

**PRIMA HOUSING GROUP LIMITED
(Formerly - PIERHEAD HOUSING
ASSOCIATION LIMITED)**

FINANCIAL STATEMENTS

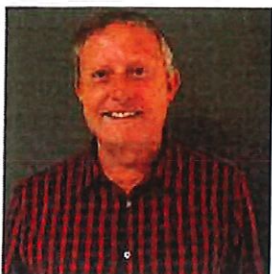
For the year ended 31 March 2022

PRIMA HOUSING GROUP LIMITED
Financial Statements
For the year ended 31 March 2022

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PRIMA HOUSING GROUP LIMITED
Foreword by the Chair of the Board
For the year ended 31 March 2022

Chair's Foreword to Accounts



No sooner had we come through a tough 2020/21 with the national lockdowns due to the pandemic and learning to live with coronavirus, the world was and continues to be affected by the war in Ukraine. Not least on energy, commodity, materials and labour prices. 21/22 has been another challenging year. However, despite the many challenges it has been another successful year and my thanks goes out to all my Board colleagues, staff and partners, for their continued hard work and support. Our focus in supporting our customers and staff has also continued unabated throughout the year. Notwithstanding this, we have still managed to produce solid overall performance across a range of key performance indicators, invested in our existing homes and services and provide much needed new

affordable homes.

We continue to invest in technology which has increased the way that customers want to interact with us as well as access our services. It has also allowed us to offer staff a hybrid way of working, enabling them to work from home and our offices in the most flexible way that ensures it supports their work / life balance.

Some of the key highlights of the year include:

- **Health and Safety** – 99.81% of gas safety checks completed within target.
- **Rent collection and arrears** – Maintained fantastic collection performance by supporting residents in tough times - current rent arrears performance maintained at 2.88%.
- **Repairs and Maintenance** – 88% of reactive repairs completed within target and achieved a customer satisfaction rate of 91.96%.
- **Continuing Development** - We also managed to start three schemes on site during the year at Twickenham Drive in Leasowe, Roughwood Drive in Knowsley and St John's Lane in Liverpool.

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

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

- Our Group operating surplus was £3.5m - £1.1m ahead of budget.
- We held £11.8m in cash at the year end and we are net debt free.
- Our commercial arm again made a surplus of £0.4m.

Looking forward, 2022/2023 is projected to be even more challenging. With the cost of living crisis gathering pace and inflation being at a 30 year high, we can't underestimate the impact this will have on our customers and our staff.

Plans are already underway to review our 'operating model' to ensure we are out in the heart of our communities, 'placing our customers front and centre'.

We have also started on three new developments providing 38 homes and we have a further nine developments in the pipeline that will provide an additional 151 new homes. Investment in existing homes will continue with an estimated 370 new kitchens and bathrooms installations planned and just as important, investing in energy efficient improvements to 116 number of homes, as we work towards meeting our carbon reduction targets.

However, in my final year as Chair at Prima, I am confident that we are well placed financially and organisationally to 'weather the storm' and continue to provide the support and services required by our existing customers as well as investing in additional new affordable homes.

James Boyd
Prima Group Chair

A handwritten signature in black ink, appearing to read 'J Boyd', written over a light blue horizontal line.

PRIMA HOUSING GROUP LIMITED
Corporate Information
For the year ended 31 March 2022

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

Member of the National Housing Federation

PRIMA HOUSING GROUP LIMITED

STRATEGIC REPORT

For the year ended 31 March 2022

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. The two organisations providing general needs housing and neighbourhood services to support sustainable communities in Wirral, Liverpool and Sefton.

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

On the 31st March 2022, a transfer of engagement scheme (ToE) was agreed between LCH and its parent company PHA. Under this agreement all of the assets and liabilities were transferred, on this date from, LCH to PHA. The combined entity provides additional financial strength which can be applied towards the delivering the affordable homes development programme.

The name of combined entity, Pierhead Housing Association Limited, was renamed on the 1st April 2022 to Prima Housing Group Limited.

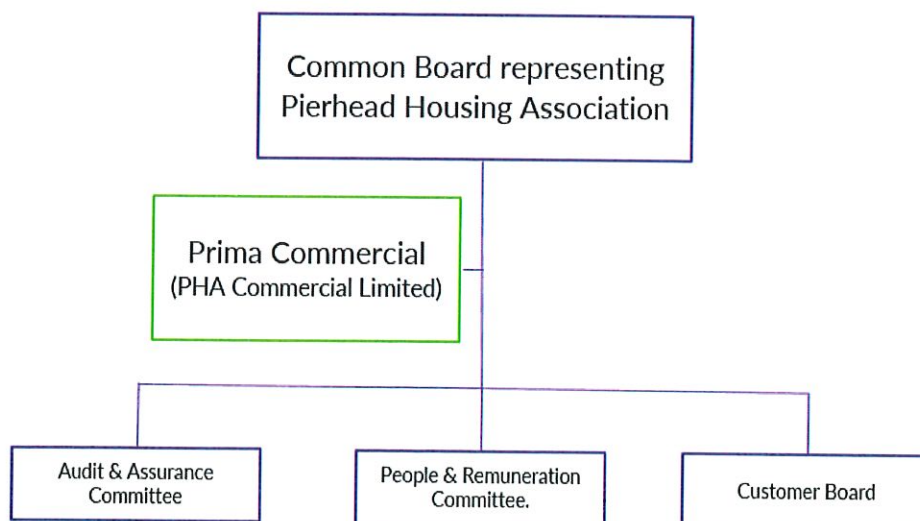
The Group has a combined turnover of £14m and owns and manages some 2,850 properties including 275 commercial units.

The Groups Company and legal structure is as follows:

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

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

The Group is supported by the following governance structure:

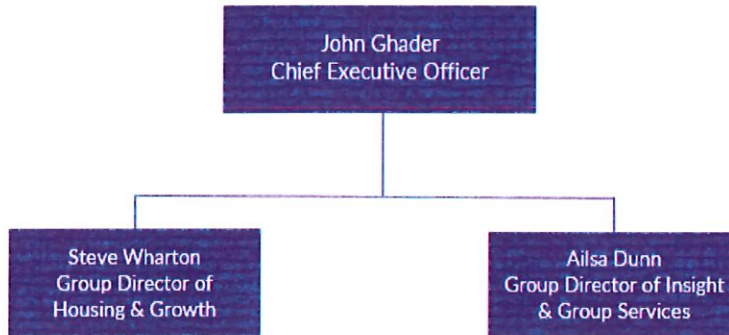


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For the year ended 31 March 2022

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



The chief executive officer 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.

PRIMA HOUSING GROUP LIMITED

STRATEGIC REPORT

For the year ended 31 March 2022

Review of the Year

Despite the challenges faced in the aftermath of the pandemic and further exacerbated by the conflict in Ukraine we have continued to perform well in many of our key strategic objective areas. We have scaled up our investment in existing homes, to claw back the time lost due to the pandemic, successfully completed new additional homes, purchased 10 refurbished apartments, as well as starting on-site to develop two further schemes across Wirral and Liverpool. We have also continued to invest in new technology, building on the great work completed during the pandemic, which will allow us to continue to provide resources to our customers in a number of ways, 24 hours a day 365 days a year. Freeing up much need resources to provide face to face support for our most vulnerable customers. The investment also expands into 'smart homes' technology enabling us to help our customers meet spiralling energy bills as well as proactively managing our homes to make sure they are maintained to the highest quality.

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

Customers

- Refreshing our Customer Voice Board to ensure our customers have a 'voice' at the very top of the Prima Group and that they can inform and influence the way services are developed and delivered.
- Mandatory customer services training for all staff delivered by the well-known Mary Guber Institute, to improve the customer experience.
- Introducing a range of ways that customers can contact us from on-line to face to face to suit their needs.
- Continued to provide welfare calls and focus on supporting customers post pandemic, making sure homes are sustained, offering a plethora of welfare benefit and other advice, whilst at the same time protecting our rental income.
- Maintained a high level of on-line customer interaction through a host of ways including webchat, Messenger, webforms and a customer Self-Serve App providing information on customer accounts and access to key services.
- Introducing software that allows us to diagnose repairs without intruding into people's homes, saving on time, travel and costs.
- Introducing a Customer Satisfaction App that tracks satisfaction with repairs and other services in real time.

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 Region, as well as acting development agents for some partners in other areas outside the region, who don't have the development expertise 'in-house'

Business Transformation

- Continuing to invest and support staff post pandemic, ensuring their well-being and work/life balance by introducing a form of hybrid-working that best suits their way of working. Resulting in fantastic performance and staff satisfaction.
- Continuing to invest in technology with the implementation of a new finance system and reviewing our systems, processes and policies to align with the new ways of working and keeping up with the significant surge in changes that the sector has experienced during and post pandemic.
- Working towards adopting the revised code of governance 2020 and commissioning a comprehensive governance review to ensure that we comply fully with the code by March 2023, as well as ensuring strong and effective governance, with skills gaps aligning to our revised corporate plan.

