

PRIMA HOUSING GROUP LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2023

PRIMA HOUSING GROUP LIMITED
Financial Statements
For the year ended 31 March 2023

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Chair's Foreword to Accounts



The economic challenges we saw during the previous financial year have continued during 2022/23. The increase in both inflation and interest rates during the year has without doubt exposed a number of our residents to financial and social pressures they have likely never previously experienced. Despite all of this Prima's focus of supporting our customers, their communities and our staff has not wavered throughout the year. As result of our continued efforts we have produced solid overall performance across a number of key performance indicators. The investment in our existing homes and services has not stopped and we have delivered new and much needed new homes. My thanks go out to all my Board colleagues, staff and partners, for their continued hard work and support that have delivered these results.

Some of the key highlights of the year include:

- **Health and Safety** – 100.0% of gas safety checks completed within target.
- **Rent collection and arrears** – Through the support provided to our residents the income collection rates have remained high and the current rent arrears at year end were in target at 3.21%.
- **Repairs and Maintenance** – 91% of reactive repairs completed within target and achieved a customer satisfaction rate of 88.0%.
- **Continuing Development** - We completed 19 homes at Twickenham Drive, a further 14 were completed early in 2023/24, and a 4 unit care home facility was also completed.

Following the In-Depth Assessment (IDA) carried out by the RSH in December 2022, the Group retained its highest rating of G1 for Governance and was reassessed at V2 for Financial Viability. While the V2 rating reflects the Regulator's cautious approach to financial risk across the sector as a whole, nevertheless, at V2 we still remain compliant with the Regulator's standards.

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

- Our Group operating surplus was £4.4m, which is £1.1m (25.4%) ahead of budget.
- We held £10.2m in cash at the year end, our borrowings were £10.6m and so we were close to being net debt free.
- We have a credit facility of up to £10m, which further enhances our already strong liquidity.
- Our commercial arm again made a healthy surplus after tax of £0.7m and gifted £0.5m in cash to the social entity.

While there are indications are that inflation is slowing, the economic challenges of increased interest rates is likely to continue into 2023/24 and the medium term. With this mind our business plans have been prudently set to take account of these challenges. Nevertheless, we can't underestimate the impact the economic challenges will have on our customers and also our staff. We plan to tackle this through continued monitoring and by ensuring we are out in the heart of our communities, 'placing our customers front and centre'.

Our plans to development new properties and invest in our existing stock are continuing. We have schemes identified to deliver a further 87 units across 4 schemes and remain open to other development opportunities which may arise. Investment in existing homes will continue. During the year 188 decarbonisation upgrades were completed and a further 226 are also scheduled to be completed, all of which helps towards meeting our own carbon reduction targets and equally helps our tenants reduce their fuel bills.

There are challenges ahead, however Prima starts the year in a strong financial position supported by experienced staff who are dedicated to delivering our plans. Given this, I am confident that we are well placed financially and organisationally, to provide both the support and services required by our existing customers and investment in new affordable homes.

Robert Young
Prima Group Chair

A handwritten signature in black ink, appearing to read 'R Young', written over a horizontal line.

PRIMA HOUSING GROUP LIMITED

Corporate Information

For the year ended 31 March 2023

Registered under the Co-operative and Community Benefit Societies Act 2014:

20002R

Regulator of Social Housing:

L1001

Secretary:

A Dunn

Registered office:

8 Columbus Quay
Riverside Drive
Liverpool
Merseyside
L3 4DB

Bankers During the year:

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
One Express
1 George Leigh St
Ancoats
Manchester
M4 5DL

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

PRIMA HOUSING GROUP LIMITED
STRATEGIC REPORT
For the year ended 31 March 2023

Overview and Background

Pierhead Housing Association (PHA) was formed in 1971 and since that time has built up a portfolio of houses and flats throughout Merseyside. On the 1st April 2017 Leasowe Community Homes (LCH), which was formed in 1999 through a stock transfer from Wirral Borough Council, became a subsidiary of PHA. Both organisations provide general needs housing and neighbourhood services to support sustainable communities in Wirral, Liverpool and Sefton.

In February 2017, a separate commercial arm PHA Commercial Limited (PCL) was added to the group. The company was established through the transfer of PHA’s commercial portfolio of 256 properties which includes key worker, student and retail units. The aim of PCL is to generate additional surpluses to support the Group’s social aims.

On the 31st March 2022, a transfer of engagement scheme was agreed between LCH and its parent company PHA. Under this agreement all of the assets and liabilities of LCH were transferred, on this date to PHA. The combined entity was then renamed on the 1st April 2022 to Prima Housing Group Limited (PHG).

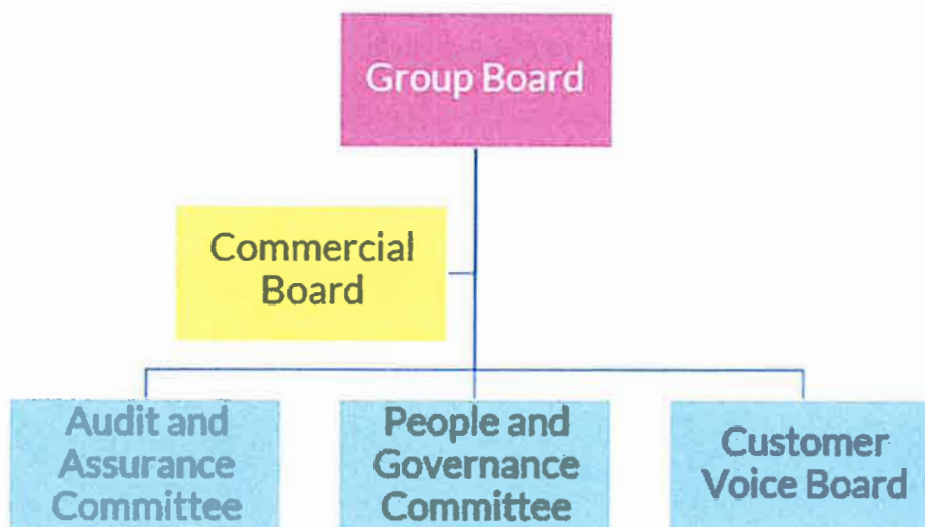
The Group has a combined turnover of £15m and owns and manages 2,789 properties including 190 commercial units.

The Groups Company and legal structure is as follows:

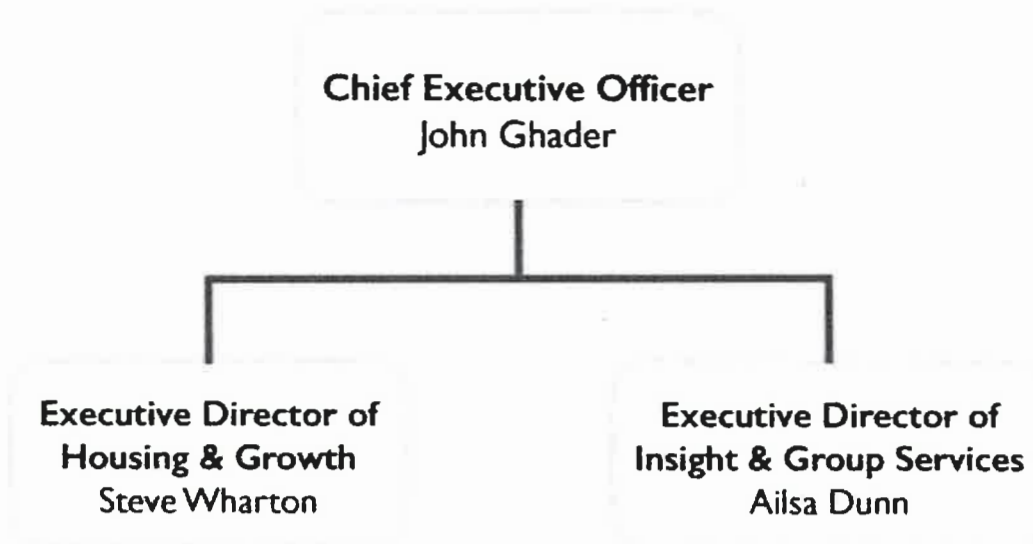
Organisation	Form	FCA Registration/ Companies House registration	Regulator of Social Housing registration
Prima Housing Group Limited (PHG)	Charitable Community Benefit Society under the Co-operative and Community Benefit Societies Act 2014	20002R	L1001
Prima Commercial Limited	Company limited by shares (all shares owned by parent PHG)	10606594	Not applicable

Prima Housing Group Limited is the parent company. Prima Commercial Limited is a subsidiary and works within an Intra-Group Agreement.

The Group is supported by the following governance structure:



The executive team structure in place at the close of the financial year was as follows:



The Group Director of Insight & Group Services is also the Company Secretary.

Strategic framework

As key stakeholders, tenants, employees and board members have developed the Group's vision, strategic objectives and values to support us in creating a shared mission and vision. This view of how the organisation will operate and move into the future, sets out the expectations regarding our approach on how we do things and embrace positive behaviours.

Our Mission is to Put our customers and communities first.

Our Vision is to Create good quality, safe and affordable homes, helping to build strong communities

This vision is delivered through our: **Priorities:**

- **Customers** - We will deliver a great customer experience, getting things right by listening to and understanding the needs of our customers.
- **Partnerships** – We will work with others to deliver benefits for our customers and communities.
- **Business Transformation** – We will be a strong and efficient business that is innovative in its approach and a place people will want to work.
- **Homes and Growth** – We will continue to grow and provide good quality homes that are affordable and sustainable.

Our priorities are underpinned by our **Values and Culture; the 4 Ps:-**

- **People** - Always putting our customers and communities first.
- **Pride** - Being proud of what we do and striving to do better.
- **Partners** - Respecting others, working together and building partnerships.
- **Pioneers** - Being creative, embracing change and learning from experience.

