PIERHEAD HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2021

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PIERHEAD HOUSING ASSOCIATION LIMITED
Foreword by the Chair of the Board
For the year ended 31 March 2021

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.

James Boyd
Prima Group Chair

Registered under the Co-operative and Community Benefit Societies Act 2014:	20002R
Regulator of Social Housing:	L1001
Secretary:	K Timmins
Registered office:	8 Columbus Quay Riverside Drive Liverpool Merseyside L3 4DB
Bankers:	Bank of Scotland PO Box 1000 BX2 1LB
	Barclays Bank Plc Corporate Banking Centre 48B/50 Lord Street Liverpool L2 1TD
	NatWest 2 - 8 Church Street Liverpool L1 3BG
Auditors:	Beever and Struthers St Georges House 215 Chester Road Manchester M15 4JE
Internal Auditors	BDO LLP 5 Temple Square Temple Street Liverpool L2 5RH
Solicitors:	Brabners LLP Horton House Exchange Flags Liverpool L2 3YL
	Weightmans LLP 100 Old Hall Street Liverpool L3 3QJ

Member of the National Housing Federation

STRATEGIC REPORT
For the year ended 31 March 2021

Overview and Background

2,814 total homes

1,600 homes
Pierhead Housing Association
(PHA, the Parent)

265 properties
PHA Commercial Limited
(Prima Commercial)

949 homes
Leasowe Community Homes
(LCH)

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.

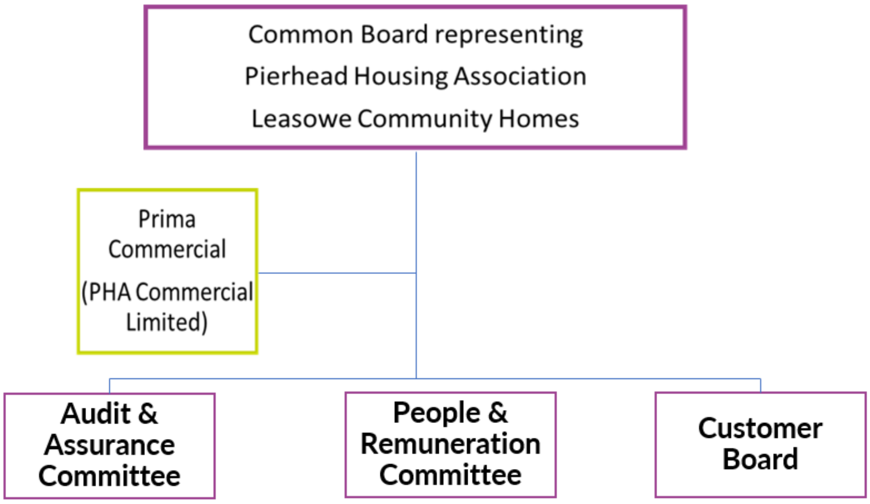
Legal structure

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 Housing Association 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	

The Company structure is:

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

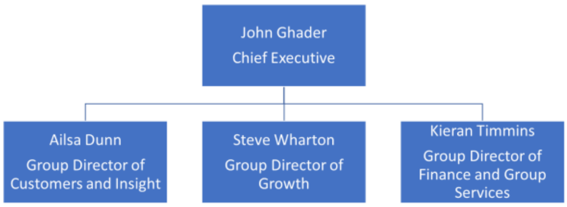
Group Governance Structure



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

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.

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 manging 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.

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 Prescot 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 been 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.

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 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.

Summary financial results

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

Statement of Comprehensive Income
The Group achieved a surplus on ordinary activities for the year of £3.6m,(2020: £3.8m), the Association achieved a surplus of £1.8m (2020: £1.9m).

Statement of comprehensive income	**2021 £'m**	**2020 £'m**
Turnover	14.0	13.6
Operating costs	(10.5)	(10.2)
Gain on property disposals	0.1	0.2
Operating surplus	**3.6**	**3.6**
Gain on valuation of Investment property	0.1	0.1
Net interest charge	(0.8)	(0.8)
Taxation	(0.1)	(0.1)
Surplus for the year	**2.8**	**2.8**

Statement of financial position	**2021 £'m**	**2020 £'m**
Fixed assets	99.1	98.7
Net current assets	11.4	10.4
Total assets less current liabilities	**110.5**	**109.1**
Long term creditors and provisions	(60.7)	(60.8)
Total net assets	**49.8**	**48.3**

Key explanations are as follows:

Turnover:
Turnover increased by £0.4m (2.9%) to £14.0m (2020: £13.6m).

Operating Costs:
Operating costs increased by £0.3m (3%) to £10.5m (2020: £10.2m). The increase is mainly driven by further investment in properties through repairs and property maintenance and increase in general overheads.

Property disposals and revaluations:
The Group made a surplus of £0.1m on property disposals and a further £0.1m on the revaluation of investment properties, (2020: £0.2l).

Interest Receivable and Payable:

Net interest charges after amounts receivable and other financing amounts remained static at £0.8m (2020: £0.8m), (see note 8).

Statement of financial position:

Total net assets have increased by £1.4m (2.9%) to £49.8m (2020: £48.4m), the increase is reflected in the Group's continued investment in its properties less depreciation charges, however this has been offset by the increase in the pension provision.

At the close of the year the Group held cash investments of £15.1m and had long term borrowings of £14.3m.

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 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 1.50 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.

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.

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.

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 regulators 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 Actual (GROUP)	2018/19 Actual (GROUP)	2019/20 Actual (GROUP)	2020/21 Actual (GROUP)	2018/19 Housemark/ Global Accounts Comparator		2019/20 Housemark/ Global Accounts Comparator		2021/22 Target (GROUP)	2022/23 Target (GROUP)	2023/24 Target (GROUP)	2024/25 Target (GROUP)	2025/26 Target (GROUP)
					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.