PRIMA HOUSING GROUP LIMITED

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Business Transformation(Continued)

- Consolidating Leasowe Community Homes and Pierhead Housing Association into one housing entity, renamed Prima Housing Group, which has allowed us to reduce administration, duplication and make other efficiency savings.
- Shortlisted for a number of housing and innovation awards to support our quest in being an innovative organisation that punches above its weight.
- Maintaining our G1/V1 rating this year from the Regulator of Social Housing.
- Maintained employee satisfaction levels during a testing year, supporting staff with our Mental Health Champions and employee benefits package.
- Maintained good performance on arrears, income collection and health & safety compliance despite the challenging circumstances.

Growth & Development

- We accelerated our investment plans to deliver new on kitchens and bathrooms, and caught up on our repairs back log, all of which were impacted by the pandemic.
- Successfully delivered all compliance and cyclical maintenance works ensuring the safety and comfort of our customers in their homes.
- Continued to make great progress with our growth and development plans, successfully completing 11 affordable homes in Knowsley, purchasing 10 refurbished apartments on the Wirral, starting on-site on a further 30 homes on the Wirral and nearing completion of a 5 unit care home in Liverpool. In addition we have a number of other schemes that are that will deliver a further 79 units and should be on site during 2022/23:

21 mixed tenure units at Dinas Lane, Liverpool.
13 units at Prescot Police Station site.
26 units at White Rock Street, Liverpool.
19 supported units at Rutland Street, Manchester

We will continue to use the Group's financial strength and business resilience to deliver more homes and grow the business and we are pleased to have seven exciting new development schemes planned for the coming year. There is still a focus on achieving good results in key performance areas, including income collection and customer services, with more improvements planned during 2022-23 in business-critical areas.

We continue to assess our operating environment, and a key part of our work in the coming year will be preparing to meet the challenges raised in the Government's Housing White Paper with a clear focus on consumer regulation, ensuring the customer voice is heard and the quality (safety) of housing provision being central piece of the new housing bill.

In preparing our Business Plan for 2022-23 we still face a good deal of uncertainty, and therefore our focus is on how we plan to 'bounce back' and take the business forward during the coming 12 months. The plan sets out our objectives as we work within the restrictions of living and working post pandemic, the impact of the cost of living crisis and the war in Ukraine.

We review the plan regularly 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.

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External Environment

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

- The Housing White Paper that sets out expectations for building safety, quality of social housing, giving tenants a 'voice', effective handling of complaints, responsible neighbourhood management. Improving overall tenant satisfaction, being 'open and transparent' on how tenant's money is spent and how the organisation is performing, greater powers for the Regulator of Social Housing and The Housing Ombudsman. Supported by a range of Tenant Satisfaction Measures that registered providers will be expected to report against annually.
- A continued focus on delivering shared ownership properties that may introduce some risks into our programme for developing new homes.
- The impact on communities post pandemic, the cost of living crisis, labour and material shortages, and the impact of the war in Ukraine especially in relation to energy supply and costs.
- The country's targets for reducing carbon emissions and to become carbon neutral by 2050. Which requires investment in both new 'greener' homes as well as improvements and retrofitting to our existing stock.
- A new Code of Governance for housing associations with a special focus on length of tenure, openness and transparency, as well as addressing issues of equality and diversity.

As a consequence of this, we have self-assessed ourselves against the requirements of the White Paper and other legislative and regulatory changes coming our way and have plans in place to address gaps identified. We also 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 Prima Commercial which has made a surplus after taxation of £400k. The Commercial portfolio continues to perform well despite the impact of the pandemic on progress and the war in Ukraine that has had on development and other costs.

- The performance of the student accommodation remains challenging especially with the lockdown impact on students. However, the imminent sale of the accommodation will result in a profit that will be re-invested in new additional homes both for Commercial and the Group. We are awaiting the approval to assign the sale from Liverpool City Council and pushing for this to happen before the start of the new educational year.
- New developments have been completed both for commercial and the Group and others have started on-site. A review of the development programme has resulted in the Group beginning to land bank for future supply. The Development team which sits within Commercial also continues to bring in income from working with other partners on their schemes.

Looking Ahead - Our Strategic Objectives for 2022-23

Like most businesses our response to post pandemic, the cost of living crisis and the war in Ukraine has meant re-prioritising some of our objectives. The next 12 months sees us planning to maintain our presence and support within our communities and neighbourhoods ensuring that we meet the basic needs of our customers whilst continuing to invest in our existing homes, provide new affordable homes and start our carbon reduction journey by retro-fitting existing homes through accessing Social Housing Decarbonisation and ERDF grants that are available. It will also see us reviewing our systems, policies and processes and our neighbourhood operating model to ensure that maintain 'high visibility' in our neighbourhoods.

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

Aim: Our homes should be of good quality, safe and offer a secure place to live. Making sure access to services is easy, we do what we promise and every contact with us delivers a great customer experience.

Key actions for 2022-23:

- Embed our customer care training - make a difference approach.
- Use technology to improve services.
- Strengthen our Customer Voice Board and roll out new ways customers can engage with us.
- Use satisfaction feedback to capture views on our services and how customers feel about Prima, being open and transparent on how we perform.
- Use data and insight to help us understand how we can better tailor our services.
- 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: To achieve more by working together with others, becoming an organisation that is known for being collaborative and easy to do business with.

Key actions for 2022-23:

- Work with customers, local communities, the third sector, other stakeholders, to improve communities and local opportunities.
- Share services, systems, processes and people where it makes sense to do so.
- Seek out strategic alliances that allows us to grow, improve services 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: Seek 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 2022-23:

- Have effective leadership and governance in place
- Deliver an action plan to meet the standards of the new NHF Code of Governance.
- Building on our financial strength, allocate resources effectively in order to deliver our key priorities.
- Be recognised as a great place to work, 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: Develop new affordable homes across a range of tenures whilst at the same time balancing the needs of our existing customers, as well as meeting decent homes and carbon reduction requirements, making sure standards are high across the stock.

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Priority 4: Homes & Growth (continued)

Key actions for 2022-23:

- Ensure homes meet modern and safe standards and using relevant data to make informed investment decisions.
- Deliver existing pipeline and a further 30 new homes per annum from 2025.
- Invest in making our homes greener.
- Deliver a great day to day repairs and cyclical maintenance that keeps homes to a good standard.

Summary financial results

The Group has reported another healthy surplus for 2021-22 and again closes the year in a very strong financial position.

Statement of Comprehensive Income

The Group achieved a surplus on ordinary activities for the year of £3.5m,(2021: £3.6m), the Association achieved a surplus of £3.2m (2021: £3.2m).

Statement of comprehensive income	2022 £'m	2021 £'m
Turnover	14.2	14.0
Operating costs	(11.0)	(10.5)
Gain on property disposals	0.3	0.1
Operating surplus	3.5	3.6
Gain on valuation of Investment property	0.2	0.1
Net interest charge	(0.8)	(0.8)
Taxation	(0.1)	(0.1)
Surplus for the year	2.8	2.8

Statement of financial position	2022 £'m	2021 £'m
Fixed assets	102.8	99.1
Net current assets	7.8	11.4
Total assets less current liabilities	110.6	110.5
Long term creditors and provisions	(57.4)	(60.7)
Total net assets	53.2	49.8

Key explanations are as follows:

Turnover:

Turnover increased by £0.2m (1.4%) to £14.2m (2021: £14.0m).

Operating Costs:

Operating costs increased by £0.5m (4.8%) to £11.0m (2021: £10.5m). The increase is largely driven by further investment in our properties through repairs and maintenance and increase in general overheads including staff costs.

Property disposals and revaluations:

The Group made a surplus of £0.3m on property disposals and a further £0.2m on the revaluation of investment properties, (2021: £0.1m).

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Interest Receivable and Payable:

Net interest charges after amounts receivable and other financing amounts remained static at £0.8m (2021: £0.8m), (see note 8).

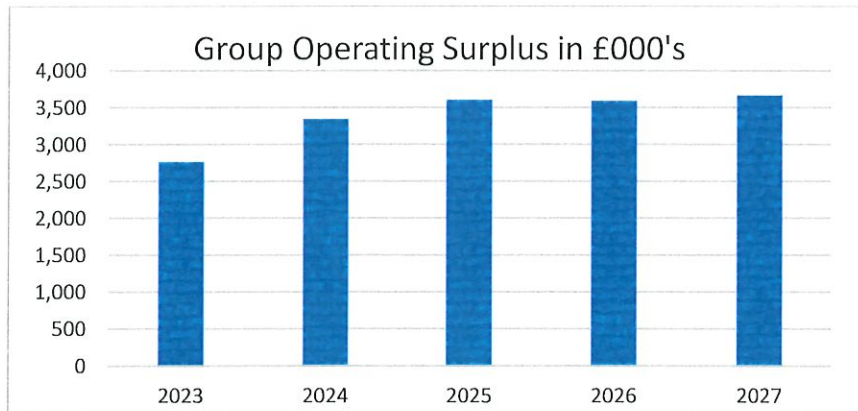
Statement of financial position:

Total net assets have increased by £3.2m (2.9%) to £53.0m (2020: £49.8m). The increase reflects the Group's continued investment in its properties.

