

The Association complies fully with its responsibilities for landlord for health and safety. Despite the restrictions imposed by the Covid-19 lockdown, we have continued to deliver compliance related activities to keep our tenants safe and meet our legislative responsibilities. There have been difficulties securing access to a small number of properties, particularly where households are shielding. Like all responsible landlords we have taken a pragmatic approach to tenants requesting that their servicing be delayed.

A dynamic desk top risk assessment process is in place for any property overdue for a legislative compliance inspection or service. We keep the Regulator of Social Housing updated on the situation and we continue to pursue access at the earliest opportunity.

### **Tangible fixed assets**

Details of changes in fixed assets are set out in note 10 to the financial statements.

### **Financial risk management objectives and policies**

The Association uses conventional forms of working capital to finance its day to day activities and as such the figures appearing in the financial statements reflect the absolute value of amounts recoverable and payable. The Board receive regular reports on these figures in order to manage the Association's requirements.

### **Insurance**

The Association's policy is to insure against risks wherever possible including cover for liability insurance in respect of the Board and senior personnel of the Association.

### **Charitable and political donations**

The Association made charitable donations in the financial year of £nil. (2020:£200).

### **Corporate governance**

The Board has adopted the National Housing Federation's (NHF) Code of Governance 2015 and we undertake an annual review of compliance against the Code, using the NHF checklist as a guide. We plan to adopt the 2020 Code and have an action plan in place to reach full compliance with the new edition.

We annually assess our compliance against the Regulator of Social Housing's (RSH) Regulatory Standards in relation to Governance and Financial Viability and the economic and consumer standards. These reviews are informed by the outcomes of a range of robust Board assessment and assurance processes, including individual appraisals, a collective performance self-assessment, skills assessments and training needs analysis. After the In-Depth Assessment carried out by the RSH in December 2018, the Group retained its highest rating of G1 for Governance and V1 for Financial Viability. This was confirmed in strapline judgement on 25/11/2020.

As a result, the Board is satisfied that the Group complies with the 2015 NHF Code of Governance and the RSH Governance and Financial Viability Standard and economic and consumer Standards.

The Board is also satisfied the Association has complied with all laws and regulations that are relevant.

# LEASOWE COMMUNITY HOMES LIMITED

## REPORT OF THE BOARD

For the year ended 31 March 2021

### Statement of Internal Control

Overall responsibility for the Board Assurance and Internal Controls Framework sits with Prima's Board (Common Board). The Audit and Assurance Committee's role is to scrutinise the working of the internal controls in more detail and to provide assurance to the main board that management has properly fulfilled its responsibilities and systems and processes are working effectively. Prima defines assurance as an evaluated opinion, based on evidence gained from review, on the organisation's governance, risk management and internal control framework.

For the year ended 31 March 2021, the Board makes the following statements:

Having reviewed a full summary of the risk management activities undertaken as well as the changes in the nature and extent of significant risks within the period, Board understands its responsibilities and the importance of risk management and internal controls.

Board have reviewed all forms of assurance previously approved by the Board and Sub-Committee, together with a summary of findings from each form of assurance and have ensured that these levels are appropriate.

Board understands its role in risk management and has set risk appetites for all strategic risks as well as applying stress testing to each risk as outlined within the Board Assurance and Internal Controls Framework. As of 31 March 2021, 11 Strategic risks were assessed as being within appetite and 4 were outside as a direct implication of Covid-19. Despite all 4 risks having strong controls in place, the potential impact and likelihood remain high.

Code & Title	Risk Appetite	Net score within risk appetite?
01 EXTERNAL ENVIRONMENT - Risks associated with outside factors (political, meteorological, epidemiological)	>15 Seeking	No
02 ASSET MANAGEMENT - Inappropriate investment in existing stock	6-12 Balanced	Yes
03 NEW DEVELOPMENT - Failure to deliver the approved development programme to time, standard or within budget	>15 Seeking	Yes
04 TECHNOLOGY- New project implementation	>15 Seeking	Yes
05 HEALTH & SAFETY - Breach of Health and Safety Regulations	5 or lower Cautious	No
06 INCOME COLLECTION - Negative impact on revenue	6-12 Balanced	No
07 ICT AND SECURITY - Attack on IT system, caused either deliberately or accidentally including risk of fraud/phishing/malicious emails requesting money or data	6-12 Balanced	Yes
08 STAFF RETENTION & BOARD SUCCESSION - Risk we do not retain key knowledge/plan for succession	6-12 Balanced	Yes
09 COMMERCIAL - Risk of Commercial not delivering income targets	6-12 Balanced	Yes
10 GDPR AND SECURITY - Breach of GDPR or other data protection legislation	6-12 Balanced	Yes
11 PARTNERSHIPS - Failure to deliver effective partnerships could result in corporate objectives not being achieved	6-12 Balanced	Yes
12 PENSION - Unplanned financial costs due to pension commitments	6-12 Balanced	Yes
13 FINANCE - Breaking loan covenants	6-12 Balanced	Yes
14 LIQUIDITY - Insufficient cash balance to cover liabilities/objectives	6-12 Balanced	Yes
15 REGULATORY COMPLIANCE - Governance arrangements do not support the business in delivering its objectives and/or failure to meet expectations of Economic and/or Consumer Standards	5 or lower Cautious	No