Review of the Year

Despite the economic challenges of increased inflation and interest rates we have continued to perform well in many of our key strategic objective areas. We have again proactively managed our homes to make sure they are maintained to the highest quality. Furthermore our investment in our existing stock in terms of component replacement and the decarbonisation programme has also continued. At the same time our plan to develop new homes has not stopped, the Wirral development of 33 units is partly completed and two new projects have started on site during the early part of 2023/24. Our back office support systems are being further enhanced to free up resources and allow us to concentrate communicating with our customers as and when we need to.

Key achievements in delivering against our Corporate Plan during the year include:

Customers

- Our Customer Board has ensured our customers have a 'voice' at the very top of the Prima Group from which they can inform and influence the way our services are developed and delivered. During the year additional members have been recruited to provide further experience and influence.
- Mandatory training is provided to all staff in such areas as, Equality, Diversity and Inclusion, all of which builds on previously provided customer training.
- The Customer Support Hub provides a wide range of advice and support, including help for boosting income, government support packages, Universal Credit, budgeting and help with utility bills. This assistance ensures tenancies are sustained and at the same time protects our rental income.
- A Helping Hand Fund is in place which allows us to provide financial support to those tenants who are most in need of immediate help.
- Continued provision of welfare calls and focus on supporting customers temporary
- Maintained the high level of on-line customer interaction through webchat, Messenger, webforms and a customer Self-Serve App providing information on customer accounts and access to key services.
- Introducing a Customer Satisfaction App that tracks satisfaction with repairs and other services in real time.
- A community hub has been started in year which provides a centralised point of contact for all our residents at the Leasowe Estate. It will be completed in August 2023.

Partnerships

- Working across the Liverpool City Region with other RPs, Local Authorities and the Combined Authority collaborating on projects to address financial and social exclusion, reducing homelessness and getting households into work through training and employment projects.
- Going live with our neighbourhood plans, connecting to partners and communities when implementing local projects such as walkabouts, tackling ASB, fly tipping and generally improving areas through the 'Love our Street' campaigns.
- Working with partners to bring new affordable and specialist housing provision across the City and North West Region and acting as agents for some partners in other areas outside the region, who don't have 'in-house' development expertise.

Business Transformation

- Continuing to invest and support staff, ensuring their well-being and work/life balance by continuing the hybrid-working that best suits them. Resulting in excellent performance and staff satisfaction.
- The Prima People Action Plan was developed, pulling together the recommendations from the Investors In People assessment, the colleague "gotta minute survey" and the people strategy actions. The resulting plan forms the base for all people related projects.
- Continuing investment in technology, including the start of the implementation of a new housing management system which is scheduled to be completed during 2023/24. All existing systems, processes and policies are reviewed to ensure they support working practices at Prima.

Business Transformation(Continued)

- Work on the revised Code of Governance 2020 was formally adopted by the Board at its July 2023 meeting. The work and review are 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.
- Shortlisted for a number of housing and innovation awards to support our quest in being an innovative organisation that punches above its weight.
- Following the In-Depth Assessment (IDA) carried out by the RSH in December 2022, the Group retained its highest rating of G1 for Governance and was reassessed at V2 for Financial Viability. A V2 rating means the landlord is still compliant with the Regulator's standards.
- Maintained good performance on arrears, income collection and health & safety compliance despite challenging economic circumstances.

Growth & Development

- We have continued to roll out our investment plans to deliver new kitchens and bathrooms.
- Decarbonisation works have been completed on 188 homes under wave 1 of the social housing development fund (SHDF). A successful bid under wave 2 of the programme is in place for a further 226 homes.
- Successfully delivered all compliance and cyclical maintenance works ensuring the safety and comfort of our customers in their homes.
- Continued to make good progress with our growth and development plans by successfully completing 19 Homes at Twickenham Drive, with a further 14 units due to be completed in the 1st quarter of 2023/24. A 4 unit care home facility in Liverpool was also completed. We have the following schemes that will deliver a further 87 units and are expected to be on site during 2023/24:

21 mixed tenure units at Dinas Lane, Liverpool.

27 Shared Ownership units in Ashton, Greater Manchester.

25 Supported units at Rutland Street, Greater Manchester.

14 units at Prescott Police Station site.

- In addition to the above, we remain open to other development opportunities which may arise and we will continue to use the Group's financial strength and business resilience to deliver more homes and grow the business.
- We continue to assess our operating environment with a clear focus on consumer regulation. We review our business plans annually to ensure that resources and actions are aligned with the Group's mission, vision and values. Progress is monitored regularly and where it is sensible to do so, we re-forecast our budgets accordingly.

External Environment

As part of the planning process, Prima Group continually scans its operating environment to identify risks and opportunities that we may face. These include:

- The spotlight on damp, mould and condensation is firmly embedded within the sector. Prima has a good knowledge of its stock but nevertheless continues to ensure all its homes are maintained to a high standard.
- The need to Improve overall tenant satisfaction, by being 'open and transparent' on how tenant's money is spent and how the organisation is performing is a major focus. Registered providers will be expected to report annually against a range of tenant satisfaction measures.
- The focus on developing new homes continues however, a push towards delivering shared ownership properties may introduce some risks into our development programme.
- The continued economic impact on tenants from the cost of living and energy crisis is, in the short to medium term, likely to remain. In turn this has the potential to put pressure on our income collection rates.

External Environment (Continued)

- The country's targets for reducing carbon emissions and the carbon neutral target of 2050 is ongoing and will require continued investment in both new 'greener' homes as well as improvements and retro-fitting to our existing stock.

The above outlines a number of challenges that Prima and the sector as a whole will face. Prima remains in a financially strong position and open to the challenges it will face. We have self-assessed against the requirements of current and future legislative and regulatory changes and plans are in place to address any gaps identified. We regularly review our operating model and risk management framework to ensure we quickly adapt to an ever-changing operating environment.

Prima Commercial

It's been another successful year for PCL which has made a surplus after taxation of £683k including a gain on property disposals of £413k.

- The performance of the stock has held up well despite the current economic challenges facing all commercial businesses. With the exception of the student accommodation, arrears have been maintained within normal bands. We continue to monitor the situation closely to understand what impacts may arise in the medium term economy of the Liverpool City Region.
- The performance of the student accommodation remained challenging during the year. The options for this property were limited and, as a result of a commercial offer received, the building was sold in February 2023. The disposal realised a gain of £405k. Similarly an offer was also accepted on one of the former Police Houses which resulted in a further gain of £8K.
- The sale proceeds from the above disposals have been utilised to partly paydown existing parent company loans. A further £538k has then been paid by way of gift aid to PHG.
- The development team, which sits within PCL, have continued to progress the Prima development programme. During the year 23 properties have been delivered with an additional 14 units completed during the early part of 2023/24. In addition a further 87 units across 4 sites have been identified including a twenty one unit scheme at Dinas lane which started on site in April 2023. Other schemes are also either about to start on site or are currently awaiting planning permission.

Looking Ahead - Our Strategic Objectives for 2023-24

As with all businesses the current economic conditions, including inflation, increased interest rates and resulting cost of living has had some impact on how we will deliver our objectives during the next financial year. Nevertheless, we still plan to:

- Maintain our presence and support within our communities & neighbourhoods and ensure that we meet the basic needs of our customers.
- Invest in our existing homes and provide new affordable homes.
- Continue our carbon reduction journey by retro-fitting existing homes through accessing Social Housing Decarbonisation and ERDF grants that are available.
- Review our systems, policies and processes and our neighbourhood operating model to ensure that we maintain 'high visibility' in our neighbourhoods.

The focus during 2023/24 on each of the priorities is as follows:

Priority 1: Customers - We will deliver a great customer experience, getting things right by listening to and understanding the needs of our customers.

Aim: Having a place to call home is important to us. Our homes should be of good quality, safe and offer a secure place to live. We want to make sure that accessing our services is easy, we do what we promise and every contact with us delivers a great customer experience.

Key actions for 2023-24:

- Ensure customers receive a great experience when they contact us in the way they prefer
- Use a range of ways to engage with customers so we hear the customer voice.
- Capture customers feedback and act on their comments to improve.
- Get to know our customers better.
- Help customers sustain their tenancies by adapting how we work.

Priority 2: Partnerships – We will work with others to deliver benefits for our customers and communities

Aim: As a smaller organisation we understand that we can achieve more by working together with others. We want to be an organisation that is easy to do business with and a trusted partner.

Key actions for 2023-24:

- Work with customers, local communities, charity groups and other stakeholders to improve communities and local opportunities.
- Share services, systems, people and processes where it makes sense to do so.
- Seek out strategic alliances where we can grow and bring improvements for customers, communities and the organisation.

Priority 3: Business Transformation – We will be a strong and efficient business that is innovative in its approach and a place people will want to work.

Aim: Seeking ways to improve how we work, perform, become more innovative, forward thinking and creative, and striving for solutions that will continuously improve us.

Key actions for 2023-24:

- Have effective leadership and governance in place
- Build on our financial strength, allocate resources effectively so we can meet our obligations and the priorities we set.
- Continually improve our ways of working, focusing on process, outcomes and innovative technology.
- Be recognised as a great place to work with a culture that fosters our values and is behind our vision so that we can attract and retain the best talent.

• **Priority 4: Homes & Growth** - We will continue to grow and provide good quality homes that are affordable and sustainable.

Aim: We are a growing business looking for opportunities where we can bring much needed new homes. We must carefully balance the needs of new customers with those who are already in our existing homes and of any new requirements for meeting carbon targets and decent homes standard, making sure standards are high across the across the stock.

Key actions for 2023-24:

- Ensure that homes meet modern and safe standards and that we use data to help us make informed investment decisions.
- Build or acquire new homes and ensure we are on track to deliver the existing pipeline and a further 30 new homes each year from 2026.
- Invest in making our homes greener.
- Deliver a great day to day repairs and cyclical maintenance service that keeps homes maintained to a good standard.

PRIMA HOUSING GROUP LIMITED
STRATEGIC REPORT
For the year ended 31 March 2023

Summary financial results

The Group has reported another healthy surplus for 2022-23 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 £4.4m,(2022: £3.5m), the Association achieved a surplus of £3.5m (2022: £2.8m).