At the close of the year the Group held cash investments of £11.8m, borrowings were £11.0m and so the Group is net debt free.

During 21/22 a revolving credit facility of £10M was secured, which 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:



This 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 15.5%, giving circa £80m headroom against covenant targets.
- Interest cover over the five years is at a minimum of 1.75 times, the tightest covenant target is 1.05, providing headroom of £0.58m.

The existing loan facilities have approximately 20 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.

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Value for Money (VFM) Statement

What does VFM mean to Prima?

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

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

We assess value for money at a Group level and will deliver VFM by ensuring we have:

- **A Healthy Business** - and maintaining a strong financial position to give us the ability and credibility to invest in services for our customers and communities.
- **Effective Asset Management** - through the effective use and maintenance of our existing assets.
- **Operating efficiently** - Controlling our costs and delivering a quality service.
- **Reinvesting wisely** - efficient use of resources available invested in new homes and our current properties.
- **Excellent Outcomes** - Delivering a service our customers love and want.

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

Who do we compare ourselves to?

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

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

We also benchmark at a City Region Level and are members of Housemark, as members of Housemark we also participate in their monthly pulse surveys which provides us with early indicators on performance trends.

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.

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Achieving value for money means we can:-

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

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

Ultimately the Board sets the strategic direction and determines how scarce resources are rationed between competing priorities, their decision-making process is based on sound and accepted principles and by setting 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 value for money versus agreed targets.
- the expected financial or social return on the investment as appropriate.

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

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

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

How do we ensure efficient use of the resources available?

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

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

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

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

- Sustainable tenancies.
- Improved life chances and opportunities.
- Community cohesion.
- Financial inclusion and income maximisations for customers.

Delivering VFM:

We use a suite of indicators, including the Regulators VFM metrics to assess if we are delivering against our 5 key value for money themes, these are as follows:

- **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.

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

VFM Indicator and Measure	2018/19	2019/20	2020/21	2021/22	2019/20		2020/21		2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Actual	Actual	Actual	Housemark/ Global Accounts Comparator		Housemark/ Global Accounts Comparator		Target	Target	Target	Target	Target
	(Group)	(Group)	(Group)	(Group)	Median	Best Quartile	Median	Best Quartile	(Group)	(Group)	(Group)	(Group)	(Group)
Healthy Business:													
Operating margin (Group)	27.77%	24.53%	24.12%	22.59%	21.20%	28.80%	24.60%	27.50%	18.63%	19.88%	20.00%	19.41%	19.28%
Operating margin (Social only)	27.80%	25.36%	25.15%	21.59%	24.50%	29.50%	25.42%	29.61%	18.19%	19.14%	19.21%	18.56%	18.41%
EBITDA MPI (Social only)	397%	276%	492%	194%	207%	305%	231.1	351.3	184%	1.89%	1.97%	2.24%	2.14%
Effective Asset Management:													
Occupancy	99.59%	99.28%	99.30%	99.29	99.20%	99.62%	99.2	99.4	99.60%	99.60%	99.60%	99.60%	99.60%
Ratio of responsive repairs	0.81	0.38	0.56	0.52	0.58	0.42	0.75	0.55	0.33	0.43	0.44	0.54	0.54
ROCE	3.53%	3.34%	3.29%	3.20%	3.20%	3.90%	2.92	3.7	2.36%	2.71%	2.83%	2.71%	2.67%
Operating Efficiency:													
Headline Social Housing Costs per Unit	£3,450	£3,848	£3,351	£4,252	£3,970	£3,470	£3,530	£3,193	£5,304	£5,165	£5,433	£5,078	£5,153
Management cost per unit	£955	£972	£1,121	£1,089	£1,161	£838	£1,125	£867	£1,259	£1,351	£1,416	£1,436	£1,443
Service charge cost per unit	£256	£308	£320	£381	£526	£256	£308	£193	£420	£452	£472	£476	£480
Maintenance cost per unit	£910	£880	£771	£1,581	£733	£673	£1,111	£964	£908	£1,005	£1,080	£1,112	£1,137
Major repairs cost per unit	£1,127	£1,504	£1,015	£1,021	£888	£437	£603	£423	£2,717	£2,357	£2,465	£2,055	£2,093
Other social Housing costs per unit	£200	£184	£123	£180	£16	£0	£198	£72	£0	£0	£0	£0	£0
Rent collection	99.82%	100.00%	101.49%	101.27%	99.66%	100.38%	100.18%	100.57%	100.00%	100.00%	100.00%	100.00%	100.00%
Reinvestment:													
New Homes delivered (Social)	0.00%	1.43%	0.00%	0.34%	1.50%	2.70%	0.88%	1.70%	1.28%	2.78%	1.12%	1.10%	1.09%
New Homes delivered (non social)	0.04%	0.00%	4.00%	0.35%	0.00%	0.00%	0.00%	0.00%	0.17%	0.47%	0.00%	0.00%	0.00%
Gearing	0.00%	1.53%	0.00%	0.00%	35.90%	45.50%	31.22%	23.80%	9.00%	12.00%	13.00%	15.00%	16.00%
Reinvestment	4.73%	4.77%	2.23%	5.18%	5.10%	9.40%	4.93%	7.39%	14.51%	7.13%	5.71%	6.34%	6.15%
Excellent Outcomes:													
Customer Satisfaction	n/a	75%	n/a	75.70%	86.0%	91.4%	87%	90%	88%	88%	88%	88%	88%
Invested in Communities £000's	£160	£143	£143	£143	£92	£207	£140	£229	tbc	tbc	tbc	tbc	tbc

PRIMA HOUSING GROUP LIMITED

STRATEGIC REPORT

For the year ended 31 March 2022

A Healthy Business:

What is our current position?

Prima's finances remain in good health with the Group making a high level of surplus. The gross margins for the Group, however, shown a decline, the reduction is driven by higher expenditure on repairing our properties and increased depreciation charged through the replacement of components. Service costs have also shown a marked increase. Despite the decline, the 21/22 position is favourable to what was forecast in last years VFM statement. The EBITDA - MRI interest covenant also shows a decline, again this is driven by higher spending on component replacements. Nevertheless, the results are well above minimum levels and broadly in line with the previous year's forecast.

What are our priorities?

We want to remain in a strong financial position. We also 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 2021/22 onwards show this pattern, with a further decline in margins for 2022/23 but thereafter the margins increase.

The budgets are set on the following basis:

- Budgets assume a full staff establishment with all vacant posts included for the full year.
- We make prudent provisions for repairs costs and staff costs, and in both cases real inflation increases are included.
- We also made prudent provisions for other costs such as disrepair costs and bad debts.
- Depreciation is increased and allows for old low value assets to be replaced by new kitchens and bathrooms.

Overall, we believe the budgets are appropriately set and so allow for some unforeseen costs or other reductions in performance should this arise. The interest cover covenant shows a similar pattern of a gradual increase in cover as the income streams from the new homes come through.

Our medium term aim is to return towards median financial surpluses. The margins shown do reflect a largescale investment in major repairs and maintenance costs which are above sector norms. Although the margins are below sector medians, we are optimistic that the detailed asset condition survey work will allow us to refine these budgets to make savings and increase margins.

Effective Asset Management

What is our current position?

We delivered a steady performance and maintained high occupancy levels and we were largely in line with the 21/22 target set last year. Our occupancy is also in line with median performance. The ratio of responsive repairs has again showed improvement although not quite as well as we expected, due to some delays in the roll out of the component replacement programme linked to the pandemic, however, we have still performed very well compared to 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.

What are our priorities?

Occupancy – our financial plan sets challenging targets and assumptions around occupancy and we aim to move towards the top performance quartile by:

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

PRIMA HOUSING GROUP LIMITED

STRATEGIC REPORT

For the year ended 31 March 2022

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

- Managing our repairs better and moving to a position where more work is planned and less is responsive will be important area of focus.
- Continued investment in component replacement will reduce the amounts spent on day to day repairs.

RoCE reflects the operating surplus compared to total assets less current liabilities. We aim to **effectively manage and improve our RoCE** by:

- Ensuring surpluses are maximised and making efficiency savings wherever possible.
- Ensuring that savings are realised through the component replacement programme and new developments deliver healthy returns on investment.

Operating efficiently

What is our current position?