Prima Group comprises 3 legal entities, the risks for the social element of Pierhead Housing Association Limited and Leasowe Community Homes Limited are captured within the Group Strategic Risk Register above and the risks for PHA Commercial Limited are contained within a separate Commercial Register below.

Code & Title	Risk Appetite	Net score within risk appetite?
B01 COMMERCIAL FINANCIAL PLANNING/CONTROL - Potential loss of opportunity as approval process is not efficient	>15 Seeking	Yes
B02 COMMERCIAL FINANCIAL PLANNING/CONTROL - Lack of Robust financial assessment procedures in relation to potential new development	>15 Seeking	Yes
B03 COMMERCIAL FINANCIAL PLANNING/CONTROL - There is a risk that Prima Commercial is unable to meet its financial liabilities resulting in increased costs and penalties.	>15 Seeking	Yes
C02 COMMERCIAL ASSETS/INCOME - Loss of income from Monument	>15 Seeking	No
C04 COMMERCIAL ASSETS/INCOME - Loss of income from Commercial Retail units	>15 Seeking	Yes
C05 COMMERCIAL ASSETS/INCOME - Loss of income from Broadgreen Hospital Accommodation	>15 Seeking	Yes



# LEASOWE COMMUNITY HOMES LIMITED

## REPORT OF THE BOARD

For the year ended 31 March 2021

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Board understands its role in ensuring compliance with law, statutory, regulatory and constitutional requirements, with the focus on ensuring the health and safety of residents and staff.

**External Audit** - Prima's draft accounts are subject to an audit for the period in question and are due to be presented for approval in September. Prima's External Auditors, Beever and Struthers were appointed in mid-2019 for a three-year period following a procurement exercise undertaken jointly with Alpha Homes. AAC consider the management letter for the three entities of the Group at the same time as the draft accounts around August/September. If there are any recommendations for improvement made by the auditors, progress reports on their implementation would be presented to AAC. An "in camera" session between the AAC and both External and Internal Auditors forms a regular part of the annual programme and is a regular agenda item at every meeting, to enable a candid discussion to take place without Officers present, if required by members. The last one took place in February 2020. This unfettered access to professional advisors is an important element in demonstrating the robustness of the arrangements in place.

There have been no significant control failings reported in the year.

The Group complies with the RSH's requirements on fraud and has a clear policy that has been approved by the Board. The current policy requires a register to be maintained of all actual and attempted fraud and all such cases are reported to AAC and to Board. All cases of significant fraud must be reported to the Regulator. Any fraud or corrupt act by a Board Member, or a member of the Executive Team must also be reported to the Regulator, irrespective of the amount involved. There have been no significant frauds or losses reported during 2020-21, and the Group is expecting to submit a Nil return, in the required format to the Regulator via NROSH, at the same time as the Statutory accounts and management letter (this is subject to the External Auditors not finding any areas of fraud pending the finalisation of their final audit).

**I, the Chief Executive,** have reviewed the effectiveness of the system of internal control, including the sources of assurance agreed by the Board as being appropriate for that purpose. I am satisfied that there is sufficient evidence to confirm that adequate systems of internal control existed and operated throughout the year and that those systems were directed at the management of the significant risks facing the Associations. No weaknesses were identified which would have resulted in material misstatement or loss that would require disclosure in the financial statements.



John Ghader, Chief Executive

# LEASOWE COMMUNITY HOMES LIMITED

## REPORT OF THE BOARD

For the year ended 31 March 2021

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### Going Concern

The Association has long-term debt facilities in place and cash and equivalent holdings which provide adequate resources to finance the Association's plans until October 2022. The Association's long-term financial plans shows that it can service these debt facilities and continue to comply with lenders' covenants. On this basis, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the annual report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

### Statement of Board's responsibilities

The Board is legally required to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for the period then ended.