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 Actual (GROUP)	2018/19 Actual (GROUP)	2019/20 Actual (GROUP)	2020/21 Actual (GROUP)	2018/19 Housemark/ Global Accounts Comparator		2019/20 Housemark/ Global Accounts Comparator		2021/22 Target (GROUP)	2022/23 Target (GROUP)	2023/24 Target (GROUP)	2024/25 Target (GROUP)	2025/26 Target (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.**

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

The operating surplus is supressed 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 Actual (GROUP)	2018/19 Actual (GROUP)	2019/20 Actual (GROUP)	2020/21 Actual (GROUP)	2018/19 Housemark/ Global Accounts Comparator		2019/20 Housemark/ Global Accounts Comparator		2021/22 Target (GROUP)	2022/23 Target (GROUP)	2023/24 Target (GROUP)	2024/25 Target (GROUP)	2025/26 Target (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 are 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.

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 Actual (GROUP)	2018/19 Actual (GROUP)	2019/20 Actual (GROUP)	2020/21 Actual (GROUP)	2018/19 Housemark/ Global Accounts Comparator		2019/20 Housemark/ Global Accounts Comparator		2021/22 Target (GROUP)	2022/23 Target (GROUP)	2023/24 Target (GROUP)	2024/25 Target (GROUP)	2025/26 Target (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.

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

Excellent Outcomes														
Measure	2017/18 Actual (GROUP)	2018/19 Actual (GROUP)	2019/20 Actual (GROUP)	2020/21 Actual (GROUP)	2018/19 Housemark/ Global Accounts Comparator		2019/20 Housemark/ Global Accounts Comparator		2021/22 Target (GROUP)	2022/23 Target (GROUP)	2023/24 Target (GROUP)	2024/25 Target (GROUP)	2025/26 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 indifferent 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.

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.

REPORT OF THE BOARD
For the year ended 31 March 2021

The Board of Pierhead Housing Association 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 £1,406K (2020: £4,346K) and the Association shows a loss of £81K (2020: £2,526K). These 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.

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 place 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.

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 is 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

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

John Ghader, Chief Executive

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

Independent Auditor's Report to the Members of Pierhead Housing Association Limited
For the year ended 31 March 2021

Independent Auditor's Report to Pierhead Housing Association Limited

Opinion
We have audited the financial statements of Pierhead Housing Association Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2021 which comprise the Consolidated and Association Statement of Comprehensive Income, Consolidated and Association Statement of Financial Position, Consolidated Statement of Changes in Reserves, Consolidated Statement of Cash Flows 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 Group's and of the Association's affairs as at 31 March 2021 and of the Group's income and expenditure and the Association's 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 Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, 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 Group and 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 Group's or 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
- 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 Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities 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. 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 Group and 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 Group'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.

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

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2021

	Notes	Group 2021 £'000	Association 2021 £'000	Group 2020 £'000	Association 2020 £'000
Turnover	2	14,038	9,300	13,602	8,797
Operating expenditure	2	(10,507)	(7,330)	(10,153)	(6,975)
Gain on disposal of property	3	103	39	189	15
Operating surplus	4	3,634	2,009	3,638	1,837
Gain on valuation of investment property	11	83	-	86	-
Interest receivable	7	14	95	61	130
Interest payable and similar charges	8	(854)	(867)	(901)	(895)
Surplus on ordinary activities before taxation		2,877	1,237	2,884	1,072
Taxation	9	(75)	-	(79)	-
Surplus for the year after taxation		2,802	1,237	2,805	1,072
Other Comprehensive Income					
Actuarial (loss) / gain in respect of pension schemes	29	(1,396)	(1,318)	1,541	1,454
Total comprehensive income /(Loss) for the year		1,406	(81)	4,346	2,526

The financial statements on pages 28 to 60 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 32 to 60 form part of these financial statements

Consolidated Statement of Changes in Reserves
For the year ended 31 March 2021

Income and Expenditure Reserves:

	Group 2021 £'000	Association 2021 £'000	Group 2020 £'000	Association 2020 £'000
Balance at 1 April	48,357	15,300	44,011	12,774
Surplus for the year after taxation	2,802	1,237	2,805	1,072
Actuarial (loss) / gain in respect of pension schemes	(1,396)	(1,318)	1,541	1,454
Balance at 31 March	49,763	15,219	48,357	15,300

The financial statements on pages 28 to 60 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 32 to 60 form part of these financial statements

Statement of Financial Position
For the year ended 31 March 2021

	Notes	Group 2021 £'000	Association 2021 £'000	Group 2020 £'000	Association 2020 £'000
Fixed assets					
Tangible fixed assets	10	93,614	68,763	93,320	68,844
Investments	11	5,479	-	5,445	-
		99,093	68,763	98,765	68,844
Current assets					
Long term loan	12	-	3,651	-	3,651
Trade and other debtors	13	315	390	498	649
Cash and cash equivalents	14	15,322	2,543	13,625	1,986
		15,637	6,584	14,123	6,286
Less: Creditors: amounts falling due within one year	15	(4,190)	(3,143)	(3,722)	(2,845)
Net current assets		11,477	3,441	10,401	3,441
Total assets less current liabilities		110,540	72,204	109,166	72,285
Creditors: amounts falling due after more than one year	16	(58,309)	(54,863)	(59,483)	(55,940)
Provision for liabilities and charges					
Other provisions	21	(217)	-	(217)	-
Pension liability	29	(2,251)	(2,122)	(1,109)	(1,045)
Total net assets		49,763	15,219	48,357	15,300
Capital and Reserves					
Non-Equity Share capital	22	-	-	-	-
Revenue Reserves		49,763	15,219	48,357	15,300
Total capital and reserves		49,763	15,219	48,357	15,300