It should be noted that included within this category are any amounts spent on component replacement, and so any significant increase in component spend will increase our overall costs. Overall performance for 2021/22 has been good compared with what was projected a year ago:- 2021/22 £4,252k actual, projected for 2021/22 £4,318k. Against sector benchmarking we are, however, more expensive and further analysis shows that the key driver behind this is due to the amounts spent on maintenance and major repairs. As stated previously, we will inevitably see short terms 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 the previous target and medium comparator the performance in management costs for 2021/22 has been favourable. Service costs were both outside our projections and sector median, which was driven by the continued unexpected increases in energy prices.

Rent collection performance has been very strong despite the on-going challenges of the fallout from the pandemic and the challenging economic conditions facing most of our tenants.

What are our priorities?

Our medium term financial plan has retained really prudent provisions for future costs in all areas, and in particular in relation to repairs and maintenance of our stock. In addition costs have been increased by circa 10+% to allow for inflationary increases in 2022/23. All of which means we currently forecasting to significantly increase our cost per unit. As previously noted, these costs will also include component spend and sufficient provision to deal with the Green Homes and decarbonisation agenda and to make sure that, 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 **keep below median costs**, we will do this by:

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

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

PRIMA HOUSING GROUP LIMITED

STRATEGIC REPORT

For the year ended 31 March 2022

Rent collection - Our aim will be to outperform the plan and remain near 100% collection, we will do this by Investing to support tenants as the impact of welfare reform continues to be felt and implementing our anti-poverty initiatives will help us maintain good performance in collecting rent.

We recognise, however, that the impact of the coronavirus and current economic conditions is having an effect on our tenants. In the medium term the Merseyside economy is overexposed to the impacts of a global downturn because of its reliance on hospitality, leisure, retail and university sectors. Our medium term financial plan reflects that uncertainty.

Reinvesting wisely

What is our current position?

During the year 2021/22 (0.34%) homes we're developed and acquired and developed, there was no target set for the 2021/22 forecast, the median sector average was 0.88%. The reinvestment level of 5.1% is comparable with the median comparative, however, it is not as high as the 11.78% forecast for 2021/22. The delay in the roll out of the development programme due to the after effects of the pandemic, delays in obtaining planning permission and raw material shortages have contributed to the lower performance.

Gearing for 21/22 remains at zero (*this is actually a negative figure but has been capped at zero*), forecast for the year was 6%, the best quartile in the sector is 23.8% and so overall performance on this measure has been favourable.

What are our priorities?

Board recognise that we have only partially used our underlying capacity and are ambitious to do much more. We plan to **deliver around 300 properties over the next decade** – an investment of around £38 million net of grant. The increased stock numbers will allow us to spread our current costs over a larger base. In addition, reinvestment also includes **capital investment in current properties**. Given the projected spend on both replacement components and green initiatives this will also add to our level of reinvestment.

To do all of this we will **borrow against our capacity**, although this will increase our gearing over the next few years this is not expected to see us being unfavourable to the sector comparatives.

Excellent Outcomes

What is our current position?

Customer satisfaction scores did improve over the year, against a general trend of reducing satisfaction levels seen across the sector. However, we recognise that overall satisfaction levels can be improved, with an overall result of 77% compared to our target and medium comparator of 86%. An independent customer survey has recently been completed and this provides valuable insight into where our strengths lie, but equally highlights opportunities for where we can make improvements

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 remain comparable in terms of the actual spend and that of the medium comparator.

STRATEGIC REPORT

For the year ended 31 March 2022

What are our priorities?

We aim to move towards Median Performance by:

- Taking on board the results of the survey and focusing on immediate areas which are of concern including anti-social behaviour, listening to our customers and handling repairs.
- We have already recruited new members to our Customer Voice Board, to ensure we hear and use customer feedback to influence how we work.
- Carrying out a process of reviewing customer facing services, using feedback from our customer satisfaction survey results.
- Look at automation and technology for making workflows more streamlined and to improve the customer experience, closely linked with moving to a 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 incomes. The work we are already delivering in-house and alongside partners in this area saw us generate around £606k in additional income for customers, this will continue to be a focus for us as the cost of living challenges continue to impact.

VFM compliance

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

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

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

PRIMA HOUSING GROUP LIMITED

REPORT OF THE BOARD

For the year ended 31 March 2022

The Board of Pierhead Housing Association Limited present their report and audited financial statements for the year ended 31 March 2022.

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 £3,438K (2021: £1,406K) and the Association shows a surplus of £3,086K (2021: £1,093K). These results are after the actuarial pension gain of £0.6m, (2021: loss £1.4M).

Board and Executive Directors

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

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

Board members are remunerated for their services and permitted to claim expenses incurred in the performance of their duties. Details of the remuneration of board members are set out in note 5 to the financial statements. Each member of the Board holds a fully paid £1.00 share in the Association.

Prima Customer Board:

C Sheehy (Resigned 26/05/2021)
D Williamson (Resigned 12/05/2021)
J Crozier (Resigned 12/05/2021)
N Wiffen (Resigned 02/02/2021)
S Mends (Resigned 07/06/2021)
A Leach (Appointed 01/10/2020)
A Webster (Appointed 18/11/2020)

The Executive Team

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

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

REPORT OF THE BOARD

For the year ended 31 March 2022

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 10 to the financial statements.

Financial risk management objectives and policies

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

Insurance

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

Charitable and political donations

The Association made charitable donations in the financial year of £nil. (2021:£nil).

Corporate governance

The Board has adopted the National Housing Federation's (NHF) Code of Governance 2015 and we undertake an annual review of compliance against the Code, using the NHF checklist as a guide. We plan to adopt the 2020 Code and have an action plan in place to reach full compliance with the new edition during 2023.

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 2018, where the Group retained its highest rating of G1 for Governance and V1 for Financial Viability. A annual stability check review confirmed our highest rating of G1/V1 in December 2021.

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

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

PRIMA HOUSING GROUP LIMITED

REPORT OF THE BOARD

For the year ended 31 March 2022

Statement of Internal Control

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

For the year ended 31 March 2022, 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 2022, 12 Group Strategic risks were assessed as being within appetite and 3 were outside. Risks out of appetite were reviewed at the AAC meeting held on 2 March 2022 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	Risk Appetite	Net score within appetite?
01 EXTERNAL ENVIRONMENT - Risk that Prima might be adversely affected by outside factors (political, meteorological, epidemiological)	>15 Seeking	✓ Yes
02 ASSET MANAGEMENT - Inappropriate investment in existing stock	6-12 Balanced	✓ Yes
03 NEW DEVELOPMENT - Failure to deliver the approved development programme to time, standard or within budget	>15 Seeking	✓ Yes
04 TECHNOLOGY- New project implementation	>15 Seeking	✓ Yes
05 HEALTH & SAFETY - Breach of Health and Safety Regulations	5 or lower Cautious	✗ No
06 INCOME COLLECTION - Negative impact on revenue	6-12 Balanced	✗ No
07 ICT AND SECURITY - Attack on IT system, caused either deliberately or accidentally including risk of fraud/phishing/malicious emails requesting money or data	6-12 Balanced	✓ Yes
08 STAFF RETENTION & BOARD SUCCESSION - Risk we do not retain key knowledge/plan for succession	6-12 Balanced	✓ Yes
09 COMMERCIAL - Risk of Commercial not delivering income targets	6-12 Balanced	✓ Yes
10 GDPR AND SECURITY - Breach of GDPR or other data protection legislation	6-12 Balanced	✓ Yes
11 PARTNERSHIPS - Failure to deliver effective partnerships could result in corporate objectives not being achieved	6-12 Balanced	✓ Yes
12 PENSION - Unplanned financial costs due to pension commitments	6-12 Balanced	✓ Yes
13 FINANCE - Breaking loan covenants	6-12 Balanced	✓ Yes
14 LIQUIDITY - Insufficient cash balance to cover liabilities/objectives	6-12 Balanced	✓ Yes
15 REGULATORY COMPLIANCE - Governance arrangements do not support the business in delivering its objectives and/or failure to meet expectations of Economic and/or Consumer Standards	5 or lower Cautious	✗ No

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. Following a consultation with our tenants, there was a transfer of engagements, moving Leasowe Community Homes properties to Pierhead Housing Association, on 31 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 1 April 2022.

As from 1 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. A review of Commercial Strategic Risks was undertaken at the Commercial Board Away Day held on 18 November 2021. All Commercial Strategic Risks are within appetite.