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

- Select suitable accounting policies and apply them consistently;
- Make reasonable and prudent judgements and estimates;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is also responsible for:

- Keeping proper accounting records;
- Safeguarding the Association's assets; and
- Taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

Beever and Struthers are willing to continue in office as auditors and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

SECRETARY



DATE 15/09/2021

# LEASOWE COMMUNITY HOMES LIMITED

## Independent Auditor's Report to the Members of Leasowe Community Homes Limited For the year ended 31 March 2021

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### Independent Auditor's Report to Leasowe Community Homes Limited

#### Opinion

We have audited the financial statements of Leasowe Community Homes Limited ('the Association') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the Association's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of 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.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the Strategic Report and the Report of the Board, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- The Association has not maintained a satisfactory system of control over transactions; or
- The Association has not kept proper accounting records; or
- The Association's financial statements are not in agreement with books of account; or

# LEASOWE COMMUNITY HOMES LIMITED

## Independent Auditor's Report to the Members of Leasowe Community Homes Limited For the year ended 31 March 2021

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

### Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 24, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for 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 the Board either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws, regulations and guidance that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Association's activities.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

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

# LEASOWE COMMUNITY HOMES LIMITED

## Independent Auditor's Report to the Members of Leasowe Community Homes Limited For the year ended 31 March 2021

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### Use of our report

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.

*Beever and Struthers*

### **Beever and Struthers**

Statutory Auditor  
St George's House  
215-219 Chester Road  
Manchester  
M15 4JE

Date: 23 September 2021


# LEASOWE COMMUNITY HOMES LIMITED


## STATEMENT OF COMPREHENSIVE INCOME


For the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Turnover	2	4,586	4,494
Operating expenditure	2	(3,424)	(3,270)
Profit on disposal of property, plant and equipment	3	63	174
<b>Operating surplus</b>	4	1,225	1,398
Interest receivable and other income	7	28	46
Interest payable and similar charges	8	(1)	(6)
<b>Surplus on ordinary activities before taxation</b>		1,252	1,438
Tax on surplus on ordinary activities	9	-	-
<b>Surplus on ordinary activities after taxation</b>		1,252	1,438
<b>Other comprehensive income</b>			
Actuarial (loss) / gain in respect of pension scheme	23	(78)	87
<b>Surplus for the year and total comprehensive income</b>		1,174	1,525

The financial statements on pages 28 to 48 were approved and authorised for issue by the Board on 15/09/2021 and were signed on its behalf by:

  
SECRETARY

  
BOARD MEMBER

  
BOARD MEMBER

The notes on pages 31 to 48 form part of these financial statements

# LEASOWE COMMUNITY HOMES LIMITED

## STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2021

	Notes	2021		2020	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible fixed assets	10		24,365		24,356
<b>Current assets</b>					
Trade and other debtors	11	100		128	
Cash and cash equivalents	12	12,167		10,937	
		12,267		11,065	
<b>Creditors: Amounts falling due within one year</b>	13	(923)		(855)	
<b>Net current assets</b>			11,344		10,210
<b>Total assets less current liabilities</b>			35,708		34,566
<b>Creditors: Amounts falling due after one year</b>	14		(3,447)		(3,543)
<b>Provision for liabilities and charges</b>					
Pension liability	23		(129)		(64)
<b>Total net assets</b>			32,133		30,959
<b>Capital and reserves</b>					
Non-Equity Share Capital	18		-		-
Revenue reserves			32,133		30,959
<b>Total Capital and Reserves</b>			32,133		30,959

The financial statements on pages 28 to 48 were approved and authorised for issue by the Board on 15/09/2021 and were signed on its behalf by:



SECRETARY



BOARD MEMBER



BOARD MEMBER

The notes on pages 31 to 48 form part of these financial statements

# LEASOWE COMMUNITY HOMES LIMITED

## STATEMENT OF CHANGES IN RESERVES

For the year ended 31 March 2021

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	Income and Expenditure Reserves 2021 £'000	Income and Expenditure Reserves 2020 £'000
Balance as at 1 April 2020	30,959	29,434
Surplus on ordinary activities after taxation	1,252	1,438
Actuarial (loss)/ gain in respect of pension scheme	(78)	87
Balance as at 31 March 2021	<u>32,133</u>	<u>30,959</u>

The financial statements on pages 28 to 48 were approved and authorised for issue by the Board on 15/09/2021 and were signed on its behalf by:



SECRETARY



BOARD MEMBER



BOARD MEMBER

The notes on pages 31 to 48 form part of these financial statements



# LEASOWE COMMUNITY HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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### Legal status:

The Association is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a private provider of social housing. The principal activity is to provide social housing.