Statement of comprehensive income	2023 £'m	2022 £'m
Turnover	15.1	14.2
Operating costs	(11.2)	(11.0)
Gain on property disposals	0.5	0.3
Operating surplus	4.4	3.5
(Loss) / Gain on valuation of Investment property	(0.1)	0.2
Net interest charge	(0.7)	(0.8)
Taxation	(0.1)	(0.1)
Surplus for the year after taxation	3.5	2.8

Statement of financial position	2023 £'m	2022 £'m
Fixed assets	107.6	102.8
Net current assets	6.6	7.8
Total assets less current liabilities	114.2	110.6
Long term creditors and provisions	(57.7)	(57.4)
Total net assets	56.5	53.2

Key explanations for the movements in performance are as follows:

Turnover:

Turnover grew by £0.9m (6.3%) to £15.1m (2022: £14.2m). The growth is due to the rent increase of 7% (effective during May 2022) and incremental income from development activity during the year.

Operating Costs:

Operating costs increased by £0.2m (1.8%) to £11.2m (2022: £11.0m). The marginal increase is due to good overall control of costs but at the same time ensuring expenditure is maintained in all customer focused areas including property repairs, maintenance and tenant welfare.

Property disposals and revaluations:

The Group made a surplus of £0.5m on property disposals (2022: £0.3m), which includes the sale of the student accommodation at Monument buildings (93units, £405K gain). The revaluation of investment properties resulted in a slight decline in valuation of £95K (2022: gain £184K).

Interest Receivable and Payable:

Net interest charges after amounts receivable and showed a slight reduction of £68K at £0.7m (2022: £0.8m). The reduction is driven by reducing loan balances on fixed interest terms and increased interest receivable. (See note 8).

Statement of financial position:

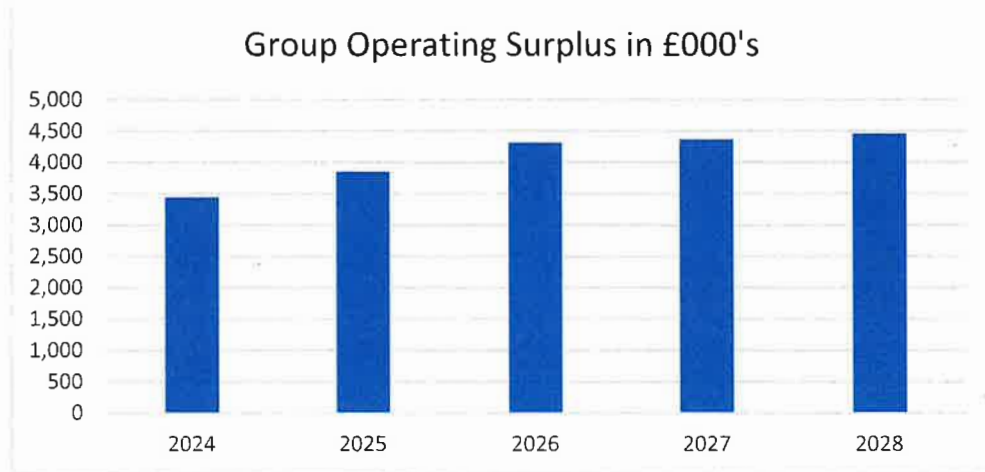
Total net assets have increased by £3.3m (6.2%) to £56.5m (2022: £53.2m). The increase reflects the Group's financial performance and continued investment in its properties.

Statement of financial position: (Continued)

At the close of the year the Group held cash investments of £10.2m, borrowings were £10.6m and so the Group at year end was close to being effectively net debt neutral.

The revolving credit facility of £10M secured during 2021/22, has not been utilised and further enhances the already strong liquidity.

The Group maintains a medium-term financial plan, the projected results from the plan are summarised in the table below:



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

Covenant Compliance

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 11.% gives significant headroom against the maximum covenant permitted of 65%.
- Interest cover over the five years does not fall below the internally set target 1.75. Compared with the actual covenant target of 1.10, the minimum headroom amounts to £0.53m.

The existing loan facilities have approximately 18 years left to run and there is nothing within the base plan which indicates 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 about 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.

This review is undertaken in line with the VFM Standard and the associated guidance and value for money metrics. The Regulator has produced a code of practice and directed all housing associations to use a common set of metrics to help stakeholders judge the performance of providers. Prima welcomes this approach as it improves transparency and gives stakeholders better information to judge how a provider is performing.

Prima ensure the code of practice is met by delivering against the following:

- **A Healthy Business** - 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.

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

Our Mission is to put our customers and communities first.

Our Vision is to Create good quality, safe and affordable homes, helping to build strong communities

This vision is delivered through our **Priorities**:

- **Customers** - We will deliver a great customer experience, getting things right by listening to and understanding the needs of our customers.
- **Partnerships** – We will work with others to deliver benefits for our customers and communities.
- **Business Transformation** – We will be a strong and efficient business that is innovative in its approach and a place people will want to work.
- **Homes and Growth** – We will continue to grow and provide good quality homes that are affordable and sustainable.

Achieving VFM 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 responsive and innovative in delivering fantastic services.

Who do we compare ourselves with?

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 1000-5000 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. We participate in their monthly pulse surveys which provides us with early indicators on performance trends.

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, accepted principles and by setting the business 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 developed using a zero budget based approach and driven by 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 VFM 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 are 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 effective use of the resources available?

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.' The properties that Prima owns are an extremely valuable social asset and therefore its vital that we understand the return on our existing assets and make the best use of these resources.

Applying our Asset Management Strategy, the in-depth stock condition survey information together with our specialist software, provides management with detailed asset planning data. The model uses both financial and non-financial indicators to evaluate the long term financial performance of our homes, based upon their Net Present Value. This model is used to help inform the strategic decision making on future investment, usage and retention or disposal of assets and complements our approach to neighbourhood management.

In addition to optimising the long term return on our assets, account needs be taken of the social impact of investment in our properties. It is understood that having a good quality home with security of tenure helps people improve their health, wellbeing, their potential for higher educational achievement and chances of better employment prospects. We recognise that some of our residents suffer disproportionately from poor health, low educational attainment and higher levels of unemployment. We are committed to continuing to invest in our neighbourhoods 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

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- Community cohesion.
- Financial inclusion and income maximisations for customers.

Delivering VFM:

The summary results of each of the indicators and individual metrics are:

VFM Indicator and Metric	2020/21	2021/22	2022/23	2021/22 Housemark/ Global Accounts Comparator		2023/24	2024/25	2025/26
	Actual (Group)	Actual (Group)	Actual (Group)	Median	Best Quartile	Target (Group)	Target (Group)	Target (Group)
Healthy Business:								
Operating margin (Group)	24.12%	22.59%	25.76%	19.89%	22.59%	21.19%	20.50%	23.46%
Operating margin (Social)	25.15%	21.59%	23.86%	19.89%	23.59%	18.12%	18.71%	20.41%
EBITDA MRI (Social)	492%	194%	183%	201%	249%	180%	183%	252%
Effective Asset Management:								
Occupancy	99.30%	99.29%	99.05%	99.6%	99.6%	99.6%	99.6%	99.6%
Ratio of responsive repairs	0.56	0.52	0.35	0.69	0.49	0.43	0.44	0.54
ROCE	3.29%	3.20%	3.88%	2.74%	2.94%	2.81%	2.94%	3.25%
Operating Efficiency:								
Headline Social Housing Costs per Unit	£3,351	£4,252	£5,281	£3,948	£3,822	£5,789	£5,422	£5,361
Management cost per unit	£1,121	£1,089	£1,081	£1,181	£1,089	£1,214	£1,255	£1,233
Service charge cost per unit	£320	£381	£407	£396	£231	£521	£538	£478
Maintenance cost per unit	£771	£1,581	£1,393	£1,227	£1,010	£1,171	£1,231	£1,285
Major repairs cost per unit	£1,015	£1,021	£2,138	£1,597	£1,454	£2,883	£2,399	£2,365
Other social Housing costs per unit	£123	£180	£263	£74	£51	£0	£0	£0
Rent collection	101.49%	101.27%	100.15%	95.65%	96.38%	100%	100%	100%
Reinvestment:								
New Homes delivered (Social)	0.00%	0.34%	0.71%	1.03%	1.62%	0.54%	2.75%	1.15%
New Homes delivered (non social)	4.00%	0.35%	0.15%	0.00%	0.00%	0.00%	0.49%	0.00%
Gearing (Under FVA calculations)	0.00%	0.00%	0.00%	31.34%	22.31%	7.00%	11.00%	10.00%
Reinvestment	2.23%	5.18%	8.86%	5.18%	6.89%	13.90%	8.65%	3.36%
Excellent Outcomes:								
Customer Satisfaction	n/a	76%	76%	75%	80%	80%	80%	80%
Invested in Communities £000's	£143	£143	£207	£179	£293	£228	£242	£250

A Healthy Business

The current position:

Prima's finances remain in good health with the Group continuing to achieve surpluses above budget. The gross margins for the Group and Social entities have increased over the previous year and are favourable to the forecast in last year's VFM statement. The EBITDA -MRI interest covenant shows a decline, but still remains well above minimum levels and is in line with the previous year's forecast.

Our priorities:

We want to remain in a strong financial position and we recognise that our resources need to be invested in our existing stock and in developing new properties. However, there can be a time lag in the short to medium term, between investment and improved performance. The target figures, as extracted from our financial plan, for 2023/24 onwards

show this pattern, with a slight decline in margins during 2024/25 followed by increased margins in the following year.

The forecast results are based on the 2023/4 budget which has been prudently set as follows:

- Assumes a full staff establishment with all vacant posts included for the full year.
- Robust provisions made for repairs costs and real inflation increases included.
- Provision for other overheads such as disrepair costs and bad debts that take account of economic conditions.
- Depreciation has been increased to allow for old low value assets to be replaced by new components.