The financial statements on pages 28 to 60 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 32 to 60 form part of these financial statements

Consolidated Statement of Cash Flows
For the year ended 31 March 2021

	2021		2020	
	£'000	£'000	£'000	£'000
Net cash generated from operating activities (see Note 1 below)		5,085		3,342
Cash flow from investing activities				
Purchase of tangible fixed assets	(2,237)		(6,217)	
Proceeds from sale of tangible fixed assets	201		436	
Interest received	14		61	
		(2,022)		(5,720)
Cash flow from financing activities				
Interest paid	(858)		(1,105)	
Repayments of borrowings	(751)		(253)	
Corporation Tax net (payment) / receipt	(79)		(72)	
Grants received	322		1,013	
		(1,366)		(417)
Net change in cash and cash equivalents		1,697		(2,795)
Cash and cash equivalents at beginning of year		13,625		16,420
Cash and cash equivalents at end of the year		15,322		13,625

Note 1

		2021 £'000		2020 £'000
Surplus for the year		1,406		4,346
Adjustments for non-cash items:				
Depreciation & Amortisation of tangible fixed assets and investments		1,847		1,706
Movement in trade and other debtors		182		(68)
Movement in trade and other creditors		427		(1,005)
Carrying amount of tangible fixed assets disposals		46		137
Decrease in provisions		-		17
Change in Pension Liability		1,142		(1,744)
Amortised grant		(619)		(612)
Decrease/(increase) in valuation of investment property		(83)		(86)
Gain on disposal of property, plant & equipment		(103)		(189)
Adjustments for investing or financing activities:				
Interest payable		854		901
Interest receivable		(14)		(61)
		5,085		3,342

The notes on pages 32 to 60 form part of these financial statements

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. Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UKGAAP), the Statement of Recommended Practice: 'Housing SORP 2018: Statement of Recommended Practice for 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. The financial statements comply with the Co-operative and Communities Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.
The financial statements are prepared on the historical cost basis of accounting, except for investment properties which are recorded at fair value, 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 remain 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:

1. Principal accounting policies [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 expect 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.
- **Fair value of investment properties -** Investment properties are held at fair value, based on external valuers assessments. The valuations are updated on a regular basis to ensure the properties remain at fair value. As a result of Covid-19, the valuations include a "material valuation uncertainty" clause, further disclosure is provided in the note 11 to the financial statements. In years when a valuation is not performed an assessment is undertaken by management to confirm the valuations for properties remain appropriate.
- **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

Turnover represents rental income receivable 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 stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected economic useful lives of the assets at the following annual rates:

Motor vehicles	-	25% per annum on cost
Office equipment	-	25% per annum on cost
Fixtures and fittings	-	20% to 33 1/3% per annum on cost
Computer equipment & Software	-	20% to 33 1/3% per annum on cost
Mobile technology	-	50% per annum on cost
Office refurbishment	-	5% per annum on cost

Housing properties

Housing properties are stated at cost less depreciation. Depreciation is charged from practical completion on a straight-line basis over the expected economic useful lives of the housing properties at the following annual rates:

New build	-	1% per annum on cost
Rehabilitation	-	1% per annum on cost
Lifts	-	4% per annum on cost
Communal Assets	-	5% to 25% per annum on cost
Garages	-	4% per annum on cost
Leasehold properties	-	over the term of the lease

1. Principal accounting policies [Continued]

Housing properties [Continued]

Major components are treated as separate assets and depreciated over their expected useful economic lives. Depreciation is charged on a straight-line basis as follows:

Structure		100 years
Kitchens	-	20 years
Bathrooms	-	25 to 30 years
Roof	-	50 to 60 years
Window and doors	-	30 to 40 years
Central heating - boiler	-	15 to 30 years
Central heating - distribution system	-	20 to 40 years
Electrics	-	30 to 40 years
Internal & External insulation	-	30 years

Investment property

Investment property includes commercial and other properties not held for the social benefit of the Association. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive income.

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.

Social Housing Grant (S.H.G.)

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of turnover. When Social Housing Grant (SHG) in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England and local authorities. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as turnover. In certain circumstances, SHG may be repayable, and, in that event, it is a subordinated unsecured repayable debt.

Finance costs

Costs incurred in raising new finance are capitalised and written off over the period of the loan. Costs of refinancing and consolidating loans have been written off to the Income and Expenditure Account.

1. Principal accounting policies [Continued]

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.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax.

Deferred tax assets are recognised only to the extent that the Board consider that it is more likely than not that there will be suitable taxable surpluses from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

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.

1. Principal accounting policies [Continued]

Leasing and hire purchase

Where assets are financed by hire purchase contracts and leasing agreements that give rights approximating to ownership (finance leases), they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor in creditors. They are depreciated over the shorter of the lease term and their economic useful lives.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit and loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Other leases are treated as operating leases and payments are charged to the Statement of Comprehensive Income and on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to Statement of Comprehensive Income over the term of the lease.

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.

Provision for liabilities and charges

Provision has been made for costs which it is anticipated will be due to the landlord of leasehold properties, in relation to the maintenance and major repairs of those properties.