### 1. Principle accounting policies

#### Basis of accounting

The financial statements of the Association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including Financial Reporting Standard 102 (FRS102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Directive for Private Registered Providers of Social Housing 2019.

As a Public Benefit Entity, the Association has applied the public benefit entity "PBE" prefixed paragraphs of FRS102. In accordance with the provisions of FRS102 no Statement of Cash Flows is provided in these financial statements on the basis a Consolidated Statement of Cash Flows is provided in the parent entity's financial statements.

The financial statements are presented under the historical cost basis of accounting and are presented in Sterling (£).

#### Going concern

The Association's business activities, its current financial position and factors likely to affect its future development are set out within the Operating and Financial Review. The Association continues to be affected by uncertainty from the regulatory environment, government policy and economic factors including the direct and indirect impact from Brexit and its potential inflationary pressures on costs.

The Association has long-term business plans which account for the factors affecting the Association. The business plans have been considered for a number of different variables to support the headroom within the facilities. The business plans and funds support that the Association has adequate resources to finance committed reinvestment and development programmes, along with the Association's day to day operations.

The Board and management have considered the impact of Covid 19 on the business. The impact to date has been well managed with only a slight increase in arrears. There have been offsetting savings in repairs costs and capital investment has been delayed increasing cash balances held. The Board have concluded that increases in voids and bad debts do not pose any significant risk to the on-going operations of the business. Income and cashflows continue to remain positive, with considerable cash resources remaining available as further consolidated with the intra group lending facilities in place. All loan covenants have and continue to be met with a healthy headroom.

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

#### Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

# LEASOWE COMMUNITY HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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### 1. Principle accounting policies [Continued]

#### Significant judgements and estimates [Continued]

- **Useful economic lives** - Useful economic lives are based on management's expectation of the lives of assets. The rates are such to depreciate the cost of assets to their residual value over their expected lives. Management review the Association's estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological advances, changes in the expected use and changes to decent homes standards.
- **Capitalisation of property development costs** - Qualifying costs which directly relate to the assets are capitalised from the start of the construction of an asset. Costs are agreed at the start of a project and monitored throughout development. Capitalisation of costs ceases when the asset comes into use. If an asset changes fundamentally during construction or the project is terminated the costs and recoverability are revaluated and provisions are made if required.
- **Government grants** - Government grants are held against structure and amortised over the expected life of structure, 100 years, using the accruals method.
- **Bad debts** - Arrears and other debtors are provided for based on the age of debt, as this is considered to indicate recoverability. In view of the uncertain impact of Covid 19, bad debt provisions have been reviewed and increased to allow for the potential increase in debts which may become uncollectable.

#### Turnover and revenue recognition

Turnover comprises rental income receivable in the year, and amortised government grants. Rental income is recognised from the point when properties under development reach practical completion and are formally let. Government grant is recognised when it becomes receivable and is amortised over the life of the structure of the building to which it relates.

#### Fixed Assets and depreciation

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged on a straight-line basis over the expected economic useful lives of the assets at the following annual rates. No depreciation is charged on the freehold land

Leasehold property	-	Life of lease
Communal assets	-	5% to 25% per annum on cost
Garages	-	4% per annum on cost
Furniture, fixtures, fittings & office equipment	-	20% to 33 1/3% per annum on cost
Computer equipment & Software	-	20% to 33 1/3% per annum on cost

#### Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

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

# LEASOWE COMMUNITY HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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### 1. Principle accounting policies [Continued]

#### Housing properties [Continued]

The Association depreciates the major components of its housing properties over the following annual rates:

Structure	100 years
Roofs	60 years
Kitchens	20 years
Bathrooms	25 years
Electrical systems	30 to 40 years
Doors	30 years
Windows	30 years
Boilers	20 - 30 years
Central heating	20 - 40 years
External & internal Insulation	30 years

Freehold land is not depreciated.