Overall, we believe the budgets are appropriately set and therefore there is good headroom to cover any unforeseen costs or other reductions in performance should they arise. The medium term projects show that overall margins will improve towards the median position by 2025/26. The interest cover covenant shows a similar pattern of a gradual increase as the income streams from the new homes are generated.

Effective Asset Management

The current position:

We delivered a steady performance and maintained high occupancy levels which are largely in line with the targets set last year. Actual occupancy at 99.05% is close to the median at 99.6%. The ratio of responsive repairs has again improved and is below the global comparators. Return on capital employed (RoCE) has both outperformed our target from last year and is in the upper quartile of the sector.

Our priorities:

Occupancy – our financial plan set targets to bring occupancy to comparator levels. We aim to achieve this by:

- Using what we know about our most vulnerable tenants to improve the support we provide.
- Using technology to let properties efficiently.
- Working with the city region partners to allow unoccupied homes to support the homeless.
- Using our data analysis to identify poor performing properties and developing a strategy to deal with them.

Ratio of responsive to planned repairs – we will use our improved asset management data and systems to maintain top quartile performance by:

- Reducing the amounts spent on day to day repairs through continued investment in component replacements.
- Improving both our costs and improving our residents standard of living by taking advantage of all subsidies available in respect of decarbonisation.

ROCE (return on capital employed) - -Measures our operating surplus compared to total assets less current liabilities. We aim to effectively manage and improve our RoCE by:

- Ensuring surpluses are always maximised by making efficiency savings wherever possible.
- Ensuring that savings realised are invested in our component replacement programme and that new developments deliver healthy returns on investment.

Operating efficiently

The current position:

The data presented shows that our overall headline costs are below the projection made a year ago: 2022/23 £5,281k actual, projected £5,304k. Against sector benchmarking we are however more expensive. Further analysis shows this

is driven by expenditure on maintenance and major repairs, which includes the significant investments made on component replacement and decarbonisation works. As stated previously, we will inevitably see short term costs increase and benefits accruing in later years and this trend is likely to continue for the short to medium term.

Management costs are often a key focus. Compared with both the previous target and medium comparator the performance in management costs for 2022/23 are again favourable. Service costs were both outside our projections and sector median, which was driven by the increase in energy costs.

Rent collection performance is slightly down on the previous year but is significantly above the sector comparator. Taking account of the ongoing economic challenges facing most of our tenants, the actual collection rate of over 100% is still deemed to be a good result.

Our priorities:

Our medium term financial plans have been prudently set. Operating costs for 2022/23 have allowed for inflation of circa 10+% plus an additional real inflation increase of 2.5% for repairs and maintenance. The impact of this will be to increase our cost per unit in 2023/24 and future years. In addition, significant amounts have been included for component spend and provisions to deal with the Green Homes and decarbonisation agenda. This will ensure, in line with government plans, our stock is moving towards being carbon neutral by 2050. All of these challenges are likely to be faced by all housing associations especially those with older stock.

Overall we aim to reduce our cost base by:

- Building additional 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.
- Using our stock condition data to make our investments as cost effective as possible.
- Recognising the volatility within the economy and inflation assumptions. The impact of this will be fed back to Board through regular reforecasting of results and further stress testing.

Rent collection - We acknowledge the impact the current economic conditions are having on our tenants. This is especially so in Merseyside, which is particularly exposed to a global downturn because of its reliance on hospitality, leisure and university sectors. Our medium term financial plan reflects that uncertainty. Our aim will be to continue to outperform the plan and remain at or near 100% collection by:

- Improving our “know your customer” data base.
- The income team supporting our tenants and making full use of the helping hand funds.

Reinvesting wisely

The current position:

During 2022/23, 0.71% homes we’re developed and acquired against a target of 1.28%. The variance is due to a delayed completion at one site. The reinvestment levels for future years reflect the ramp up in the roll out of the programme and the lag between start on site and final completion. The impact of the pandemic is now fading away, but other challenges in the form of increased prices are now present. Delays in obtaining planning permission is still a factor.

Gearing for 2022/23 remains at zero, the forecast for the year was 9% and the best quartile was 22.3%. The low level of gearing within Prima highlights its capacity for further borrowing to fund the development programme.

Our priorities:

Board recognise that we have only partially used our underlying borrowing capacity and are ambitious to deliver around 250 properties over the next several years. This will amount to an investment of around £41 million, net of grant funding. The increased stock numbers will allow us to spread our current costs over a larger base.

Reinvestment also includes capital investment in current properties and given the projected spend on both replacement components and Green initiatives, this metric will be further improved.

Further borrowing will be required which will increase our gearing, however not beyond our covenant limits.

Excellent Outcomes

The current position:

Customer satisfaction scores have remained static over the year, this is against a general trend of reducing satisfaction levels seen across the sector. Although our overall result of 76% is comparable with the sector median, we recognise that overall satisfaction levels can be improved. To this end, Prima has set out during 2023/24 to contact every one of its customers in person. While this is a significant exercise, the data collected will be invaluable and will enable us to know amongst other things, how each tenant is coping financially, identify concerns about their neighbourhood, capture repairs that have gone unreported and better understand how Prima may help.

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. However, we believe that our actual spend is comparable to that of the medium comparator.

Our priorities

We aim to move towards at least an 80% customer satisfaction by:

- Taking on board the results of the 'know your customer' survey and focusing on those areas which will be of immediate benefit to our residents.
- Address any existing known areas of concern including anti- social behaviour and the handling of repairs.
- We have recruited new members to our Customer Voice Board, and this will ensure we hear and use customer feedback to influence how we work.
- We will look for further methods of automation and technology thereby streamlining workflows and improving the overall customer experience. This will be closely linked with the move to an improved cloud based housing management system.
- Embedding new ways of working to improve the customer experience and business performance, focussing on the quality of customer care, tenancy sustainment and protecting rental income.

We aim to maintain our investment in communities and have continued to focus our resources towards supporting tenants into work and ways to maximise their income. During 2023/24 a front line Community engagement officer has been recruited to help fulfil this role.

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 VFM 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 cherry picked the best service areas for reporting purposes.
- There is sufficient evidence and assurance that processes are already in place and are 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.

PRIMA HOUSING GROUP LIMITED
REPORT OF THE BOARD
For the year ended 31 March 2023

The Board of Prima Housing Group Limited present their report and audited financial statements for the year ended 31 March 2023.

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 £3,291K (2022: £3,438K) and the Association shows a surplus of £3,228K (2022: £3,086K). These results are after the actuarial pension loss of £211K, (2022: gain £608K).

Board and Executive Directors

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

J Boyd	People and Governance Committee (resigned as Chair 21/09/2022)
B Callow	Group and Commercial Board Member
T Dunne	Audit and Assurance Committee, People and Governance Committee
M Evans	People and Governance Committee
J Hale	People and Governance Committee
A Leech	Group Board (appointed 21-09-22), Customer Voice Board
G Lewis	Audit and Assurance Committee
A Ramsay	Audit and Assurance Committee, People and Governance Committee
P Roberts	Audit and Assurance Committee
K Vogel	Audit and Assurance Committee
J. Ghader	Group Board (appointed 21-09-22) and Chief Executive
R Young	Audit and Assurance Committee, People and Governance Committee (appointed as Chair 21/09/2022)

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 £1.00 share in the Association.

Prima Customer Board

A Leech
A Webster – resigned 06/09/2022
S Allan – appointed 21/06/2022
E Baxter – appointed 21/06/2022
L Langerhuizen – appointed 21/06/2022
N Wiffen – appointed 21/06/2022
M Boyle - appointed 21/06/2022 and resigned 07/03/2023
P Wyland – appointed 21/06/2022 and resigned 29/11/2022
V Wyland – appointed and resigned on the same day: 29/11/2022

The Executive Team

J Ghader (Chief Executive)
S Wharton (Executive Director of Housing & Growth)
A Dunn (Executive Director of Insight & Group Services)

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 landlord responsibilities for health and safety. In a small number of instances where tenants have requested their servicing be delayed, like all responsible landlords we have taken a pragmatic approach to these cases and gained access at the earliest opportunity. Despite any such restrictions we have continued to deliver compliance related activities to keep our tenants safe and meet our legislative responsibilities.

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 should any such cases arise.

Tangible fixed assets

Details of changes in fixed assets are set out in note 11 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. (2022:£nil).

Corporate governance

The Board formally adopted the National Housing Federation's (NHF) Code of Governance 2020 at its July 2023 meeting. It undertakes an annual review of compliance against the Code, using the NHF checklist as a guide. We have an action in place to ensure full compliance and ongoing improvement. 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. Following the In-Depth Assessment (IDA) carried out by the RSH in December 2022, the Group retained its highest rating of G1 for Governance and was reassessed at V2 for Financial Viability. A V2 rating means the landlord is compliant with the regulators standards, but must "manage material risks to ensure continued compliance"

As a result, the Board is satisfied that the Group complies with the 2020 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.

PRIMA HOUSING GROUP LIMITED
REPORT OF THE BOARD
For the year ended 31 March 2023

Statement of Internal Control

Overall responsibility for the Board Assurance and Internal Controls Framework sits with Prima’s Board (Group 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 2023, 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 2023, 12 Group Strategic risks were assessed as being within appetite and 3 were outside. Risks out of appetite were reviewed at each AAC meeting and members were satisfied that the risks were well controlled. Despite all 3 risks having strong controls in place, the potential impact and likelihood remain high.