2. Analysis of income and expenditure

2a. Turnover, cost of sales, operating expenditure and operating surplus

Group Income	Turnover £'000	2021 Operating costs £'000	Gain on Disposals £'000	Operating Surplus £'000
Social housing lettings (note 2b)	12,743	(9,669)		3,074
Other social housing activities:				
Gain on Disposal of Properties (note 3)	-	-	103	103
Key Workers	516	(240)		276
Other social income	108	(32)		76
Total other social activities	624	(272)	103	455
Total social activities	13,367	(9,941)	103	3,529
Activities other than social housing:				
Student accommodation	224	(291)		(67)
Commercial and other activities	447	(275)		172
Total operating surplus	14,038	(10,507)	103	3,634

Income	Turnover £'000	2020 Operating costs £'000	Gain on Disposals £'000	Operating surplus £'000
Social housing lettings (note 2b)	12,348	(9,319)		3,029
Other social housing activities:				
Gain on Disposal of Properties (note 3)			189	189
Key Workers	507	(343)		164
Other social income	53	(6)		47
Total other social activities	560	(349)	189	400
Total social activities	12,908	(9,668)	189	3,429
Non-Social Housing Activities				
Student accommodation	276	(294)		(18)
Commercial and other activities	418	(191)		227
Total operating surplus	13,602	(10,153)	189	3,638

2. Analysis of income and expenditure

2a. Turnover, cost of sales, operating expenditure and operating surplus

Association Income	Turnover £'000	2021 Operating costs £'000	Gain on disposal £'000	Operating Surplus £'000
Social housing lettings (note 2b)	8,242	(6,337)	-	1,905
Other Social Housing activities:				
Gain on Disposal of Properties (note 3)	-	-	39	39
Total social activities	8,242	(6,337)	39	1,944
Activities other than social housing:				
Other Income	97	(32)	-	65
Group recharges	961	(961)	-	0
Total operating surplus	9,300	(7,330)	39	2,009

Income	Turnover £'000	2020 Operating costs £'000	Gain on disposal £'000	Operating surplus £'000
Social housing lettings (note 2b)	7,936	(6,148)	-	1,788
Other Social Housing activities:				
Gain on Disposal of Properties (note 3)	-	-	15	15
Total social activities	7,936	(6,148)	15	1,803
Activities other than social housing:				
Other Income	40	(6)	-	34
Group recharges	821	(821)	-	0
Total operating surplus	8,797	(6,975)	15	1,837

2b. Particulars of Income and Expenditure from social Lettings

Group	General Needs Housing £'000	Shared Ownership £'000	Social Total 2021 £'000	2020 £'000
Net Rent receivable	11,361	72	11,433	11,088
Service charge Receivable	656	35	691	649
Government grants taken to income	619	-	619	611
Total income from social housing lettings	12,636	107	12,743	12,348
Expenditure on letting activities				
Management	2,948	22	2,970	2,578
Routine and cyclical maintenance	2,033	9	2,042	2,335
Planned maintenance	1,777	-	1,777	779
Major repairs	391	-	391	1,134
Service charge costs	836	12	848	816
Bad debts	101	-	101	84
Depreciation of housing properties	1,466	20	1,486	1,455
Loss on Disposal of Components	46	-	46	138
Other Costs	8		8	-
Total expenditure on social housing lettings	9,606	63	9,669	9,319
Operating surplus on social housing lettings	3,030	44	3,074	3,029
Rent losses from Voids	132	-	132	112

2b. Particulars of Income and Expenditure from social Lettings

Association	General Needs Housing £'000	Shared Ownership £'000	Social Total 2021 £'000	2020 £'000
Net Rent receivable	7,093	72	7,165	6,866
Service charge Receivable	467	35	502	502
Government grants taken to income	575	-	575	568
Total income from social housing lettings	8,135	107	8,242	7,936
Expenditure on letting activities				
Management	1,715	22	1,737	1,644
Routine and cyclical maintenance	1,451	9	1,460	1,490
Planned maintenance	1,023	-	1,023	510
Major repairs	347	-	347	708
Service charge costs	566	12	578	612
Bad debts	95	-	95	42
Depreciation of housing properties	1,026	20	1,046	1,029
Loss on Disposal of Components	43	-	43	113
Other Costs	8	-	8	-
Total expenditure on social housing lettings	6,274	63	6,337	6,148
Operating surplus on social housing lettings	1,861	44	1,905	1,788
Rent losses from Voids	90	-	90	83

3. Profit on disposal of property, plant and equipment

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Proceeds	205	436	86	102
Cost of disposal	(102)	(247)	(47)	(87)
Surplus	103	189	39	15

The above surplus is wholly attributable to sales under the Right to Buy scheme; 2020 also included a £1K surplus on Low cost home ownership staircasing sales.

4. Surplus on ordinary activities before taxation

	Group		Association	
	2021	**2020**	**2021**	**2020**
Surplus on ordinary activities before taxation is stated after charging:	**£'000**	**£'000**	**£'000**	**£'000**
Depreciation:				
Tangible owned fixed assets	311	211	247	142
Housing properties	1,486	1,456	1,046	1,029
Auditor's remuneration: (Net of VAT))				
for audit services (Beever and Struthers)	25	23	14	14
for other services (Beever and Struthers)	3	1	3	1
Operating leases	6	6	6	6
Loss on disposal of tangible assets other than housing properties	46	138	43	113
Surplus on disposal of housing property	103	189	39	15

5. Directors' emoluments

	2021 £'000	2020 £'000
Total remuneration paid to executive and non-executive directors amounted to £520K (2020: £582k).		
The Directors including executive directors are as listed on Page 22		
Remuneration paid to executive directors (including pension contributions and benefits in kind)	453	481
Aggregate loss of office paid to executive directors of the Association	-	40
Remuneration paid to non-executive directors	67	61
Remuneration paid to the highest paid director (the Chief Executive) excluding pension contributions:	126	129
Pension Contributions paid on behalf of the chief executive:	20	19

The CEO is not in SHPS. A decision was made to reduce the pension liability on Prima in respect of the CEO and therefore Prima make a contribution equivalent to the amount that would have been made as an employer into SHPS into the CEO's private pension scheme. Prima has no liabilities associated with the individuals private pension scheme.