PRIMA HOUSING GROUP LIMITED

Code & title	Risk Appetite	Has it stayed within risk appetite?
B01 COMMERCIAL BUSINESS PLAN - Failure to appropriately manage implementation	>15 Seeking	✓ Yes
B02 COMMERCIAL PLANNING/CONTROL - Delayed delivery of development programme caused by planning legislation/site restrictions	>15 Seeking	✓ Yes
C02 COMMERCIAL ASSETS/INCOME - Loss of income from Mowment	>15 Seeking	✓ Yes
C04 COMMERCIAL ASSETS/INCOME - Loss of income from Commercial Retail units	>15 Seeking	✓ Yes

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

External Audit - Prima’s draft accounts are subject to an audit for the period in question and are due to be presented for approval in September. Prima’s External Auditors, Beever and Struthers were appointed in mid-2019 for a three-year period following a procurement exercise undertaken jointly with Alpha Homes. AAC consider the management letter for the three entities of the Group at the same time as the draft accounts around August/September. If there are any recommendations for improvement made by the auditors, progress reports on their implementation would be presented to AAC. An “in camera” session between the AAC and both External and Internal Auditors forms a regular part of the annual programme and is a regular agenda item at every meeting, to enable a candid discussion to take place without Officers present, if required by members. The last one took place on 2 March 2022. This unfettered access to professional advisors is an important element in demonstrating the robustness of the arrangements in place.

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

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

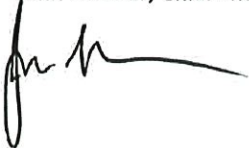
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Chief Executive’s statement:

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 2022

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 2025. 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 21/09/2022

Independent Auditor's Report to the Members of Pierhead Housing Association Limited For the year ended 31 March 2022

Independent Auditor's Report to Pierhead Housing Association Limited

Opinion

We have audited the financial statements of Pierhead Housing Association Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2022 which comprise the Consolidated and Association Statement of Comprehensive Income, Consolidated and Association Statement of Financial Position, Consolidated Statement of Changes in Reserves, Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2021 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- The Association has not maintained a satisfactory system of control over transactions; or
- The Association has not kept proper accounting records; or

PRIMA HOUSING GROUP LIMITED

Independent Auditor's Report to the Members of Pierhead Housing Association Limited For the year ended 31 March 2022

- The Association's financial statements are not in agreement with books of account; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of the Board

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

In preparing the financial statements, the Board is responsible for assessing the Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are

Independent Auditor's Report to the Members of Pierhead Housing Association Limited
For the year ended 31 March 2022

not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

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

Date: *27 September 2022*

PRIMA HOUSING GROUP LIMITED

Consolidated Statement of Comprehensive Income For the year ended 31 March 2022

	Notes	Group 2022 £'000	Social 2022 £'000	Group 2021 £'000	Social (restated) 2021 £'000
Turnover	2	14,190	13,139	14,038	12,983
Operating expenditure	2	(10,984)	(10,266)	(10,507)	(9,851)
Gain on disposal of property	3	325	325	103	103
Operating surplus	4	3,531	3,198	3,634	3,235
Gain on valuation of investment property	11	184	-	83	-
Interest receivable	7	10	113	14	108
Interest payable and similar charges	8	(833)	(833)	(854)	(854)
Surplus on ordinary activities before taxation		2,892	2,478	2,877	2,489
Taxation	9	(62)	-	(75)	-
Surplus for the year after taxation		2,830	2,478	2,802	2,489
Other Comprehensive Income					
Actuarial gain / (loss) in respect of pension schemes	29	608	608	(1,396)	(1,396)
Total comprehensive income for the year		3,438	3,086	1,406	1,093

The financial statements on pages 26 to 56 were approved and authorised for issue by the Board on 21/9/22 and were signed on its behalf by:

SECRETARY



BOARD MEMBER



BOARD MEMBER

The notes on pages 30 to 56 form part of these financial statements

PRIMA HOUSING GROUP LIMITED

Consolidated Statement of Changes in Reserves For the year ended 31 March 2022

Income and Expenditure Reserves:

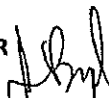
	Group	Association	Group	Association (restated)
	2022	2022	2021	2021
	£'000	£'000	£'000	£'000
Balance at 1 April (note 23)	49,763	47,352	48,357	46,259
Surplus for the year after taxation	2,830	2,478	2,802	2,489
Actuarial gain / (loss) in respect of pension schemes	608	608	(1,396)	(1,396)
Balance at 31 March	<u>53,201</u>	<u>50,438</u>	<u>49,763</u>	<u>47,352</u>

The financial statements on pages 26 to 56 were approved and authorised for issue by the Board on 21/9/22 and were signed on its behalf by:

SECRETARY



BOARD MEMBER



BOARD MEMBER



The notes on pages 30 to 56 form part of these financial statements

PRIMA HOUSING GROUP LIMITED

Statement of Financial Position For the year ended 31 March 2022

	Notes	Group 2022 £'000	Association 2022 £'000	Group 2021 £'000	Association (restated) 2021 £'000
Fixed assets					
Tangible fixed assets	10	96,657	95,568	93,614	93,128
Investments	11	6,157	-	5,479	-
		<u>102,814</u>	<u>95,568</u>	<u>99,093</u>	<u>93,128</u>
Current assets					
Long term loan	12	-	4,110	-	3,651
Trade and other debtors	13	452	456	315	378
Cash and cash equivalents	14	11,827	11,714	15,322	14,710
		<u>12,279</u>	<u>16,280</u>	<u>15,637</u>	<u>18,739</u>
<u>Less: Creditors: amounts falling due within one year</u>	15	<u>(4,462)</u>	<u>(4,197)</u>	<u>(4,190)</u>	<u>(3,955)</u>
Net current assets		<u>7,817</u>	<u>12,083</u>	<u>11,447</u>	<u>14,784</u>
Total assets less current liabilities		<u>110,631</u>	<u>107,651</u>	<u>110,540</u>	<u>107,912</u>
Creditors: amounts falling due after more than one year	16	(55,805)	(55,805)	(58,309)	(58,309)
Provision for liabilities and charges					
Other provisions	20	(217)	-	(217)	-
Pension liability	29	(1,408)	(1,408)	(2,251)	(2,251)
Total net assets		<u>53,201</u>	<u>50,438</u>	<u>49,763</u>	<u>47,352</u>
Capital and Reserves					
Non-Equity Share capital	22	-	-	-	-
Revenue Reserves		<u>53,201</u>	<u>50,438</u>	<u>49,763</u>	<u>47,352</u>
Total capital and reserves		<u>53,201</u>	<u>50,438</u>	<u>49,763</u>	<u>47,352</u>

The financial statements on pages 26 to 56 were approved and authorised for issue by the Board on 21/9/22 and were signed on its behalf by:

SECRETARY

BOARD MEMBER

BOARD MEMBER

The notes on pages 30 to 56 form part of these financial statements

PRIMA HOUSING GROUP LIMITED

Consolidated Statement of Cash Flows For the year ended 31 March 2022

	2022		2021	
	£'000	£'000	£'000	£'000
Net cash generated from operating activities (see Note 1 below)		4,951		5,085
Cash flow from investing activities				
Purchase of tangible fixed assets	(5,765)		(2,237)	
Proceeds from sale of tangible fixed assets	542		201	
Interest received	10		14	
		(5,213)		(2,022)
Cash flow from financing activities				
Interest paid	(845)		(858)	
Repayments of borrowings	(3,121)		(751)	
Loan Fees Incurred	(160)		-	
Corporation Tax net (payment) / receipt	(74)		(79)	
Grants received	967		322	
		(3,233)		(1,366)
Net change in cash and cash equivalents		(3,495)		1,697
Cash and cash equivalents at beginning of year		15,322		13,625
Cash and cash equivalents at end of the year		11,827		15,322
Note 1				
Surplus for the year		3,252		1,406
Adjustments for non-cash items:				
Depreciation & Amortisation of tangible fixed assets and investments		1,934		1,847
Movement in trade and other debtors		(136)		182
Movement in trade and other creditors		789		427
Carrying amount of tangible fixed assets disposals		76		46
Decrease in provisions		-		-
Change in Pension Liability		(843)		1,142
Amortised grant		(619)		(619)
Decrease/(increase) in valuation of investment property		-		(83)
Gain on disposal of property, plant & equipment		(325)		(103)
Adjustments for investing or financing activities:				
Interest payable		833		854
Interest receivable		(10)		(14)
		4,951		5,085

The notes on pages 30 to 56 form part of these financial statements

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

Legal status

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

1. Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UKGAAP), the Statement of Recommended Practice: 'Housing SORP 2018: Statement of Recommended Practice for Social Housing Providers' and comply with the Accounting Directive for Private Registered Providers of Social Housing 2019.

As a Public Benefit Entity, the Association has applied the public benefit entity "PBE" prefixed paragraphs of FRS102. The financial statements comply with the Co-operative and Communities Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

The financial statements are prepared on the historical cost basis of accounting, except for investment properties which are recorded at fair value, and are presented in sterling.