Code & Title	Net score within risk appetite?	Risk Appetite
01 EXTERNAL ENVIRONMENT - Risk that Prima might be adversely affected by outside factors (political, meteorological, epidemiological)	✓ Yes	6-12 Balanced
02 ASSET MANAGEMENT - Inappropriate investment in existing stock	✓ Yes	6-12 Balanced
03 NEW DEVELOPMENT - Failure to deliver the approved development programme to time, standard or within budget	✓ Yes	≥16 Seeking
04 TECHNOLOGY - New project implementation	✓ Yes	≥16 Seeking
05 HEALTH & SAFETY - Breach of Health and Safety Regulations	✗ No	5 or lower Cautious
06 INCOME COLLECTION - Negative impact on revenue	✗ No	6-12 Balanced
07 ICT AND SECURITY - Attack on IT system, caused either deliberately or accidentally including risk of fraud/phishing/malicious emails requesting money or data	✓ Yes	6-12 Balanced
08 STAFF RETENTION & BOARD SUCCESSION - Risk we do not retain key knowledge/plan for succession	✓ Yes	6-12 Balanced
09 COMMERCIAL - Risk of Commercial not delivering income targets	✓ Yes	6-12 Balanced
10 GDPR AND SECURITY - Breach of GDPR or other data protection legislation	✓ Yes	6-12 Balanced
11 PARTNERSHIPS - Failure to deliver effective partnerships could result in corporate objectives not being achieved	✓ Yes	6-12 Balanced
12 PENSION - Unplanned financial costs due to pension commitments	✓ Yes	6-12 Balanced
13 FINANCE - Breaking loan covenants	✓ Yes	5 or lower Cautious
14 LIQUIDITY - Insufficient cash balance to cover liabilities/objectives	✓ Yes	6-12 Balanced
15 REGULATORY COMPLIANCE - Governance arrangements do not support the business in delivering its objectives and/or failure to meet expectations of Economic and/or Consumer Standards	✗ No	5 or lower Cautious

Since 2017 we have been operating under the trading name of Prima Group, but through three separate legal entities - Pierhead Housing Association, Leasowe Community Homes and PHA Commercial Limited. Following a consultation with our tenants, there was a transfer of engagements, moving Leasowe Community Homes properties to Pierhead Housing Association, on 31st March 2022. This was followed by a change of name for Pierhead Housing Association to Prima Housing Group Limited, this change took place with effect from 1st April 2022.

As from 1st April 2022, Prima Housing Group therefore comprises two legal entities, the risks for the social element of Prima Housing Association Limited are captured within the Group Strategic Risk Register above and the risks for Prima Commercial Limited are contained within a separate Commercial Register below. The risk C02 COMMERCIAL ASSETS/INCOME – Loss of income from Monument has been removed from the register as the risk transferred following the sale of Monument which completed on 6th February 2023, achieving a sale price of £2.1 million against a valuation of £1.6 million. All commercial risks are within appetite as depicted below.

Code & Title

- B01** COMMERCIAL BUSINESS PLAN - Failure to appropriately manage implementation
- B02** COMMERCIAL PLANNING/CONTROL – Delayed delivery of development programme caused by planning legislation/site restrictions
- C04** COMMERCIAL ASSETS/INCOME - Loss of income from Commercial Retail units

Risk Appetite	Nil score within 12
≥15 Seeking	✓ Yes
≥15 Seeking	✓ Yes
≥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 two 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. This last took place on 1st March 2023. This unfettered access to professional advisors is an important element in demonstrating the robustness of the arrangements in place.

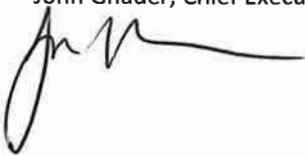
There have been no significant control failings reported in the year.

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 2022-23, 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 report).

Chief Executive’s statement:

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

John Ghader, Chief Executive



PRIMA HOUSING GROUP LIMITED
REPORT OF THE BOARD
For the year ended 31 March 2023

Going Concern

The Association has long-term debt facilities in place and cash and equivalent holdings which provide adequate resources to finance the Group's plans until March 2026. 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: 20th September 2023.

PRIMA HOUSING GROUP LIMITED

Independent Auditor's Report to the Members of Pierhead Housing Association Limited For the year ended 31 March 2023

Independent Auditor's Report to Pierhead Housing Association Limited

Opinion

Opinion

We have audited the financial statements of Pierhead Housing Association Limited (the Association) and its subsidiary (the Group) for the year ended 31 March 2023 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 2023 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 2022.

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 21, 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 2022, 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

PRIMA HOUSING GROUP LIMITED

**Independent Auditor's Report to the Members of Pierhead Housing Association Limited
For the year ended 31 March 2023**

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

Beever and Struthers

Beever and Struthers
Statutory Auditor
One Express
1 George Leigh St
Ancoats
Manchester
M4 5DL

Date: 22 September 2023

PRIMA HOUSING GROUP LIMITED
Consolidated Statement of Comprehensive Income
For the year ended 31 March 2023

		Group	Association	Group	Association
	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Turnover	2	15,091	13,943	14,190	13,139
Operating expenditure	2	(11,204)	(10,613)	(10,984)	(10,266)
Gain on disposal of property	3	545	132	325	325
Operating surplus	4	4,432	3,462	3,531	3,198
(Loss)/Gain on valuation of investment property	12	(95)	-	184	-
Interest receivable	7	54	248	10	113
Interest payable and similar charges	8	(809)	(809)	(833)	(833)
Surplus on ordinary activities before taxation		3,582	2,901	2,892	2,478
Gift aid	9	-	538	-	-
Taxation	10	(80)	-	(62)	-
Surplus for the year after taxation		3,502	3,439	2,830	2,478
Other Comprehensive Income					
Actuarial gain / (loss) in respect of pension schemes	29	(211)	(211)	608	608
Total comprehensive income for the year		3,291	3,228	3,438	3,086

The financial statements on pages 25 to 54 were approved and authorised for issue by the Board on 20/09/23 and were signed on its behalf by:

SECRETARY



BOARD MEMBER



BOARD MEMBER



The notes on pages 29 to 54 form part of these financial statements

PRIMA HOUSING GROUP LIMITED
Consolidated Statement of Changes in Reserves
For the year ended 31 March 2023

Income and Expenditure Reserves:

	Group	Association	Group	Association
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Balance at 1 April 2022	53,201	50,438	49,763	47,352
Surplus for the year after taxation	3,502	3,439	2,830	2,478
Actuarial gain /(loss) in respect of pension schemes	(211)	(211)	608	608
Balance at 31 March 2023	<u>56,492</u>	<u>53,666</u>	<u>53,201</u>	<u>50,438</u>

The financial statements on pages 25 to 54 were approved and authorised for issue by the Board on 20/09/23 and were signed on its behalf by:

SECRETARY 

BOARD MEMBER 

BOARD MEMBER 

The notes on pages 29 to 54 form part of these financial Statements

PRIMA HOUSING GROUP LIMITED
Statement of Financial Position
For the year ended 31 March 2023

		Group	Association	Group	Association
	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Fixed assets					
Tangible fixed assets	11	102,261	102,238	96,657	95,568
Investments	12	5,300	-	6,157	-
		<u>107,561</u>	<u>102,238</u>	<u>102,814</u>	<u>95,568</u>
Current assets					
Long term loan	13	-	2,600	-	4,110
Trade and other debtors	14	1,213	1,148	452	456
Cash and cash equivalents	15	10,434	10,089	11,827	11,714
		<u>11,647</u>	<u>13,837</u>	<u>12,279</u>	<u>16,280</u>
<u>Less: Creditors: amounts falling due within one year</u>	16	<u>(4,998)</u>	<u>(4,791)</u>	<u>(4,462)</u>	<u>(4,197)</u>
Net current assets		6,649	9,046	7,817	12,083
Total assets less current liabilities		<u>114,210</u>	<u>111,284</u>	<u>110,631</u>	<u>107,651</u>
Creditors: amounts falling due after more than one year	17	(56,276)	(56,276)	(55,805)	(55,805)
Provision for liabilities and charges					
Other provisions	21	(100)	-	(217)	-
Pension liability	29	(1,342)	(1,342)	(1,408)	(1,408)
Total net assets		<u>56,492</u>	<u>53,666</u>	<u>53,201</u>	<u>50,438</u>
Capital and Reserves					
Non-Equity Share capital	22	-	-	-	-
Revenue Reserves		<u>56,492</u>	<u>53,666</u>	<u>53,201</u>	<u>50,438</u>
Total capital and reserves		<u>56,492</u>	<u>53,666</u>	<u>53,201</u>	<u>50,438</u>

The financial statements on pages 25 to 54 were approved and authorised for issue by the Board on 20/09/23 and were signed on its behalf by:

SECRETARY 

BOARD MEMBER 

BOARD MEMBER 

The notes on pages 29 to 54 form part of these financial statements

PRIMA HOUSING GROUP LIMITED
Consolidated Statement of Cash Flows
For the year ended 31 March 2023

	2023		2022	
	£'000	£'000	£'000	£'000
Net cash generated from operating activities (see Note 1 below)		4,454		4,951
Cash flow from investing activities				
Purchase of tangible fixed assets	(8,910)		(5,765)	
Proceeds from sale of tangible fixed assets	2,444		542	
Interest received	54		10	
		(6,412)		(5,213)
Cash flow from financing activities				
Interest paid	(800)		(845)	
Repayments of borrowings	(619)		(3,121)	
Loan Fees Incurred	-		(160)	
Corporation Tax net payment	(64)		(74)	
Grants received	2,049		967	
		565		(3,233)
Net change in cash and cash equivalents		(1,393)		(3,495)
Cash and cash equivalents at beginning of year		11,827		15,322
Cash and cash equivalents at end of the year		10,434		11,827
Note 1				
Surplus for the year		3,291		3,438
Adjustments for non-cash items:				
Depreciation & Amortisation of tangible fixed assets and investments		2,102		1,934
Movement in trade and other debtors		(761)		(136)
Movement in trade and other creditors		310		787
Carrying amount of tangible fixed assets disposals		21		76
Decrease in provisions		(117)		-
Change in Pension Liability		(66)		(843)
Amortised grant		(631)		(619)
Decrease/(increase) in valuation of investment property		95		(184)
Gain on disposal of property, plant & equipment		(545)		(325)
Adjustments for investing or financing activities:				
Interest payable		809		833
Interest receivable		(54)		(10)
		4,454		4,951

The notes on pages 29 to 54 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 2022.

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 2022.