Leasehold properties are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

#### Impairment

Housing properties are annually assessed for impairment triggers. Where triggers are identified any assessment for impairment is undertaken comparing the carrying amount to its recoverable amount. Where the carrying amount is deemed to exceed its recoverable amount, the assets are written down to recoverable amount. The resulting impairment loss is recognised as operating expenditure. The impact of Covid -19 was deemed to be a trigger accordingly a full impairment review was carried out and no impairment was identified. Where assets are currently deemed not to be providing service potential to the Group, recoverable amount is its fair value less costs to sell.

#### Government grants

Government grants include grants receivable from the Homes England, local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure under the accruals model, being 100 years.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

Grants due from Government organisations or received in advance are included as current assets or liabilities.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with Homes England. Government grants released on the sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial positions in creditors.

# LEASOWE COMMUNITY HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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### 1. Principle accounting policies [Continued]

#### Government grants [Continued]

If there is no requirement to recycle or repay the grant on disposal of the asset, any amortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income.

#### Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets on the company after deducting all of its liabilities.

#### Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specific future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the association is recognised on when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

#### Pension costs

The majority of the Association's employees are members of a defined contribution plan. The Association pays fixed contributions into a spare entity and has no legal or constructive obligation to pay further amounts. Any such contributions are recognised as an expense in the statement of comprehensive income in the period during which services are rendered by employees.

The Association participates in the Social Housing Pension Scheme ('SHPS'), a multi-employer pension scheme. The cost of providing retirement pensions and related benefits is charged over the periods benefiting from the employees' services. The disclosures in the accounts follow the requirements of Section 28 of FRS102 in relation to multi-employer funded schemes in which the Association has a participating interest.

#### Recycling of Capital Grant Fund (RCGF)

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

#### Disposal Proceeds Fund (DPF)

Receipts from the sale of SHG funded properties less the net book value of the property and the costs of disposal have been credited to the DPF. The fund was closed during the year and all balances on the account have been transferred to the RCGF to be utilised in future years.

#### VAT

The Association charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Association and is not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

# LEASOWE COMMUNITY HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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### 1. Principle accounting policies [Continued]

#### Capitalisation of interest and administration costs

Interest incurred on loans financing development activity is not capitalised.

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into its intended use.

#### Provisions for liabilities

Provisions are recognised when the Association has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the presentation obligation at the end of the reporting period, taking into account the risk and uncertainties surrounding it.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at its present value, using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the Statement of Comprehensive income, in the period it arises.

The Association recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

# LEASOWE COMMUNITY HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 2 Analysis of income and expenditure

#### 2a. Turnover, operating expenditure and operating surplus

	2021				2020			
	Turnover £'000	Operating Expenditure £'000	Gain on Disposal £'000	Operating Surplus/ (Deficit) £'000	Turnover £'000	Operating Expenditure £'000	Gain on Disposal £'000	Operating Surplus/ (Deficit) £'000
<b>Social housing letting</b> (Note 2b)	4,501	(3,403)	-	1,098	4,414	(3,231)	-	1,183
<b>Other social housing activities</b>								
Gain on Disposal of Housing Properties (note 3)	-	-	63	63	-	-	174	174
Other Income	11	-	-	11	12	-	-	12
Total Other social housing activities	11	-	63	74	12	-	174	186
Total social housing activities	4,512	(3,403)	63	1,172	4,426	(3,231)	174	1,369
<b>Non-social housing activities</b>								
Commercial Units & Garages	74	(21)	-	53	68	(39)	-	29
Operating surplus on housing activities	4,586	(3,424)	63	1,225	4,494	(3,270)	174	1,398
<b>Operating surplus on housing activities analysed:</b>								
Lettings – General Housing				1,098				1,183
Disposal of Housing Properties				63				174
Other including Commercial units and Garages				64				41
				1,225				1,398

# LEASOWE COMMUNITY HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

2b. Particulars of Income and Expenditure from Lettings	Social Total 2021 £'000	Social Total 2020 £'000
<b>General Needs Housing</b>		
Rent receivable net of identifiable service charges	4,268	4,225
Service charge income	189	145
Government grants taken to income	44	44
	<hr/>	<hr/>
<b>Total income from social housing lettings</b>	<b>4,501</b>	<b>4,414</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Expenditure on letting activities</b>		
Management	1,284	982
Routine and cyclical maintenance	593	858
Planned maintenance	765	251
Major repairs	44	482
Service charge costs	270	165
Bad debts	6	42
Depreciation of housing properties	438	426
Loss on Disposal of Components	3	25
	<hr/>	<hr/>
<b>Total expenditure on social housing lettings</b>	<b>3,403</b>	<b>3,231</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Operating surplus on social housing lettings</b>	<b>1,098</b>	<b>1,183</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Void losses</b>	<b>42</b>	<b>28</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>3. Profit on disposal of property, plant and equipment</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Proceeds of sales	119	334
Cost of sales	(56)	(160)
	<hr/>	<hr/>
Surplus for year	63	174
	<hr/> <hr/>	<hr/> <hr/>

The above surplus is wholly attributable to sales under the Right to Buy scheme.