Going concern

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

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

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

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

Critical accounting judgements and key sources of estimation uncertainty

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

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

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 expected utility of the assets. Uncertainties in these estimates relate to technological advances, changes in the expected use and changes to decent homes standards.
- **Capitalisation of property development costs** - Qualifying costs which directly relate to the assets are capitalised from the start of the construction of an asset. Costs are agreed at the start of a project and monitored throughout development. Capitalisation of costs ceases when the asset comes into use. If an asset changes fundamentally during construction or the project is terminated the costs and recoverability are revaluated and provisions are made if required.
- **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

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

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.

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

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.

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

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.

Group reconstruction (Note 23)

On the 31st March 2022, a transfer of engagement scheme (ToE) was agreed between Leasowe Community Homes Limited (LCH) and its parent company Pierhead Housing Association Limited (PHA). Under this agreement all of the assets and liabilities were transferred from LCH to PHA on the 31st March 2022. The statement of recommended accounting practice (SORP) classifies a ToE as a group reconstruction and requires the financial results of LCH for the year ended 31st March 2022 to be incorporated into PHA as if the ToE had taken place at the start of the financial year. The SORP also requires the results of the previous financial year to be restated for comparison purposes. Further disclosure of the movement on reserves, the principle components of the comprehensive income and net carrying value of the individual entities are provided in Note 23 to these financial statements. The name of the combined entity, Pierhead Housing Association Limited, was renamed on the 1st April 2022 to Prima Housing Group.

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

2. Analysis of income and expenditure

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

Group Income	Turnover £'000	2022		
		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
Activities other than social housing:				
Student accommodation	170	(213)		(43)
Commercial and other activities	474	(249)		225
Total operating surplus	14,190	(10,984)	325	3,531
2021				
Income	Turnover £'000	Operating costs £'000	Gain on Disposals £'000	Operating surplus £'000
Social housing lettings (note 2b)	12,743	(9,741)		3,002
Other social housing activities:				
Gain on Disposal of Properties (note 3)	-	-	103	103
Key Workers	516	(211)		305
Other social income	108	(32)		76
Total other social activities	624	(243)	103	484
Total social activities	13,367	(9,984)	103	3,486
Non-Social Housing Activities				
Student accommodation	224	(266)		(42)
Commercial and other activities	447	(257)		190
Total operating surplus	14,038	(10,507)	103	3,634

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

2. Analysis of income and expenditure

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

Association Income	Turnover £'000	2022		
		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:				
Gain on Disposal of Properties (note 3)	-	-	325	325
	<u>12,948</u>	<u>(10,152)</u>	<u>325</u>	<u>3,121</u>
Activities other than social housing:				
Other Income	65	(34)	-	31
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>
Total Operating Surplus				
	<u>13,139</u>	<u>(10,266)</u>	<u>325</u>	<u>3,198</u>
2021 (restated)				
Income	Turnover £'000	Operating costs £'000	Gain on disposal £'000	Operating surplus £'000
Social housing lettings (note 2b)	12,743	(9,741)	-	3,002
Other Social Housing activities:				
Gain on Disposal of Properties (note 3)	-	-	103	103
	<u>12,743</u>	<u>(9,741)</u>	<u>103</u>	<u>3,105</u>
Activities other than social housing:				
Other Income	108	(32)	-	76
Group recharges	57	(57)	-	-
Commercial units and garages	75	(21)	-	54
	<u>12,983</u>	<u>(9,851)</u>	<u>103</u>	<u>3,235</u>
Total social housing activities				
	<u>12,983</u>	<u>(9,851)</u>	<u>103</u>	<u>3,235</u>

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements
For the year ended 31 March 2022

2b. Particulars of Income and Expenditure from social Lettings	General Needs Housing	Shared Ownership	Social Total 2022	2021
Group and Association	£'000	£'000	£'000	£'000
Net Rent receivable	11,519	74	11,593	11,433
Service charge Receivable	703	33	736	691
Government grants taken to income	619	-	619	619
Total income from social housing lettings	12,841	107	12,948	12,743
Expenditure on letting activities				
Management	2,864	22	2,886	3,021
Routine and cyclical maintenance	2,329	18	2,347	2,053
Planned maintenance	1,845	-	1,845	1,789
Major repairs	450	-	450	391
Service charge costs	1,002	8	1,010	848
Bad debts	(8)	-	(8)	101
Depreciation of housing properties	1,503	12	1,515	1,484
Loss on Disposal of Components	101	-	101	46
Other Costs	6	-	6	8
Total expenditure on social housing lettings	10,092	60	10,152	9,741
Operating surplus on social housing lettings	2,749	47	2,796	3,002
Rent losses from Voids	142	-	142	132

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

3. Profit on disposal of property, plant and equipment

	Group		Association	
	2022	2021	2022	2021 (restated)
	£'000	£'000	£'000	£'000
Proceeds	542	205	542	205
Cost of disposal	(217)	(102)	(217)	(102)
Surplus	325	103	325	103

The above surplus of £325k is wholly attributable to sales under the Right to Buy scheme.

4. Surplus on ordinary activities before taxation

	Group		Association	
	2022	2021	2022	2021 (restated)
	£'000	£'000	£'000	£'000
Surplus on ordinary activities before taxation is stated after charging:				
Depreciation:				
Tangible owned fixed assets	265	311	254	294
Housing properties	1,518	1,486	1,515	1,483
Auditor's remuneration: (Net of VAT)				
for audit services (Beever and Struthers)	26	25	21	20
for other services (Beever and Struthers)	3	3	2	3
Operating leases	5	6	5	6
Loss on disposal of tangible assets other than housing properties	101	43	101	43
Loss on renovation of freehold office	84	-	84	-
Surplus on disposal of housing property	325	103	325	103

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

5. Directors' emoluments	2022 £'000	2021 £'000
Total remuneration paid to executive and non-executive directors amounted to £529K (2021: £520k).		
The Directors including executive directors are as listed on Page 18		
Remuneration paid to executive directors (including pension contributions and benefits in kind)	464	453
Aggregate loss of office paid to executive directors of the Association	16	-
Remuneration paid to non-executive directors	65	67
Remuneration paid to the highest paid director (the Chief Executive) excluding pension contributions:	138	126
Pension Contributions paid on behalf of the chief executive:	23	20

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.

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

Current Board members:

J Boyd (Chair)	8.2	8.2
G Lewis	6.5	6.5
A Ramsay	5.0	5.0
P Roberts	5.0	5.0
K Vogel	4.3	4.3
R Young	4.3	4.3
B Callow (Commercial and Common Board)	4.3	4.3
T Dunne	4.3	4.3
M Evans	4.3	4.3
J Hale	4.3	4.3
M Sparks (Commercial Board only)	5.0	5.0
C Heath (Commercial Board only)	4.3	4.3
K Beddow (Commercial Board only)	4.3	4.3
A Leech (appointed 1-10-21)	1.0	-

Former Board members:

R Woolfall (Commercial and Common Board) (resigned 16-9-20)	-	2.7
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Total (rounded to nearest £000)	65.1	67.0
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PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

6. Employee Information	Group		Association	
	2022 No	2021 No	2022 No	2021 No
Board members (not full-time)	14	14	14	14
Office staff	69	70	69	70
Wardens, caretakers and cleaners	4	4	4	4
	<u>87</u>	<u>88</u>	<u>87</u>	<u>88</u>
Staff costs for the above persons				
Wages and Salaries	2,600	2,579	2,600	2,579
Social security costs	250	232	250	232
Other pensions costs	151	142	151	142
Payments for compensation for loss of office	40	-	40	-
	<u>3,041</u>	<u>2,953</u>	<u>3,041</u>	<u>2,953</u>

The Association recharges part of its staff costs to other entities within the group, during the year recharges to Commercial were £275K.(2021: £262K).

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)

	2022 £'000	2021 £'000
£60,000 - £70,000	1	-
£70,001 - £80,000	-	-
£80,000 - £90,000	1	2
£90,000 - £100,000	2	1
£120,000 - £130,000	-	-
£130,000 - £140,000	-	1
£140,000 - £150,000	-	-
£150,000 - £160,000	-	-
£160,000 - £170,000	1	-

Loans totalling £4.8k have been made to employees during the year (2021: £nil). The loan to the executive director was repaid during the year (2021: £5k outstanding) All loans are at market rates of interest and repayable over term of 4 years.