The remuneration (including pensions contributions and benefits in kind) or fees paid to the Non- Executive directors were as follows:

Current Board members:		
J Boyd (Chair)	8.2	7.0
G Lewis	6.5	7.0
A Ramsay	5.0	5.0
P Roberts	5.0	2.0
K Vogel	4.3	1.5
R Young	4.3	1.5
B Callow (Commercial and Common Board)	4.3	1.5
T Dunne	4.3	1.5
M Evans	4.3	1.5
J Hale	4.3	1.5
M Sparks (Commercial Board only)	5.0	5.0
C Heath (Commercial Board only)	4.3	4.0
K Beddow (Commercial Board only)	4.3	4.0
Former Board members:		
R Woolfall (Commercial and Common Board) (resigned 16-9-20)	2.7	4.0
P Smith (resigned 19-09-19)	-	6.0
M Latham (resigned 19-09-19)	-	3.0
I Francis (term of office expired 19-09-19)	-	3.0
A Leech (resigned 30-06-19)	-	2.0
Total (rounded to nearest £000)	**67.0**	**61.0**

6. Employee Information

	Group		Association	
	2021	2020	2021	2020
	No	No	No	No
Board members (not full-time)	14	14	14	14
Office staff	70	66	63	59
Wardens, caretakers and cleaners	4	4	4	4
	88	84	81	77
Staff costs for the above persons				
Wages and Salaries	2,579	2,324	2,391	2,132
Social security costs	232	217	217	204
Other pensions costs	142	137	131	120
Payments for compensation for loss of office	-	75	-	65
	2,953	2,753	2,739	2,521

The Association recharges part of its staff costs to other entities within the group, during the year the net recharges were: to Leasowe £305K (2020 £282K) and to Commercial £391K.(2020: £336K).

The Association participates in the Social Housing Pension Scheme (SHPS), further details are provided in note 29.

Aggregate number of full-time equivalent staff whose remuneration (including compensation for loss of office) exceeded £60,000 in the year: (Group and Association)

	2021	2020
	£'000	£'000
£60,000 - £70,000	-	1
£70,001 - £80,000	-	2
£80,000 - £90,000	2	-
£90,000 - £100,000	1	1
£120,000 - £130,000	-	1
£130,000 - £140,000	1	1

No loans have been made to employees during the year (2020: £9k). The loans include an amount paid to an executive director the amount outstanding at 31 March 2021 was £5k (2020:£9k) All loans are at market rates of interest and repayable over a term of 4 years.

7. Interest receivable

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Interest receivable from Current accounts	-	6	0	4
Interest receivable from short term deposits	14	55	1	8
Interest receivable from Intra Group Loan	-	-	94	118
Interest receivable from short term deposits	14	61	95	130

8. Interest payable and similar charges

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
On bank loans, overdrafts and other loans:				
Repayable wholly or partly in more than 5 years	29	47	44	47
Repayable within 5 years	801	788	801	788
Other interest payable	1	3	-	1
Pension - net interest expense (note 29)	23	63	22	59
	854	901	867	895

9. Taxation

	Group		Association	
	2021	**2020**	**2021**	**2020**
(a) Analysis of charge in year	**£'000**	**£'000**	**£'000**	**£'000**
Current tax:				
UK corporation tax on surplus for the year	75	79	-	-
Adjustment in respect of previous year	0	0	-	-
Total current tax	75	79	-	-
Deferred tax:				
Origination and reversal of timing differences	-	-	-	-
Tax on surplus on ordinary activities	75	79	-	-

(b) Factors affecting the tax charge for the year

Tax arising on surplus on ordinary activities at the standard rate of corporation tax of 19% (2020: 19%)	537	548	232	204
Effects of:				
Income not taxable for tax purposes	(474)	(463)	(232)	(204)
Expenses not deductible for tax purposes	-	-	-	-
Depreciation charge in excess of capital allowances	12	10	-	-
Income not taxable for tax purposes - Impairment.	-	(16)	-	-
Under/(over) provision in prior year	-	-	-	-
	75	79	-	-

Notes to the Financial Statements
For the year ended 31 March 2021

10. Tangible fixed assets

Group	Housing properties Completed schemes	Schemes under Construction and development	Shared ownership	Total housing properties	Freehold office	Furniture and motor vehicle	Total fixed assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 April 2020	106,240	294	1,122	107,656	1,829	2,365	111,850
Additions	-	1,523	-	1,523	-	221	1,744
Schemes completed	-	-	-	-	-	-	-
Disposals	(156)	-	-	(156)	-	-	(156)
Replacement of components	522	-	-	522	-	-	522
Write out replaced components	(104)	-	-	(104)	-	-	(104)
At 31 March 2021	106,502	1,817	1,122	109,441	1,829	2,586	113,856
Depreciation and impairment							
At 1 April 2020	16,142	-	147	16,289	684	1,557	18,530
Charge for the year	1,460	-	16	1,486	27	284	1,797
Disposals	(85)	-	-	(85)	-	-	(85)
At 31 March 2021	17,527	-	163	17,690	711	1,841	20,242
Net book value							
31 March 2021	88,975	1,817	959	91,751	1,118	745	93,614
31 March 2020	90,098	294	975	91,367	1,145	808	93,320

The Association is unable to analyse accurately the cost of housing land and buildings between freehold and other tenures, nor is it able to provide a reasoned estimate except at excessive cost. It is considered that the effect of this omission is negligible. Cost of properties include £Nil (2020: £NIL) for direct administrative costs capitalised in the year.