# LEASOWE COMMUNITY HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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<b>4. Operating surplus</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating surplus is stated after charging:</b>		
Depreciation of housing properties	439	426
Depreciation of other fixed assets	47	55
Auditor's remuneration (Net of VAT)		
for audit services (Beever and Struthers)	6	6
for other services (Beever and Struthers)	-	-
Bad and doubtful debts	6	42
	<u>          </u>	<u>          </u>

### 5. Key management personnel

During the year, key management personnel were employed as part of Prima Group executive team. This is noted under the related party note (Note 20).

<b>6. Employees</b>	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
<b>The average number of full-time equivalent persons employed during the year expressed in full time equivalents (35 hours per week) was:</b>		
Housing support and care	7	7
	<u>          </u>	<u>          </u>
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Staff costs:</b>		
Wages and salaries	188	195
Social Security costs	15	16
Other pension costs	11	11
Compensation for Loss of Office	-	10
	<u>          </u>	<u>          </u>
	214	232
	<u>          </u>	<u>          </u>

In addition to the above staff costs, there is a net incremental charge of £305K (2020: £282K) for employee services provided by the Parent Company.

The Association participates in the Social Housing Pension Scheme (SHPS), further details are provided in note 23.



# LEASOWE COMMUNITY HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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<b>7. Interest receivable</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable from short term deposits	28	46
	<u>          </u>	<u>          </u>
<b>8. Interest Payable and similar charges</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Other financing costs	-	2
Net Financing costs - pensions (note 24)	1	4
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>
	1	6
	<u>          </u>	<u>          </u>
<b>9. Taxation on Surplus on Ordinary activities</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Corporation Tax	nil	nil
	<u>          </u>	<u>          </u>

# LEASOWE COMMUNITY HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

10. Tangible fixed assets	Housing property £'000	Under Construction £'000	Housing £'000	Freehold office property £'000	Other assets & computers £'000	Total £'000
<b>Cost</b>						
At 1 April 2020	29,849	36	29,885	877	119	30,881
Additions		429	429			429
Disposals	(66)		(66)			(66)
Components Additions	121		121			121
Components Replaced	(24)		(24)			(24)
At 31 March 2021	29,880	465	30,345	877	119	31,341
<b>Depreciation</b>						
At 1 April 2020	6,044	-	6,044	404	77	6,525
Charge for year	439		439	27	20	486
Components Replaced	(21)		(21)			(21)
Disposals	(14)		(14)			(14)
At 31 March 2021	6,448	-	6,448	431	97	6,976
<b>Net book value</b>						
At 31 March 2021	23,432	465	23,897	446	22	24,365
At 31 March 2020	23,805	36	23,841	455	60	24,356
<b>Major repairs and planned expenditure on existing properties</b>					<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Components capitalised					121	1,310
Amounts charged to Expenditure					44	482
					165	1,792

# LEASOWE COMMUNITY HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

<b>11. Trade and other debtors</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year:</b>		
Arrears of rent and service charges	166	268
<u>Less: Provisions for bad and doubtful debts</u>	<u>(135)</u>	<u>(206)</u>
Net rent and service charge arrears	31	62
Other debtors	53	59
Prepayments and Accrued income	16	7
	<u>100</u>	<u>128</u>
	<u><u>100</u></u>	<u><u>128</u></u>
<b>12. Cash and Cash Equivalents</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Cash held on Short term Deposit Accounts	12,080	10,869
Cash at bank	87	68
	<u>12,167</u>	<u>10,937</u>
	<u><u>12,167</u></u>	<u><u>10,937</u></u>
<b>13. Creditors: Amounts falling due within one year</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due to group undertakings (note 20)	141	206
Rent and service charges received in advance	145	135
Trade creditors	216	150
Recycled capital grant fund (note 16)	288	111
Deferred Grant Income (note 15)	43	43
Disposal Proceeds Fund (note	-	124
Other Taxation and Social Security	5	4
Accruals and deferred income	85	82
	<u>923</u>	<u>855</u>
	<u><u>923</u></u>	<u><u>855</u></u>
<b>14. Creditors: Amounts falling due after one year</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Deferred grant income (note 15)	3,415	3,466
Recycled Capital Grant Fund (note 16)	32	77
	<u>3,447</u>	<u>3,543</u>
	<u><u>3,447</u></u>	<u><u>3,543</u></u>