7. Interest receivable	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Interest receivable from Current accounts	-	-	-	-
Interest receivable from short term deposits	10	14	10	14
Interest receivable from Intra Group Loan	-	-	103	94
	<u>10</u>	<u>14</u>	<u>113</u>	<u>108</u>

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

8. Interest payable and similar charges	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
On bank loans, overdrafts and other loans:				
Repayable wholly or partly in more than 5 years	27	29	27	29
Repayable within 5 years	759	801	759	801
Other interest payable	1	1	1	1
Pension - net interest expense (note 29)	46	23	46	23
	<u>833</u>	<u>854</u>	<u>833</u>	<u>854</u>
9. Taxation	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
(a) Analysis of charge in year				
Current tax:				
UK corporation tax on surplus for the year	64	75	-	-
Adjustment in respect of previous year	(2)	0	-	-
Total current tax	<u>62</u>	<u>75</u>	<u>-</u>	<u>-</u>
Deferred tax:				
Origination and reversal of timing differences	-	-	-	-
Tax on surplus on ordinary activities	<u>62</u>	<u>75</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% (2021: 19%)	515	537	471	473
Effects of:				
Income not taxable for tax purposes	(461)	(474)	(471)	(473)
Expenses not deductible for tax purposes	-	-	-	-
Depreciation charge in excess of capital allowances	10	12	-	-
Income not taxable for tax purposes - Impairment.	-	-	-	-
Under/(over) provision in prior year	(2)	-	-	-
	<u>62</u>	<u>75</u>	<u>-</u>	<u>-</u>

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

10. Tangible fixed assets	Completed schemes		Housing properties under development		Shared ownership	Total housing properties	Freehold office	Furniture and motor vehicle	Total fixed assets
	£'000	£'000	£'000	£'000					
Cost									
At 1 April 2021	106,502	1,817	1,122	109,441	1,829	2,586	113,856		
Additions	32	2,617	-	2,649	72	239	2,960		
Schemes completed	1,094	(1,094)	-	-	-	-	-		
Disposals	(256)	-	-	(256)	(84)	(41)	(381)		
Replacement of components	2,260	-	-	2,260	-	-	2,260		
Write out replaced components	(324)	-	-	(324)	-	-	(324)		
At 31 March 2022	109,308	3,340	1,122	113,770	1,817	2,784	118,371		
Depreciation and impairment									
At 1 April 2021	17,527	-	163	17,690	711	1,841	20,242		
Charge for the year	1,505	-	12	1,517	27	238	1,782		
Disposals	(269)	-	-	(269)	-	(41)	(310)		
At 31 March 2022	18,763	-	175	18,938	738	2,038	21,714		
Net book value									
31 March 2022	90,545	3,340	947	94,832	1,079	746	96,657		
31 March 2021	88,965	1,823	959	91,747	1,118	745	93,614		

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 (2021: £Nil) for direct administrative costs capitalised in the year.

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements
For the year ended 31 March 2022

10. Tangible fixed assets	Completed schemes £'000	Housing properties Schemes under construction £'000	Shared ownership £'000	Total housing properties £'000	Freehold office £'000	Furniture and motor vehicle £'000	Total fixed assets £'000
Association							
Cost							
At 1 April 2021 (restated)	106,596	1,245	1,122	108,963	1,840	2,509	113,312
Additions	42	1,997	-	2,039	72	239	2,350
Transfer to Completed	1,094	(1,094)	-	-	-	-	-
Disposals	(256)	-	-	(256)	(84)	(41)	(381)
Replacement of components	2,256	-	-	2,256	-	-	2,256
Write out replaced components	(324)	-	-	(324)	-	-	(324)
At 31 March 2022	109,408	2,148	1,122	112,678	1,828	2,707	117,213
Depreciation and impairment							
At 1 April 2021 (restated)	17,524	-	163	17,687	694	1,805	20,186
Charge for the year	1,502	-	13	1,515	27	227	1,769
Disposals	(269)	-	-	(269)	-	(41)	(310)
At 31 March 2022	18,757	-	176	18,933	721	1,991	21,645
Net book value							
31 March 2022	90,651	2,148	946	93,745	1,107	716	95,568
31 March 2021 (restated)	89,072	1,245	959	91,276	1,146	704	93,126

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 £253,438 (2021 (restated): £204,967) 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 2022

10. Tangible fixed assets [Continued]	Group		Association	
	2022	2021	2022	2021 (restated)
	£'000	£'000	£'000	£'000
Improvement works capitalised				
Components capitalised	2,260	522	2,256	459
Amounts charged to expenditure	456	391	456	391
	<u>2,716</u>	<u>913</u>	<u>2,712</u>	<u>850</u>
	=====	=====	=====	=====
11. Investments	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Investment properties				
Valuation as at 1 April 2021	5,479	5,445	-	-
Additions	545	2	-	-
Gain in valuation of investment property	184	83	-	-
Amortisation	(51)	(51)	-	-
Valuation as at 31 March 2022	<u>6,157</u>	<u>5,479</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====

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

- Student Accommodation and all Commercial shops: valued in August 2022 by Mal Ashall
- Former Police Houses: valued in June 2022 by Wall & Macnab.

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.
- Student Accommodation and all Commercial shops - a comparative and investment method of valuation.

In the case of the former police houses the Directors have discounted the valuation provided by £52K. The reduction in valuation is determined by the regional movement in the land registry house price indices from the 31st March 2022 to the date of valuation in June 2022. In the case of the student accommodation and Commercial shops the Directors concur with the valuers view and therefore do not believe there is any material difference arising between the dates of the valuation and 31st March 2022. 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 8 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 2022.

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	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Student Accommodation	-	-	-	-
Commercial Shops (Gain)	42	-	-	-
Police Houses (Gain)	142	83	-	-
Gain in valuation of investment property	<u>184</u>	<u>83</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

12. Debtors (due after more than one year)	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Loan receivable	-	-	4,110	3,651

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. A deed of variation was signed on the 14th April 2022 extending the availability period to 16th April 2023. The loan is repayable at such date as may be agreed between the Association and PCL.

13. Debtors (due within one year)	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	(restated) £'000
Gross rental debtors	531	534	527	517
Bad debts provision	(359)	(394)	(359)	(394)
Net rental debtors	172	140	168	123
Amounts due from Group Companies	-	-	34	96
Prepayments and accrued income	135	70	135	70
Other debtors	145	105	119	89
	452	315	456	378

14. Cash and Cash equivalents	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	(restated) £'000
Cash held on Short term Deposit Accounts	9,556	12,691	9,533	12,368
Cash at bank	2,271	2,631	2,181	2,342
	11,827	15,322	11,714	14,710

Cash and cash equivalents includes £240k (2021: £223k) held in a designated deposit account on behalf of leaseholder tenants (Note 16).

15. Creditors: amounts falling due within one year	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	(restated) £'000
Rents in advance	671	629	629	578
Housing loans	583	754	583	754
Trade creditors	1,524	913	1,460	872
Accruals and deferred income	663	686	571	600
Amounts due to Group Companies	-	-	-	29
Corporation tax	74	86	10	10
Deferred capital grant (Note 18)	616	612	616	612
Other creditors	62	9	62	1
Recycled Capital Grant Fund (Note 19)	190	429	190	429
Other taxation and social security costs	79	72	76	70
	4,462	4,190	4,197	3,955

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

16. Creditors: amounts falling due after more than one year	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Housing loans (Note 17)	10,418	13,522	10,418	13,522
Deferred capital grant (Note 18)	45,086	44,466	45,086	44,466
Sinking Fund (Note 14)	239	223	239	223
Recycled Capital Grant Fund (Note 19)	62	98	62	98
Total	55,805	58,309	55,805	58,309

17 Housing Loans	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
In one year or less	583	754	583	754
Between one and two years	592	2,977	592	2,977
Between two and five years	1,838	1,901	1,838	1,901
In five years or more	7,988	8,644	7,988	8,644
Total	11,001	14,276	11,001	14,276

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 6.75%.

Covenant Compliance

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

18 Deferred Capital Grant	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
At start of year	45,078	45,431	45,078	45,431
Released to income in the year	(619)	(619)	(619)	(619)
Received in year	967	321	967	321
Recycled from RCGF Fund	322	-	322	-
Written back on disposals	(46)	(55)	(46)	(55)
At end of year	45,702	45,078	45,702	45,078

Amounts due to be released < 1 year	616	612	616	612
Amounts due to be released > 1 year	45,086	44,466	45,086	44,466
Total	45,702	45,078	45,702	45,078

The grant value above is shown net of amortisation, the gross value is: Group & Association £54,817k (2021: £53,587k).

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

19. Recycled capital grant fund	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 (restated) £'000
At 1 April 2021	527	379	527	379
Grants recycled	46	23	46	23
Transferred from DPF	-	124	-	124
Grant utilised	(322)	-	(322)	-
Interest	1	1	1	1
At 31 March 2022	252	527	252	527

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Due in less than 1 year	190	429	190	429
Due in more than 1 year	62	98	62	98
	252	527	252	527

There was a utilisation of the fund during the year totalling £322k (2021 £nil).