10. Tangible fixed assets

Association	Housing properties Completed schemes £'000	Schemes under construction £'000	Shared ownership £'000	Total housing properties £'000	Freehold office £'000	Furniture and motor vehicle £'000	Total fixed assets £'000
Cost							
At 1 April 2020	76,557	-	1,122	77,679	963	2,169	80,811
Additions	-	772	-	772	-	222	994
Transfer to Completed	-	-	-	-		-	-
Disposals	(90)	-	-	(90)		-	(90)
Replacement of components	337	-	-	337		-	337
Write out replaced components	(80)	-	-	(80)		-	(80)
At 31 March 2021	76,724	772	1,122	78,618	963	2,391	81,972
Depreciation and impairment							
At 1 April 2020	10,096	-	147	10,243	263	1,461	11,967
Charge for the year	1,030	-	16	1,046		247	1,293
Disposals	(51)	-	-	(51)		-	(51)
At 31 March 2021	11,075	-	163	11,238	263	1,708	13,209
Net book value							
31 March 2021	65,649	772	959	67,380	700	683	68,763
31 March 2020	66,461	-	975	67,436	700	708	68,844

The Association is unable to analyse accurately the cost of housing land and buildings between freehold and other tenures, nor is it able to provide a reasoned estimate except at excessive cost. It is considered that the effect of this omission is negligible. Cost of properties includes £176,416 (2020: £157,571) for direct administrative costs charged by a subsidiary company and capitalised in the year.

10. Tangible fixed assets [Continued]

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Improvement works capitalised				
Components capitalised	522	2,075	337	758
Amounts charged to expenditure	391	1,134	347	708
	913	3,209	684	1,466

11. Investments

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Investment properties				
Valuation as at 1 April 2020	5,445	5,386	-	-
Additions	2	24	-	-
Amortisation	(51)	(51)	-	-
Gain in valuation of investment property	83	86	-	-
Valuation as at 31 March 2021	5,479	5,445	-	-

The individual property portfolios have been professionally valued by the following external valuers:

- Student Accommodation and all Commercial shops: valued in September 2020 by Keppie Massey Ltd
- Former Police Houses: valued in June 2021 by Wall & Macnab.

In all cases the values are recorded at market value or fair value and were undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Standards. The values have been prepared and reported on the basis of "material valuation uncertainty" due to the impact of Covid-19, and consequently less certainty and a higher degree of caution should be attached to the valuations provided than would normally be the case. Furthermore, for comparison purposes, the valuers considered that less weight could be attached to previous historical market evidence because of the ongoing Covid-19 conditions at that time of their valuation.

The Directors have, as with last year, considered the valuations provided and in conjunction with the inherent uncertainty and sensitivity involved within the estimated yields and long term vacancy rates, have applied the following bases of valuation:

- Student Accommodation and all Commercial shops - a comparative and investment method of valuation.
- Former Police Houses - on a tenanted open market valuation.

They concur with the valuers view and therefore do not believe there is any material difference arising between the dates of the valuation and 31st March 2021. The Directors consider that any contractual obligations to repair or maintain the properties are fully reflected in the financial statements.

On the basis that the lease on Broadgreen Hospital has approximately 9 years life duration, the Directors have chosen to take the amortised 2017 valuation as a reasonable proxy for the discounted net rental income over the remaining life of the lease. The resulting carrying value is considered to provide a fair reflection of the remaining lease term at 31st March 2021.

Adjustments to the carrying costs of the respective property portfolios, in line with the above valuations, resulted in the following movements:

	Group		Association	
Movement in Valuation of Investments	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Student Accommodation (Loss)	-	(175)	-	-
Commercial Shops (Loss)	-	(160)	-	-
Police Houses (Gain)	83	421	-	-
Gain in valuation of investment property	83	86	-	-

12. Debtors (due after more than one year)

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Loan receivable	-	-	3,651	3,651

The amount due over one year relates to a long-term loan to the subsidiary undertaking PHA Commercial Limited. Interest is charged quarterly on the prevailing 3-month LIBOR rate plus 2.5% margin. Repayments are scheduled to start during 2021/22 over a term of twenty-five years.

13. Debtors (due within one year)

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Gross rental debtors	534	715	350	440
Bad debts provision	(394)	(455)	(258)	(249)
Net rental debtors	140	260	92	191
Amounts due from Group Companies	-	-	207	287
Prepayments and accrued income	70	76	54	68
Other debtors	105	162	37	103
	315	498	390	649

14. Cash and Cash equivalents

	Group		Association	
	2020	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Cash held on Short term Deposit Accounts	12,691	11,723	288	536
Cash at bank	2,631	1,902	2,255	1,450
	15,322	13,625	2,343	1,986

Cash and cash equivalents includes £223k (2020: £207k) held in a designated deposit account on behalf of leaseholder tenants (Note 16).

15. Creditors: amounts falling due within one year

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Rents in advance	629	614	433	411
Housing loans	754	746	754	746
Trade creditors	913	707	656	545
Accruals and deferred income	695	560	515	421
Corporation tax	86	89	10	10
Deferred capital grant (Note 18)	612	603	569	559
Recycled Capital Grant Fund (Note 19)	429	207	141	96
Disposal Proceeds Fund (Note 20)	-	124	-	-
Other taxation and social security costs	72	72	65	57
	4,190	3,722	3,143	2,845

16. Creditors: amounts falling due after more than one year

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Housing loans (Note 17)	13,522	14,276	13,522	14,276
Deferred capital grant (Note 18)	44,466	44,828	41,052	41,363
Sinking Fund (Note 14)	223	207	223	207
Recycled Capital Grant Fund (Note 19)	98	172	66	94
Total	58,309	59,483	54,863	55,940

17 Housing Loans

In one year or less	754	746	754	746
Between one and two years	2,977	754	2,977	754
Between two and five years	1,901	4,235	1,901	4,235
In five years or more	8,644	9,287	8,644	9,287
	14,276	15,022	14,276	15,022

Loan Security

The housing loan facilities are secured by specific charges on the freehold and leasehold properties. The Association's three lenders include Barclays Bank, Orchardbrook and Bank of Scotland, all facilities are fully drawn. The Association also has a £6,000K loan facility with its subsidiary - Leasowe Community Homes, the facility was not utilised during the year (2019/20: Nil).