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 current and forecast economic conditions and the impact this may have on our residents and ultimately the effect on voids and arrears. The impact to date has been well managed with no noticeable change in either of these areas. The Board have concluded that increases in voids and bad debts does not pose any significant risk to the on-going operations of the business. Income and cashflows continue to remain positive, with considerable cash resources remaining available as further consolidated with the intra group lending facilities in place. All loan covenants have and continue to be met with a healthy headroom.

On this basis, the Board has a reasonable expectation that the Group 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 or, in the case of short term leases, at the amortised value of the remaining life of the lease. The valuations are updated on a regular basis to ensure the properties remain at fair value. Where a valuation is not executed at the financial year end, management assess the risk of a material difference between the valuation date and year end and where deemed appropriate the valuation is adjusted to account for the timing difference.
- **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.

PRIMA HOUSING GROUP LIMITED
Notes to the Financial Statements
For the year ended 31 March 2023

2. Analysis of income and expenditure

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

Group Income	Turnover £'000	2023		
		Operating costs £'000	Gain on Disposals £'000	Operating Surplus £'000
Social housing lettings (note 2b)	13,616	(10,367)		3,249
Other social housing activities:				
Gain on Disposal of Properties (note 3)	-	-	132	132
Key Workers	583	(319)		264
Other social income	198	(184)		14
Total other social activities	781	(503)	132	410
Total social activities	14,397	(10,870)	132	3,659
Activities other than social housing:				
Gain on Disposal of Properties (note 3)	-	-	413	413
Student accommodation	162	(81)		81
Commercial and other activities	532	(253)		279
Total operating surplus	15,091	(11,204)	545	4,432
2022				
Income	Turnover £'000	Operating costs £'000	Gain on Disposals £'000	Operating surplus £'000
Social housing lettings (note 2b)	12,948	(10,152)		2,796
Other social housing activities:				
Gain on Disposal of Properties (note 3)	-	-	325	325
Key Workers	533	(336)		197
Other social income	65	(34)		31
Total other social activities	598	(370)	325	553
Total social activities	13,546	(10,522)	325	3,349
Non-Social Housing Activities				
Student accommodation	170	(213)		(43)
Commercial and other activities	474	(249)		225
Total operating surplus	14,190	(10,984)	325	3,531

PRIMA HOUSING GROUP LIMITED
Notes to the Financial Statements
For the year ended 31 March 2023

2. Analysis of income and expenditure

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

Association Income	Turnover £'000	2023		
		Operating costs £'000	Gain on disposal £'000	Operating Surplus £'000
Social housing lettings (note 2b)	13,616	(10,367)	-	3,249
Other Social Housing activities:				
Other Income	198	(184)	-	14
Gain on Disposal of Properties (note 3)	-	-	132	132
	<u>13,814</u>	<u>(10,551)</u>	<u>132</u>	<u>3,395</u>
Activities other than social housing:				
Group recharges	58	(58)	-	-
Commercial units and garages	71	(4)	-	67
	<u>13,943</u>	<u>(10,613)</u>	<u>132</u>	<u>3,462</u>
2022				
Income	Turnover £'000	Operating costs £'000	Gain on disposal £'000	Operating surplus £'000
Social housing lettings (note 2b)	12,948	(10,152)	-	2,796
Other Social Housing activities:				
Other Income	65	(34)	-	31
Gain on Disposal of Properties (note 3)	-	-	325	325
	<u>13,013</u>	<u>(10,186)</u>	<u>325</u>	<u>3,152</u>
Activities other than social housing:				
Group recharges	58	(58)	-	-
Commercial units and garages	68	(22)	-	46
	<u>13,139</u>	<u>(10,266)</u>	<u>325</u>	<u>3,198</u>

PRIMA HOUSING GROUP LIMITED
Notes to the Financial Statements
For the year ended 31 March 2023

2b. Particulars of Income and Expenditure from social Lettings	General Needs Housing	Shared Ownership	Social Total 2023	2022
Group and Association	£'000	£'000	£'000	£'000
Net Rent receivable	12,024	78	12,102	11,593
Service charge Receivable	848	35	883	736
Government grants taken to income	631	-	631	619
Total income from social housing lettings	13,503	113	13,616	12,948
Expenditure on letting activities				
Management	2,858	23	2,881	2,886
Routine and cyclical maintenance	2,431	19	2,450	2,347
Planned maintenance	1,263	-	1,263	1,845
Major repairs	735	-	735	450
Service charge costs	1,076	8	1,084	1,010
Bad debts	103	-	103	(8)
Depreciation of housing properties	1,641	13	1,654	1,515
Loss on Disposal of Components	191	-	191	101
Other Costs	6	-	6	6
Total expenditure on social housing lettings	10,304	63	10,367	10,152
Operating surplus on social housing lettings	3,199	50	3,249	2,796
Rent losses from Voids	119	-	119	142

PRIMA HOUSING GROUP LIMITED
Notes to the Financial Statements
For the year ended 31 March 2023

3. Profit on disposal of property, plant and equipment

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Proceeds:				
Property	278	542	278	542
Investments	2,227	-	-	-
Cost of disposal:				
Property	(146)	(217)	(146)	(217)
Investment	(1,814)	-	-	-
	<u>545</u>	<u>325</u>	<u>132</u>	<u>325</u>
Surplus				

The above surplus of £132k is attributable to sales under the Right to Buy scheme (2022: £325k). The remaining £413k is attributable to the sale of the Monument Building and one of the former Police houses (2022: Nil).

4. Surplus on ordinary activities before taxation

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Surplus on ordinary activities before taxation is stated after charging:				
Depreciation:				
Tangible owned fixed assets	201	265	199	254
Housing properties	1,658	1,518	1,654	1,515
Auditor's remuneration: (Net of VAT)				
for audit services (Beever and Struthers)	26	26	21	21
for other services (Beever and Struthers)	2	3	1	2
Operating leases	3	5	3	5
Loss on disposal of other tangible assets	20	101	20	101
Loss on renovation of freehold office	-	84	-	84
Surplus on disposal of housing property	132	325	132	325
Surplus on disposal of investment properties	413	-	-	-
	<u>413</u>	<u>325</u>	<u>132</u>	<u>325</u>

PRIMA HOUSING GROUP LIMITED
Notes to the Financial Statements
For the year ended 31 March 2023

5. Directors' emoluments	2023 £'000	2022 £'000
Total remuneration paid to executive and non-executive directors amounted to £518K (2022: £529k).		
The Directors including executive directors are as listed on Page 17		
Remuneration paid to executive directors (including pension contributions and benefits in kind)	439	464
Aggregate loss of office paid to executive directors of the Association	-	16
Remuneration paid to non-executive directors	79	65
Remuneration paid to the highest paid director (the Chief Executive) excluding pension contributions:	144	138
Pension Contributions paid on behalf of the Chief Executive:	21	23
<p>The Chief Executive's pension contributions are made on his behalf to a separate fund run by AVIVA pensions. Prima has no liabilities associated with the individuals private pension scheme.</p>		
<p>The remuneration (including pensions contributions and benefits in kind) or fees paid to the Non- Executive directors were as follows:</p>		
Current Board members:		
G Lewis	7.6	6.5
A Ramsay	5.7	5.0
P Roberts	5.8	5.0
K Vogel	5.1	4.3
R Young (appointed chair 21/09/22)	7.0	4.3
B Callow (Commercial and Common Board)	5.1	4.3
T Dunne	5.1	4.3
M Evans	5.1	4.3
J Hale	5.3	4.3
M Sparks (Commercial Board only)	5.8	5.0
C Heath (Commercial Board only)	5.1	4.3
K Beddow (Commercial Board only)	5.1	4.3
A Leech	5.4	1.0
J. Ghader (appointed 21/09/2022 and also Chief Executive). Total salary details are as disclosed in the above note.		
Former Board members:		
J Boyd (resigned 21/09/2022)	5.4	8.2
Total (rounded to nearest £000)	79.0	65.0

PRIMA HOUSING GROUP LIMITED
Notes to the Financial Statements
For the year ended 31 March 2023

6. Employee Information	Group		Association	
	2023 No	2022 No	2023 No	2022 No
Board members (not full-time)	14	14	14	14
Office staff	67	69	67	69
Wardens, caretakers and cleaners	4	4	4	4
	<u>85</u>	<u>87</u>	<u>85</u>	<u>87</u>
Staff costs for the above persons				
Wages and Salaries	2,666	2,600	2,666	2,600
Social security costs	261	250	261	250
Other pensions costs	150	151	150	151
Payments for compensation for loss of office	-	40	-	40
	<u>3,077</u>	<u>3,041</u>	<u>3,077</u>	<u>3,041</u>

The Association recharges part of its staff costs to other entities within the group, during the year recharges to Commercial were £271K.(2022: £275K).

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)

	2023 £'000	2022 £'000
£60,000 - £70,000	-	1
£70,001 - £80,000	1	-
£80,001 - £90,000	-	1
£90,001 - £100,000	1	2
£100,001 - £110,000	1	-
£110,001 - £120,000	-	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	1	-
£150,001 - £160,000	-	1

No loans have been made to employees during the year (2022: £4.8k). All loans are at market rates of interest and repayable over a term of 4 years.