# LEASOWE COMMUNITY HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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<b>15. Deferred grant income</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April 2020	3,509	3,576
Transferred to RCGF / DPF	(7)	(23)
Received in year	-	-
Government grants taken to income	(44)	(44)
	<u>3,458</u>	<u>3,509</u>
At 31 March 2021	<u>3,458</u>	<u>3,509</u>
Due in less than one year (note 13)	43	43
Due in more than one year (note 14)	3,415	3,466
	<u>3,458</u>	<u>3,509</u>
	<u>3,458</u>	<u>3,509</u>

The grant value above is shown net of amortisation, the gross value is £4,344K (2020: £4,353K).

<b>16. Recycled capital grant fund</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April 2020	188	164
Grants Recycled	7	23
Transferred in from DPF	124	
Grants Utilised		
Interest	1	1
	<u>320</u>	<u>188</u>
At 31 March 2021	<u>320</u>	<u>188</u>
Due in less than one year (note 13)	288	111
Due in more than one year (note 14)	32	77
	<u>320</u>	<u>188</u>
	<u>320</u>	<u>188</u>

# LEASOWE COMMUNITY HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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17. Disposal proceeds fund	2021 £'000	2020 £'000
At 1 April 2020	124	124
Transferred to RCGF	(124)	-
Grants Utilised	-	-
	<hr/>	<hr/>
At 31 March 2021	-	124
	<hr/>	<hr/>
Due in less than one year (note 13)	-	124
	<hr/>	<hr/>

The fund was closed during the year and all balances on the account have been transferred to the RCGF to be utilised in future years.

18. Non equity Share Capital	2021	2020
Each member of the Association holds one share of £1 in the Association.	£	£
<b>Allotted, issued and fully paid</b>		
At 1 April 2020	11	-
Issued during the year	-	11
	<hr/>	<hr/>
At 31 March 2021	11	11
	<hr/>	<hr/>

The shares do not have rights to any dividends, nor to a distribution in a winding-up, and are not redeemable. Each share carries one vote in a general meeting of the Association.

### 19. Ultimate parent undertaking

The Association's ultimate parent undertaking and controlling party is Pierhead Housing Association Limited. The consolidated financial statements can be obtained from the Group's registered office:

8 Columbus Quay  
Riverside Drive  
Liverpool  
Merseyside  
L3 4DB

# LEASOWE COMMUNITY HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 20. Group undertakings and related parties

The Group undertakings considered within the Pierhead Housing Association Limited financial statements, all of which are owned by the Pierhead Housing Association Limited, unless otherwise stated, were as follows:

Name of undertaking	Nature of undertaking	Principal activity
Leasowe Community Homes Limited	Until 31-10-19 Company limited by guarantee under the Companies Act 2006 and Registered Charity. Since 01-10-19, a community benefit society with charitable status under the Co-Operative and Community and Benefits Societies Act 2014.	Registered provider of Social Housing.
PHA Commercial Limited	Company incorporated and limited by shares under the Companies Act 2006.	Provider of commercial properties and managing the Group's development programme.

Transactions with Group undertakings are on a disbursement basis with no profits or losses arising on these transactions, the following amounts were charged to Operating costs include:

	2021 £'000	2020 £'000
Charged by:		
Pierhead Housing Association Limited	903	765
PHA Commercial Limited	64	59
Total Charged	967	824

Key management personnel were employed as part of Prima Group Executive Team, the costs of providing these services were recharged through Prima Group and are included in the above charges.