Terms of Repayment and Interest rates

Loans are repayable in a series of instalments with the final repayment due in March 2041. At the reporting date the loan portfolio consisted of fixed (82.5%) and variable rates (17.5%). The fixed interest rates range from 5.91% to 11.03%, the weighted average all in cost of borrowings was 5.75%. All facilities are fully drawn.

Covenant Compliance

Covenant compliance is monitored on a quarterly basis, there were no breaches identified in the year.

18 Deferred Capital Grant

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
At start of year	45,431	45,168	41,922	41,592
Released to income in the year	(619)	(611)	(575)	(568)
Received in year	321	955	321	955
Written back on disposals	(55)	(81)	(47)	(57)
At end of year	45,078	45,431	41,621	41,922
Amounts due to be released < 1 year	612	603	569	559
Amounts due to be released > 1 year	44,466	44,828	41,052	41,363
	45,078	45,431	41,621	41,922

The grant value above is shown net of amortisation, the gross value is: Group £53,587K (2020: £53,330K), Association £49,243K. (2020: £48,977K).

Notes to the Financial Statements
For the year ended 31 March 2021

19. Recycled capital grant fund

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
At 1 April 2020	379	305	190	141
Grants recycled	23	72	16	48
Transferred from DPF	124	-	-	-
Grant utilised	-	-	-	-
Interest	1	2	1	1
At 31 March 2021	527	379	207	190

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Due in less than 1 year	429	207	141	96
Due in more than 1 year	98	172	66	94
	527	379	207	190

There was no utilisation of the fund during the year.

20. Disposal proceeds fund

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
At 1 April 2020	124	124	-	-
Transferred to RCGF	(124)	-	-	-
Interest (less than £1,000)	-	-	-	-
At 31 March 2021	-	124	-	-
Due in less than 1 year	-	124	-	-
Due in more than 1 year	-	-	-	-

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.

21. Other provisions

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Dilapidations	217	217	-	-

The dilapidations provision is based on the future expected repair costs required to restore the Monument building to a fair condition at the end of its lease term.

22. Non-Equity share capital

	Group		Association	
	2021	**2020**	**2021**	**2020**
Each member of the Association holds one share of £1 in the Association.	**£**	**£**	**£**	**£**
Allotted, issued and fully paid:				
At 1 April 2020	12	11	12	11
Issued during year	-	7	-	7
Cancelled in year	-	(6)	-	(6)
At 31 March 2021	12	12	12	12

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.

23. Ultimate parent undertaking

At 31 March 2021, the Association was a standalone entity with no parent organisation.

24. Group Undertakings and related parties

The Group undertakings consolidated within the Pierhead Housing Association Limited financial statements, all of which were 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 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 transactions and balances were recorded within the Group during the year:

YE 2021	Capitalised Costs *	Operating Costs	Other Income	Interest Payable	Interest Receivable	Loan Creditor	Loan Debtor
Pierhead Housing Association Limited	20	64	961		94		3,651
Leasowe Community Homes	8	968					
PHA Commercial Limited		57	156	94		3,651	

* Eliminated on consolidation

YE 2020	Capitalised Costs *	Operating Costs	Other Income	Interest Payable	Interest Receivable	Loan Creditor	Loan Debtor
Pierhead Housing Association Limited	76	59	821		118		3,651
Leasowe Community Homes		824					
PHA Commercial Limited		56	194	118		3,651	

* Eliminated on consolidation

Details of the loan Debtor are provided in Note 12.

25. Capital commitments

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Contracted for but not provided for in the financial statements	1,819	-	1,015	-
Authorised by the Board but not contracted for	192	78	-	-
	2,011	78	1,015	-
These commitments are expected to be financed with:				
Social Housing Grant	206	-	206	-
Cash Reserves	1,805	78	809	-
	2,011	78	1,015	-

26. Operating lease commitments – Group and Association

The Association holds items of office equipment on operating leases. Payments are accounted for in the month in which they fall due. At the year end, the Association had total commitments under these leases of:

Leases Expiring:	Equipment 2021 £'000	Equipment 2020 £'000
Within 1 year	4	6
Within 2 to 5 years	-	4

27. Analysis of Changes in Net Debt

	At 1 April 2020	Cashflows	Non cash Changes	At 31 March 2021
Group	**£000's**	**£000's**	**£000's**	**£000's**
Cash and cash equivalents	13,625	1,697	-	15,322
Debt due within one year	(746)	751	(759)	(754)
Debts due after more than one year	(14,276)	-	754	(13,522)
Net debt	(1,397)	2,448	(5)	1,046

	At 1 April 2020	Cashflows	Non cash Changes	At 31 March 2021
Associate	**£000's**	**£000's**	**£000's**	**£000's**
Cash and cash equivalents	1,986	357	-	2,343
Debt due within one year	(746)	751	(759)	(754)
Debts due after more than one year	(14,276)	-	754	(13,522)
Net debt	(13,036)	1,108	(5)	(11,933)

28. Housing stock

	Group Units in management		Association Units in management	
	2021	**2020**	**2021**	**2020**
	No	**No**	**No**	**No**
Social housing units	2,524	2,527	1,580	1,581
Shared ownership	20	20	20	20
NHS staff accommodation	105	105	-	-
Student accommodation	93	93	-	-
Commercial units	72	72	-	-
	2,814	2,817	1,600	1,601
Accommodation in development at year end: All Social	-	-	-	-
Other units managed at year end: Freehold interest where leaseholder owns 100%	38	38	31	31
Movements during the year as follows:				
Owned Units:				
Opening Units	2,817	2,769	1,601	1,548
Additions	-	56	-	55
Disposals	(3)	(8)	(1)	(2)
Closing Units	2,814	2,817	1,600	1,601

28. Housing stock [continued]	**Group Units in management**		**Association Units in management**	
	2021	**2020**	**2021**	**2020**
	No	**No**	**No**	**No**
Movements in Other Managed Units during the year:				
Opening Units	38	34	31	27
Additions	-	4	-	4
Closing Units	38	38	31	31

29. 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 followed 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.