7. Interest receivable	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Interest receivable from Current accounts	-	-	-	-
Interest receivable from short term deposits	54	10	54	10
Interest receivable from Intra Group Loan	-	-	194	103
	<u>54</u>	<u>10</u>	<u>248</u>	<u>113</u>

PRIMA HOUSING GROUP LIMITED
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For the year ended 31 March 2023

8. Interest payable and similar charges	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
On bank loans, overdrafts and other loans:				
Repayable wholly or partly in more than 5 years	54	27	54	27
Repayable within 5 years	718	759	718	759
Other interest payable	2	1	2	1
Pension - net interest expense (note 29)	35	46	35	46
	<u>809</u>	<u>833</u>	<u>809</u>	<u>833</u>
9. Gift Aid				
	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Gift Aid receivable from Prima Commercial Limited	-	-	538	-
	<u>-</u>	<u>-</u>	<u>538</u>	<u>-</u>
The above was paid to the parent company on 20 th March 2023.				
10. Taxation				
	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
(a) Analysis of charge in year				
Current tax:				
UK corporation tax on surplus for the year	80	64	-	-
Adjustment in respect of previous year	-	(2)	-	-
	<u>80</u>	<u>62</u>	<u>-</u>	<u>-</u>
Total current tax	80	62	-	-
Deferred tax: origination and reversal of timing differences				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Tax on surplus on ordinary activities	80	62	-	-
	<u>80</u>	<u>62</u>	<u>-</u>	<u>-</u>
(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% (2022: 19%)	681	515	653	471
Effects of:				
Income not taxable for tax purposes	(639)	(461)	(653)	(471)
Expenses not deductible for tax purposes	74	-	-	-
Net Depreciation and chargeable gain in excess of capital allowances	(37)	10	-	-
Income not taxable for tax purposes - Impairment.	-	-	-	-
Under/(over) provision in prior year	-	(2)	-	-
	<u>80</u>	<u>62</u>	<u>-</u>	<u>-</u>

PRIMA HOUSING GROUP LIMITED
Notes to the Financial Statements
For the year ended 31 March 2023

11. Tangible fixed assets		Completed Schemes		Housing properties Schemes under Construction and development		Shared ownership		Total housing properties		Freehold office		Furniture and motor vehicle		Total fixed assets	
Group	Cost	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2022		109,408	3,240	1,122	113,770	1,817	2,784	118,371							
Additions		-	3,959	-	3,959	-	23	3,982							
Developments completed		2,936	(2,936)	-	-	-	-	-							
Developments completed – Transferred to Investments		-	(1,001)	-	(1,001)	-	-	(1,001)							(1,001)
Disposals		(263)	-	-	(263)	-	(1,057)	(1,320)							(1,320)
Replacement of components		4,966	-	-	4,966	-	-	4,966							4,966
Write out replaced components		(460)	-	-	(460)	-	-	(460)							(460)
At 31 March 2023		116,587	3,262	1,122	120,971	1,817	1,750	124,538							124,538
Depreciation and impairment															
At 1 April 2022		18,763	-	175	18,938	722	2,054	21,714							
Charge for the year		1,645	-	13	1,658	27	174	1,859							
Disposals		(306)	-	-	(306)	-	(990)	(1,296)							
At 31 March 2023		20,102	-	188	20,290	749	1,238	22,277							
Net book value															
31 March 2023		96,485	3,262	934	100,681	1,068	512	102,261							
31 March 2022		90,645	3,240	947	94,832	1,095	730	96,657							

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 (2022: £NIL) for direct administrative costs capitalised in the year.

PRIMA HOUSING GROUP LIMITED
Notes to the Financial Statements
For the year ended 31 March 2023

11. Tangible fixed assets	Housing properties				Total housing properties £'000	Freehold office £'000	Furniture and motor vehicle £'000	Total fixed assets £'000
	Completed schemes £'000	Schemes under construction £'000	Shared ownership £'000					
Association								
Cost								
At 1 April 2022	109,508	2,048	1,122	112,678	1,828	2,707	117,213	
Additions	-	3,979	-	3,979	-	21	4,000	
Development Schemes completed	2,936	(2,936)	-	-	-	-	-	
Disposals	(227)	-	-	(227)	-	(985)	(1,212)	
Replacement of components	4,964	-	-	4,964	-	-	4,964	
Write out replaced components	(460)	-	-	(460)	-	-	(460)	
At 31 March 2023	116,721	3,091	1,122	120,934	1,828	1,743	124,505	
Depreciation and impairment								
At 1 April 2022	18,757	-	175	18,932	721	1,991	21,645	
Charge for the year	1,641	-	13	1,654	27	172	1,854	
Disposals	(303)	-	-	(303)	-	(927)	(1,232)	
At 31 March 2023	20,095	-	188	20,283	748	1,236	22,267	
Net book value								
31 March 2023	96,626	3,091	934	100,651	1,080	507	102,238	
31 March 2022	90,751	2,048	947	93,745	1,107	716	95,568	

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 £335,540 (2022: £253,438) for direct administrative costs charged by a subsidiary company and capitalised.

PRIMA HOUSING GROUP LIMITED
Notes to the Financial Statements
For the year ended 31 March 2023

11. Tangible fixed assets [Continued]	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Improvement works capitalised				
Components capitalised	4,966	2,260	4,964	2,256
Amounts charged to expenditure	735	456	735	456
	<u>5,701</u>	<u>2,716</u>	<u>5,699</u>	<u>2,712</u>
12. Investments	Group		Association	
	2023	2022	2023	2022
Investment properties	£'000	£'000	£'000	£'000
Valuation as at 1 April 2022	6,157	5,479	-	-
Additions – New Build Developments	1,001	545	-	-
Additions – Existing Properties	4	-	-	-
Disposals	(1,715)	-	-	-
(Loss)/Gain in valuation of investment property	(95)	184	-	-
Amortisation	(52)	(51)	-	-
Valuation as at 31 March 2023	<u>5,300</u>	<u>6,157</u>	<u>-</u>	<u>-</u>

The individual property portfolios have been professionally valued by Mal Ashall, an independent external valuer.

In all cases the values provided are recorded at market value or fair value and were undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Standards the requirements of the Financial Reporting Standard "FRS" 102 (section 16).

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:

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

Valuations were carried out between 20th April and 5th May 2023, the Directors concur with the valuers view and do not believe there is any material difference arising between the dates of the valuation and 31st March 2023. The Directors also 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 7 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 2023.

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

Movement in Valuation of Investments	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Properties let at Market Rent (Gain)	1	-	-	-
Commercial units available for lease (Gain)	15	-	-	-
Commercial Shops	(212)	42	-	-
Police Houses (Gain)	101	142	-	-
(Loss)/Gain in valuation of investment property	<u>(95)</u>	<u>184</u>	<u>-</u>	<u>-</u>

PRIMA HOUSING GROUP LIMITED
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For the year ended 31 March 2023

13. Debtors (due after more than one year)	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Loan receivable	-	-	2,600	4,110

The amount due over one year relates to a long-term loan to the subsidiary undertaking PHA Commercial limited. (PCL) Interest is calculated daily using Bank of England rate plus 2.5% margin. The loan is repayable at such dates as may be agreed between the Association and PCL.

14. Debtors (due within one year)	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Gross rental debtors	553	531	507	527
Bad debts provision	(428)	(359)	(388)	(359)
Net rental debtors	125	172	119	168
Amounts due from Group Companies	-	-	44	34
Prepayments and accrued income	85	135	84	135
Other debtors	1,003	145	901	119
	1,213	452	1,148	456

15. Cash and Cash equivalents	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Cash held on Short term Deposit Accounts	7,230	9,556	7,152	9,533
Cash at bank	3,204	2,271	2,937	2,181
	10,434	11,827	10,089	11,714

Cash and cash equivalents includes £257k (2022: £239k) held in a designated deposit account on behalf of leaseholder tenants (Note 17).

16. Creditors: amounts falling due within one year	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Rents in advance	664	671	628	629
Housing loans (Note 18)	1,086	583	1,086	583
Trade creditors	1,491	1,524	1,470	1,460
Accruals and deferred income	750	663	693	571
Amounts due to Group Companies	-	-	-	-
Corporation tax	90	74	10	10
Deferred capital grant (Note 19)	641	616	641	616
Other creditors	206	62	196	62
Recycled Capital Grant Fund (Note 20)	-	190	-	190
Other taxation and social security costs	70	79	67	76
	4,998	4,462	4,791	4,197

PRIMA HOUSING GROUP LIMITED
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17. Creditors: amounts falling due after more than one year

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Housing loans (Note 18)	9,332	10,418	9,332	10,418
Deferred capital grant (Note 19)	46,634	45,086	46,634	45,086
Sinking Fund (Note 15)	257	239	257	239
Recycled Capital Grant Fund (Note 20)	53	62	53	62
Total	56,276	55,805	56,276	55,805

18. Housing Loans

In one year or less	1,086	583	1,086	583
Between one and two years	497	592	497	592
Between two and five years	1,544	1,838	1,544	1,838
In five years or more	7,291	7,988	7,291	7,988
Total	10,418	11,001	10,418	11,001

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 (BoS). A £10M revolving credit facility was agreed with BoS on the 18th March 2022, of which £Nil has been drawn. All other facilities are fully drawn.

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 whole of the loan portfolio was on fixed rate terms. The fixed interest rates range from 5.91% to 11.03%, the weighted average all in cost of borrowings was 6.77%.

Covenant Compliance

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

19. Deferred Capital Grant

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
At start of year	45,702	45,078	45,703	45,078
Released to income in the year	(631)	(619)	(631)	(619)
Received in year	2,048	967	2,048	967
Recycled from RCGF Fund	252	322	252	322
Written back on disposals	(96)	(46)	(97)	(46)
At end of year	47,275	45,702	47,275	45,702
Amounts due to be released < 1 year	641	616	641	616
Amounts due to be released > 1 year	46,634	45,086	46,634	45,086
Total	47,275	45,702	47,275	45,702

The grant value above is shown net of amortisation, the gross value is: Group & Association £57,001k (2022: £54,817k).

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20. Recycled capital grant fund	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
At 1 April 2021	252	527	252	527
Grants recycled	51	46	51	46
Transferred from DPF	-	-	-	-
Grant utilised	(252)	(322)	(252)	(322)
Interest	2	1	2	1
	<u>53</u>	<u>252</u>	<u>53</u>	<u>252</u>
At 31 March 2022	53	252	53	252
	<u>53</u>	<u>252</u>	<u>53</u>	<u>252</u>

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Due in less than 1 year	-	190	-	190
Due in more than 1 year	53	62	53	62
	<u>53</u>	<u>252</u>	<u>53</u>	<u>252</u>

There was a utilisation of the fund during the year totalling £252k (2022 £322k).