# LEASOWE COMMUNITY HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

<b>21</b>	<b>Capital commitments</b>	<b>2021</b>	<b>2020</b>
	Contracted for but not provided for in the financial statements	-	-
	Authorised by the Board but not contracted for	192	-
		<u>192</u>	<u>-</u>
	These commitments are expected to be financed with:		
	Social Housing Grant	-	-
	Cash Reserves	192	-
		<u>192</u>	<u>-</u>
<b>22.</b>	<b>Housing Stock</b>	<b>2021</b>	<b>2020</b>
		<b>No.</b>	<b>No.</b>
	Social Housing units	944	946
	Commercial units	<u>5</u>	<u>5</u>
		949	951
		<u>949</u>	<u>951</u>
	The movements during the year are as follows:	<b>2021</b>	<b>2020</b>
		<b>No.</b>	<b>No.</b>
	Opening Units	951	956
	Additions	-	1
	Disposals	<u>(2)</u>	<u>(6)</u>
	Closing Units	949	951
		<u>949</u>	<u>951</u>

### 23. Pension obligations

The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

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

The last triennial valuation of the Scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,552m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

# LEASOWE COMMUNITY HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 23. Pension obligations [Continued]

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)	31 March 2021 (£'000s)	31 March 2020 (£'000s)
Fair value of plan assets	465	416
Present value of defined benefit obligation	(594)	(480)
Surplus/(deficit) in plan	(129)	(64)
Unrecognised surplus		
Defined benefit asset/(liability) to be recognised	(129)	(64)
RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION		<b>Period ended 31 March 2021 (£'000s)</b>
Defined benefit obligation at start of period		480
Current service cost		
Expenses		3
Interest expense		11
Contributions by plan participants		
Actuarial losses/(gains) due to Scheme experience		(15)
Actuarial losses/(gains) due to changes in demographic assumptions		2
Actuarial losses/(gains) due to changes in financial assumptions		121
Benefits paid and expenses		(8)
Liabilities acquired in a business combination		
Liabilities extinguished on settlements		
Losses/(gains) on curtailments		
Losses/(gains) due to benefit changes		
Exchange rate changes		
Defined benefit obligation at end of period		594
RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS		<b>Period ended 31 March 2021 (£'000s)</b>
Fair value of plan assets at start of period		416
Interest income		10
Experience on plan assets (excluding amounts included in interest income) - gain/(loss)		30
Contributions by the employer		17
Contributions by plan participants		
Benefits paid and expenses		(8)
Assets acquired in a business combination		
Assets distributed on settlements		
Exchange rate changes		
Fair value of plan assets at end of period		465
The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £40,000. (2020: £20,000)		



# LEASOWE COMMUNITY HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 23. Pension obligations [Continued]

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl)	Period ended 31 March 2021 (£'000s)	
Current service cost		
Expenses		3
Net interest expense (note 8)		1
Losses/(gains) on business combinations		
Losses/(gains) on settlement		
Losses/(gains) on curtailments		
Losses/(gains) due to benefit changes		
Defined benefit costs recognised in statement of comprehensive income (SOCl)		4
<hr/>		
DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	Period ended 31 March 2021 (£'000s)	
Experience on plan assets (excluding amounts included in net interest cost) - gain/(loss)		30
Experience gains and losses arising on the plan liabilities - gain/(loss)		15
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain/(loss)		(2)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain/(loss)		(121)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)		(78)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)		
Total amount recognised in other comprehensive income - gain/(loss)		(78)
<hr/>		
ASSETS	31 March 2021 (£'000s)	31 March 2020 (£'000s)
Global Equity	74	61
Absolute Return	26	22
Distressed Opportunities	13	8
Credit Relative Value	15	11
Alternative Risk Premia	17	29
Emerging Markets Debt	19	13
Risk sharing	17	14
Insurance-Linked Securities	11	13
Property	10	9
Infrastructure -linked securities	31	31
Private debt	11	8
Opportunistic liquid Credit	12	10
High Yield	14	-
Opportunistic Credit	13	-
Corporate Bond Fund	27	24
Liquid credit	6	-
Long Lease Property	9	7
Secured income	19	16
Liability driven investment	118	138
Net current assets	3	2
Total assets	465	416

# LEASOWE COMMUNITY HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 23. Pension obligations [Continued]

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

KEY ASSUMPTIONS	31 March 2021 % per annum	31 March 2020 % per annum
Discount rate	2.2	2.4
Inflation (RPI)	3.3	2.6
Inflation (CPI)	2.9	1.6
Salary growth	3.9	2.6
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:	Life expectancy at age 65 (years)
Male retiring in 2021	21.6
Female retiring in 2021	23.5
Male retiring in 2039	22.9
Female retiring in 2039	25.1

### 24. Contingent liabilities

There are no known contingent liabilities arising from contractual disputes (2020: £NIL).

### 25. Post Balance Sheet Events

There were no significant post Balances Sheet events requiring adjustment to, or disclosure in, the financial statements.