29. Pension obligations [Continued]

GROUP

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	9,264	8,341
Present value of defined benefit obligation	(11,515	(9,450)
Surplus/(deficit) in plan	(2,251)	(1,109)
Unrecognised surplus		
Defined benefit asset/(liability) to be recognised	(2,251)	(1,109)

ASSOCIATION

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	8,799	7,925
Present value of defined benefit obligation	(10,921)	(8,970)
Surplus/(deficit) in plan	(2,122)	(1,045)
Unrecognised surplus		
Defined benefit asset/(liability) to be recognised	(2,122)	(1,045)

GROUP

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION	**Period ended 31 March 2021 (£'000s)**
Defined benefit obligation at start of period	9,450
Current service cost	-
Expenses	11
Interest expense	222
Contributions by plan participants	-
Actuarial losses/(gains) due to Scheme experience	(184)
Actuarial losses/(gains) due to changes in demographic assumptions	43
Actuarial losses/(gains) due to changes in financial assumptions	2,202
Benefits paid and expenses	(229)
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	11,515

29. Pension obligations [Continued]

ASSOCIATION

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION	**Period ended 31 March 2021 (£'000s)**
Defined benefit obligation at start of period	8,970
Current service cost	-
Expenses	8
Interest expense	211
Contributions by plan participants	-
Actuarial losses/(gains) due to Scheme experience	(169)
Actuarial losses/(gains) due to changes in demographic assumptions	41
Actuarial losses/(gains) due to changes in financial assumptions	2,081
Benefits paid and expenses	(221)
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	10,921

GROUP

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS	**Period ended 31 March 2021 (£'000s)**
Fair value of plan assets at start of period	8,341
Interest income	199
Experience on plan assets (excluding amounts included in interest income) - gain/(loss)	665
Contributions by the employer	288
Contributions by plan participants	-
Benefits paid and expenses	(229)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	9,264

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £286,000 (2020: £246,000).

29. Pension obligations [Continued]

ASSOCIATION

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS	**Period ended 31 March 2021 (£'000s)**
Fair value of plan assets at start of period	7,925
Interest income	189
Experience on plan assets (excluding amounts included in interest income) - gain/(loss)	635
Contributions by the employer	271
Contributions by plan participants	-
Benefits paid and expenses	(221)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	8,799

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £824,000 (2020: £226,000).

GROUP

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)	**Period ended 31 March 2021 (£'000s)**
Current service cost	-
Expenses	11
Net interest expense (Note 8)	23
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 (SOCI)	34

ASSOCIATION

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)	**Period ended 31 March 2021 (£'000s)**
Current service cost	-
Expenses	8
Net interest expense (Note 8)	22
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 (SOCI)	30

29. Pension obligations [Continued]

GROUP

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)	665
Experience gains and losses arising on the plan liabilities - gain/(loss)	184
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain/(loss)	(43)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain/(loss)	(2,202)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss Deficit funding agreement liability	(1,396)
Total amount recognised in other comprehensive income - gain/(loss)	(1,396)

ASSOCIATION

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)	635
Experience gains and losses arising on the plan liabilities - gain/(loss)	169
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain/(loss)	(41)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain/(loss)	(2,081)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss Deficit funding agreement liability	(1,318)
Total amount recognised in other comprehensive income - gain/(loss)	(1,318)

29. Pension obligations [Continued]

GROUP

ASSETS	31 March 2021 (£'000s)	31 March 2020 (£'000s)
Global Equity	1,477	1,220
Absolute Return	512	435
Distressed Opportunities	267	161
Credit Relative Value	292	228
Alternative Risk Premia	348	583
Fund of Hedge Funds	1	5
Emerging Markets Debt	374	253
Risk sharing	337	282
Insurance-Linked Securities	222	256
Property	193	184
Infrastructure	618	621
Private debt	221	168
Opportunistic liquid Credit	236	202
High Yield	278	-
Opportunistic Credit	254	-
Corporate Bond Fund	547	476
Liquid Credit	111	3
Long Lease Property	181	144
Secured income	385	317
Liability Driven Investment	2,354	2,767
Net current assets	56	36
Total assets	9,264	8,341

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.

ASSOCIATION

ASSETS	31 March 2021 (£'000s)	31 March 2020 (£'000s)
Global Equity	1,403	1,159
Absolute Return	486	413
Distressed Opportunities	254	153
Credit Relative Value	277	217
Alternative Risk Premia	331	554
Fund of Hedge Funds	1	5
Emerging Markets Debt	355	240
Risk sharing	320	268
Insurance-Linked Securities	211	243
Property	183	175
Infrastructure	587	590
Private debt	210	160
Opportunistic liquid Credit	224	192
High Yield	264	-
Opportunistic Credit	241	-
Corporate Bond Fund	520	452
Liquid Credit	105	3
Long Lease Property	172	137
Secured income	366	301

29. Pension obligations [Continued]

Over 15 year gilts		
Index Linked All Stock Gilts		
Liability Driven Investment	2,236	2,629
Net current assets	53	34
Total assets	8,799	7,925

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.

GROUP and ASSOCIATION

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

30. Contingent liabilities

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

31. Post Balance Sheet Events

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