21. Other provisions	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Dilapidations	100	217	-	-
	<u>100</u>	<u>217</u>	<u>-</u>	<u>-</u>

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. During the year the Monument Building was sold to a 3rd party. The sale agreement includes a provision whereby the Group will remain liable until September 2026 for a maximum sum of £100K payable towards any such repair costs charged by the lessor Liverpool Council.

22. Non-Equity share capital	Group		Association	
	2023 £	2022 £	2023 £	2022 £
Each member of the Association holds one share of £1 in the Association.				
Allotted, issued and fully paid:				
At 1 April 2022	11	11	11	11
Issued during year	-	-	-	-
Cancelled in year	(1)	-	(1)	-
	<u>10</u>	<u>11</u>	<u>10</u>	<u>11</u>
At 31 March 2023	10	11	10	11

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.

PRIMA HOUSING GROUP LIMITED
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23. Ultimate parent undertaking

At 31 March 2023 the Association was a standalone entity with no parent organisation.

24. Group Undertakings and related parties

The Group undertakings consolidated within the Prima Housing Group Limited financial statements, all of which were owned by the Prima Housing Group Limited, unless otherwise stated, were as follows:

Name of undertaking	Nature of undertaking	Principal activity
Prima Commercial Limited	Company incorporated and limited by shares under the Companies Act 2006.	Provider of commercial properties and managing the Group's development programme.

The Association also holds one £1.00 minority share in Columbus Quay Management (North West) Limited. Company no 02725096, a company Incorporated and limited by shares under the Companies Act 2006. The purpose of the company is to maintain the communal areas of the surrounding offices at Columbus Quay. The results of this company are not included within these financial statements.

The Transactions with Prima Commercial Limited 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 2023	<u>Capitalised Costs *</u>	<u>Operating Costs</u>	<u>Other Income</u>	<u>Interest Payable</u>	<u>Interest Receivable</u>	<u>Intra group Loan</u>	<u>Gift Aid</u>
Prima Housing Group Limited	82	-	58	-	194	2,600	538
Prima Commercial Limited		58	82	194		2,600	538
YE 2022	<u>Capitalised Costs *</u>	<u>Operating Costs</u>	<u>Other Income</u>	<u>Interest Payable</u>	<u>Interest Receivable</u>	<u>Intra group Loan</u>	<u>Gift Aid</u>
Prima Housing Group Limited	48	-	57	-	102	4,110	-
Prima Commercial Limited	-	57	48	102	-	4,110	-

* Eliminated on consolidation. Details of the loan debtor are provided in Note 13.

PRIMA HOUSING GROUP LIMITED
Notes to the Financial Statements
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25. Capital commitments	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Contracted for but not provided for in the financial statements	3,598	3,771	3,598	3,701
Authorised by the Board but not contracted for	-	-	-	-
	<u>3,598</u>	<u>3,771</u>	<u>3,598</u>	<u>3,701</u>
These commitments are expected to be financed with:				
Social Housing Grant	579	296	579	296
Cash Reserves	3,019	3,475	3,019	3,405
	<u>3,598</u>	<u>3,771</u>	<u>3,598</u>	<u>3,701</u>

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	Equipment
	2023 £'000	2022 £'000
Within 1 year	3	3
Within 2 to 5 years	<u>1</u>	<u>5</u>
	<u>4</u>	<u>8</u>

27. Analysis of Changes in Net Debt

	At 1 April 2022	Cashflows	Non cash Changes	At 31 March 2023
Group	£000's	£000's	£000's	£000's
Cash and cash equivalents	11,827	(1,393)	-	10,434
Debt due within one year	(583)	619	(1,122)	(1,086)
Debts due after more than one year	(10,418)	-	1,086	(9,332)
Net debt	<u>826</u>	<u>(774)</u>	<u>(36)</u>	<u>16</u>
	<u>At 1 April 2022</u>	<u>Cashflows</u>	<u>Non cash Changes</u>	<u>At 31 March 2023</u>
Association (Restated)	£000's	£000's	£000's	£000's
Cash and cash equivalents	11,714	(1,625)	-	10,089
Debt due within one year	(583)	619	(1,122)	(1,086)
Debts due after more than one year	(10,418)	-	1,086	(9,332)
Net debt	<u>713</u>	<u>(1,006)</u>	<u>(36)</u>	<u>(329)</u>

PRIMA HOUSING GROUP LIMITED
Notes to the Financial Statements
For the year ended 31 March 2023

28. Housing stock	Group		Association	
	Units in management		Units in management	
	2023	2022	2023	2022
	No	No	No	No
Social housing units	2,541	2,526	2,541	2,526
Shared ownership	20	20	20	20
NHS staff accommodation	105	105	-	-
Student accommodation	-	93	-	-
Commercial units	85	82	5	5
	<u>2,751</u>	<u>2,826</u>	<u>2,566</u>	<u>2,551</u>
Accommodation in development at year end: All Social	-	-	-	-
Other units managed at year end: Freehold interest where leaseholder owns 100%	<u>38</u>	<u>38</u>	<u>38</u>	<u>38</u>
Movements during the year as follows: Owned Units: Opening Units	2,826	2,814	2,551	2,549
Additions	23	19	19	9
Disposals	(98)	(7)	(4)	(7)
Closing Units	<u>2,751</u>	<u>2,826</u>	<u>2,566</u>	<u>2,551</u>
	Group		Association	
	Units in management		Units in management	
	2023	2022	2023	2022
	No	No	No	No
Movements in Other Managed Units during the year: Opening Units	38	38	38	38
Additions	-	-	-	-
Closing Units	<u>38</u>	<u>38</u>	<u>38</u>	<u>38</u>

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 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31st March 2028.

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.

For financial years ending on or before 28th February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31st March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30th September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31st March to 28th February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31st March 2023 to 29th February 2024 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before the end of 2024 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

PRIMA HOUSING GROUP LIMITED
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29. Pension obligations [Continued]

GROUP and ASSOCIATION

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)	31 March 2023 (£'000s)	31 March 2022 (£'000s)
Fair value of plan assets	6,219	9,674
Present value of defined benefit obligation	(7,561)	(11,082)
Surplus/(deficit) in plan	(1,342)	(1,408)
Unrecognised surplus		
Defined benefit asset/(liability) to be recognised	(1,342)	(1,408)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION	Period ended 31 March 2023 (£'000s)	Period ended 31 March 2022 (£'000s)
Defined benefit obligation at start of period	11,082	11,515
Current service cost	-	-
Expenses	8	11
Interest expense	299	247
Contributions by plan participants	-	-
Actuarial losses/(gains) due to Scheme experience	(34)	601
Actuarial losses/(gains) due to changes in demographic assumptions	(19)	(183)
Actuarial losses/(gains) due to changes in financial assumptions	(3,071)	(835)
Benefits paid and expenses	(704)	(274)
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	7,561	11,082

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS	Period ended 31 March 2023 (£'000s)	Period ended 31 March 2022 (£'000s)
Fair value of plan assets at start of period	9,674	9,264
Interest income	264	201
Experience on plan assets (excluding amounts included in interest income) - gain/(loss)	(3,335)	191
Contributions by the employer	320	292
Contributions by plan participants	-	-
Benefits paid and expenses	(704)	(274)
Assets acquired in a business combination	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	6,219	9,674

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was (£3,071,000). (2022 Comparative: £392,000).

PRIMA HOUSING GROUP LIMITED
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29. Pension obligations [Continued]

GROUP and ASSOCIATION

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOI)	Period ended 31 March 2023 (£'000s)	Period ended 31 March 2022 (£'000s)
Current service cost	-	-
Expenses	8	11
Net interest expense (Note 8)	35	46
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 (SOI)	43	57

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	Period ended 31 March 2023 (£'000s)	Period ended 31 March 2022 (£'000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain/(loss)	(3,335)	191
Experience gains and losses arising on the plan liabilities - gain/(loss)	34	601
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain/(loss)	19	183
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain/(loss)	3,071	835
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss Deficit funding agreement liability)	(211)	608
Total amount recognised in other comprehensive income - gain/(loss)	(211)	608

GROUP and ASSOCIATION

ASSETS	31 March 2023 (£'000s)	31 March 2022 (£'000s)
Global Equity	116	1,857
Absolute Return	67	388
Distressed Opportunities	188	346
Credit Relative Value	235	322
Alternative Risk Premia	12	319
Fund of Hedge Funds	-	-

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29. Pension obligations [Continued]

Emerging Markets Debt	33	282
Risk sharing	458	319
Insurance-Linked Securities	157	226
Property	268	261
Infrastructure	710	689
Private debt	277	248
Opportunistic liquid Credit	266	325
High Yield	22	83
Opportunistic Credit	-	35
Cash	45	33
Corporate Bond Fund	-	645
Liquid Credit	-	-
Long Lease Property	188	249
Secured income	285	360
Liability Driven Investment	2,864	2,699
Current Hedging	12	(38)
Net current assets	16	26
Total assets	6,219	9,674

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

KEY ASSUMPTIONS	31 March 2023 % per annum	31 March 2022 % per annum
Discount rate	4.87	2.79
Inflation (RPI)	3.19	3.57
Inflation (CPI)	2.75	3.19
Salary growth	3.75	4.19
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:	Life expectancy at age 65 (years)	Life expectancy at age 65 (years)
Male retiring in the current year	21.0	21.1
Female retiring in the current year	23.4	23.7
Male retiring in 20 years time	22.2	22.4
Female retiring in 20 years time.	24.9	25.9

30. Contingent liabilities

There are no known contingent liabilities arising from contractual disputes (2022: £NIL).

31. Post Balance Sheet Events

The Board and directors have reached the decision that during the year to March 31st 2024, all of the assets and liabilities of Prima Commercial Limited (PCL) will be transferred to the parent company Prima Housing Group. The target transfer date is the 30th September 2024 at which point all of the Board will resign and a nominated director will be appointed to the remaining dormant company.

This decision is based purely on the grounds of rationalisation within the Prima Group. The directors have considered the PCL business model and have concluded that the existing core business of PCL remains strong.