20. Other provisions	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Dilapidations	217	217	-	-

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

21. Non-Equity share capital	Group		Association	
	2022 £	2021 £	2022 £	2021 £
Each member of the Association holds one share of £1 in the Association.				
Allotted, issued and fully paid:				
At 1 April 2021	11	12	11	12
Issued during year	-	-	-	-
Cancelled in year	-	(1)	-	(1)
At 31 March 2022	11	11	11	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

Notes to the Financial Statements For the year ended 31 March 2022

22. Ultimate parent undertaking

At 31 March 2022, the Association was a standalone entity with no parent organisation.

23. Group reconstruction

Following the transfer of engagement on 31st March 2022 and in accordance with the requirements of the SORP, the following information showing the movement on reserves, the individual performance and net carrying value of each entity is provided.

	PHA	LCH	Intra- Company Adjustment	Combined
	£'000	£'000	£'000	£'000
Movement on opening reserves				
As previously reported	15,300	30,959	-	46,259
Surplus for the year after taxation	1,237	1,252	-	2,489
Actuarial loss in respect of pension schemes	(1,318)	(78)	-	(1,396)
As restated	15,219	32,133	-	47,352

Analysis of retained surplus

	PHA	LCH	<u>2022</u> Intra- Company Adjustment	Combined
	£'000	£'000	£'000	£'000
Analysis of retained surplus				
Turnover	9,438	4,656	(955)	13,139
Operating costs	(7,847)	(3,374)	955	(10,266)
Gain on disposal of property	40	285		325
Interest Receivable	103	22	(12)	113
Interest Payable	(841)	(3)	12	(833)
Surplus for the year after taxation	892	1,586	0	2,478
Actuarial gain in respect of pension schemes	559	49		608
Total comprehensive income for the year	1,451	1,635	-	3,086

Analysis of retained surplus

	PHA	LCH	<u>2021</u> Intra- Company Adjustment	Combined
	£'000	£'000	£'000	£'000
Analysis of retained surplus				
Turnover	9,300	4,586	(903)	12,983
Operating costs	(7,330)	(3,424)	903	(9,851)
Gain on disposal of property	39	63		103
Interest Receivable	95	28	(15)	108
Interest Payable	(868)	(1)	15	(854)
Surplus for the year after taxation	1,237	1,252	0	2,489
Actuarial gain in respect of pension schemes	(1,318)	(78)		(1,396)
Total comprehensive income for the year	(81)	1,174	0	1,093

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

23. Group reconstruction (Continued)

Net Assets	PHA £'000	LCH £'000	Intra- Company Adjustment £'000	Combined £'000
At 31 st March 2022	16,670	33,768	-	50,438
At 31 st March 2021	15,219	32,133	-	47,352

24. Group Undertakings and related parties

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

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

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 PHA 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:

	<u>Capitalised Costs *</u>	<u>Operating Costs</u>	<u>Other Income</u>	<u>Interest Payable</u>	<u>Interest Receivable</u>	<u>Loan Creditor</u>	<u>Loan Debtor</u>
YE 2022							
Pierhead Housing Association Limited	48	-	57	-	102	-	4,110
PHA Commercial Limited		57	48	102		4,110	
YE 2021							
Pierhead Housing Association Limited	20	-	57	-	94	-	3,651
PHA Commercial Limited	-	57	20	94	-	3,651	-

* Eliminated on consolidation. Details of the loan debtor are provided in Note 12.

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

25. Capital commitments	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Contracted for but not provided for in the financial statements	3,771	1,819	3,701	1,015
Authorised by the Board but not contracted for	-	192	-	192
	<u>3,771</u>	<u>2,011</u>	<u>3,701</u>	<u>1,207</u>
These commitments are expected to be financed with:				
Social Housing Grant	296	206	296	206
Cash Reserves	<u>3,475</u>	<u>1,805</u>	<u>3,405</u>	<u>1,001</u>
	<u>3,771</u>	<u>2,011</u>	<u>3,701</u>	<u>1,207</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
	2022 £'000	2021 £'000
Within 1 year	3	4
Within 2 to 5 years	5	-
	<u>8</u>	<u>4</u>

27. Analysis of Changes in Net Debt

	At 1 April 2021	Cashflows	Non cash Changes	At 31 March 2022
Group	£000's	£000's	£000's	£000's
Cash and cash equivalents	15,322	(3,495)	-	11,827
Debt due within one year	(754)	758	(587)	(583)
Debts due after more than one year	<u>(13,522)</u>	<u>2,363</u>	<u>741</u>	<u>(10,418)</u>
Net debt	<u>1,046</u>	<u>(374)</u>	<u>154</u>	<u>826</u>
Association (Restated)	At 1 April 2021	Cashflows	Non cash Changes	At 31 March 2022
Association (Restated)	£000's	£000's	£000's	£000's
Cash and cash equivalents	14,710	(2,996)	-	11,714
Debt due within one year	(754)	758	(587)	(583)
Debts due after more than one year	<u>(13,522)</u>	<u>2,363</u>	<u>741</u>	<u>(10,418)</u>
Net debt	<u>434</u>	<u>125</u>	<u>154</u>	<u>713</u>

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements
For the year ended 31 March 2022

28. Housing stock	Group		Association	
	Units in management		Units in management	
	2022 No	2021 No	2022 No	2021 No
Social housing units	2,526	2,524	2,526	2,524
Shared ownership	20	20	20	20
NHS staff accommodation	105	105	-	-
Student accommodation	93	93	-	-
Commercial units	82	72	5	5
	<u>2,826</u>	<u>2,814</u>	<u>2,551</u>	<u>2,549</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>31</u>	<u>31</u>
Movements during the year as follows:				
Owned Units:				
Opening Units	2,814	2,817	2,549	2,552
Additions	19	-	9	-
Disposals	(7)	(3)	(7)	(3)
Closing Units	<u>2,826</u>	<u>2,814</u>	<u>2,551</u>	<u>2,549</u>

28. Housing stock [continued]	Group		Association	
	Units in management		Units in management	
	2022 No	2021 No	2022 No	2021 No
Movements in Other Managed Units during the year:				
Opening Units	38	38	31	31
Additions	-	-	-	-
Closing Units	<u>38</u>	<u>38</u>	<u>31</u>	<u>31</u>

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

29. Pension obligations

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

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

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

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

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

Effective 31st March 2022, a flexible apportionment arrangement (FAA) was agreed between the trustees of the Scheme, Leasowe Community Homes Limited (LCH) and Pierhead Housing Association Limited (PHA). Under the FAA at the effective date of transfer, PHA took responsibility for the current and future pension liabilities of LCH. At the same time all staff employed by LCH were transferred under protected rights to PHA. The defined benefit liability of LCH at 31st March 2022 amounted to £70K (2021:129K).

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

29. Pension obligations (Continued)

GROUP and ASSOCIATION		
PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)	31 March 2022 (£'000s)	31 March 2021 (£'000s)
Fair value of plan assets	9,674	9,264
Present value of defined benefit obligation	(11,082)	(11,515)
Surplus/(deficit) in plan	(1,408)	(2,251)
Unrecognised surplus		
Defined benefit asset/(liability) to be recognised	(1,408)	(2,251)

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

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

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £392,000 (2021: £286,000).

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

29. Pension obligations [Continued]

GROUP and ASSOCIATION

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

The above amount includes £6K recognised during the year within Leasowe Community Homes statement of comprehensive income.

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

Total amount recognised in other comprehensive income - gain/(loss)	608
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The above amount includes a gain of £49K recognised during the year within Leasowe Community Homes other comprehensive income.

GROUP and ASSOCIATION

ASSETS	31 March 2022 (£'000s)	31 March 2021 (£'000s)
Global Equity	1,857	1,477
Absolute Return	388	512
Distressed Opportunities	346	267
Credit Relative Value	322	292
Alternative Risk Premia	319	348
Fund of Hedge Funds	-	1

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

29. Pension obligations [Continued]

Emerging Markets Debt	282	374
Risk sharing	319	337
Insurance-Linked Securities	226	222
Property	261	193
Infrastructure	689	618
Private debt	248	221
Opportunistic liquid Credit	325	236
High Yield	83	278
Opportunistic Credit	35	254
Cash	33	-
Corporate Bond Fund	645	547
Liquid Credit	-	111
Long Lease Property	249	181
Secured income	360	385
Liability Driven Investment	2,699	2,354
Current Hedging	(38)	-
Net current assets	26	56
Total assets	9,674	9,264

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 2022 % per annum	31 March 2021 % per annum
Discount rate	2.8	2.2
Inflation (RPI)	3.5	3.3
Inflation (CPI)	3.2	2.9
Salary growth	4.2	3.9
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:	Life expectancy at age 65 (years)
Male retiring in 2021	21.1
Female retiring in 2021	23.7
Male retiring in 2039	22.4
Female retiring in 2039	25.2

PRIMA HOUSING GROUP LIMITED

Notes to the Financial Statements
For the year ended 31 March 2022

30. Contingent liabilities

There are no known contingent liabilities arising from contractual disputes (2021: £NIL).

31. Post Balance Sheet Events

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