

Financial Statements Plus Dane Housing Limited

For the year ended 31 March 2021

A Charitable Registered Society No: 31012R

Regulator of Social Housing No: L4556

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Board members	<p>Sir Peter Fahy (Chair) Robin Lawler Rob O'Malley (resigned 17 September 2020) Sandra Palmer Lyndsey Burkert Jon Corner Julie Gill Dr Ann Hoskins Thomas McIlravey Frances Chaplin Gary Dixon</p>
Executive officers:	<p>Barbara Spicer (Chief Executive) – retired 30 September 2020 Ian Reed (Chief Executive) – appointed 1 January 2021 Madeleine Nelson (Executive Director Growth) Ian Reed (Executive Director Corporate Resources) – resigned 1 January 2021 Andrea Howarth (Executive Director Neighbourhoods) – retired 31 December 2020 Paul Knight (Interim Executive Director Neighbourhoods) – appointed 24 August 2020</p>
Company Secretary	<p>Alison Horner (appointed 22 July 2020) Ian Reed (resigned 22 July 2020)</p>
Registered office	<p>Atlantic Pavilion Salthouse Quay Royal Albert Dock Liverpool L3 4AE</p>
Auditors	<p>BDO LLP 3 Hardman Street Manchester M3 3AT</p>
Bankers	<p>National Westminster Bank plc Liverpool One Branch 49 South John Street Liverpool One L1 8BU</p>

Chair's statement

After a year like no other, I am pleased to present Plus Dane's statutory accounts 2020/21.

I would like to start by saying a big thank you to all of the Plus Dane team for the work they have done this year - stepping up to the challenge of working in a very different way while supporting our customers in ways that we never imagined would be necessary or possible.

Within a couple of weeks of the start of the pandemic with the support of the IT team we were able to mobilise 400 colleagues to work from home, making sure they had the right kit, technology and training to continue to deliver services – our teams have continued working from home throughout the year with limited access to our offices.

Our Repairs team has continued going into the homes of customers throughout the year carrying out repairs and compliance work including gas safety checks and electrical testing. There have been some aspects of work that we have had to pause in order to maintain the safety of our colleagues and customers, so it is pleasing that in a recent customer survey, satisfaction with our repairs service has remained really high.

From the very start of the first lockdown, we witnessed an increase in need among those customers losing employment or seeing significant reductions in income levels. We increased capacity in our Income and Welfare teams to make sure we could provide the right level of support to those customers who were having to make a claim for benefits for the first time. In what has been a really challenging year, we have collected almost all of our expected income which has been critical in enabling us to provide the additional support that has been needed by our customers which we anticipate will continue throughout 2021/22.

A big focus throughout the year has been supporting those customers that were required to shield. We made over 3,000 welfare calls to those advised not to leave their homes as well as carrying out tasks such as arranging food parcels, collecting medication and being on the end of the phone for those experiencing loneliness. We were able to use our emergency fund for those customers that found themselves in crisis, making sure they had essentials such as gas, electricity and food while connecting them with agencies that could put in place more sustainable support.

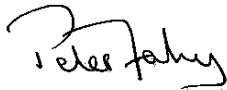
Alongside what we have delivered directly, we have also secured over £287k in social value which has brought further benefit to our customers and their neighbourhoods. Smaller community organisations mobilised very quickly in response to very local need, so it was important, particularly in the early part of the year that we were able to provide funding to those supporting our customers through food banks, holiday hunger programmes and other activities. We also came together with Liverpool housing associations, support agencies and the local authority to look at how we could move those living in temporary homeless accommodation into permanent homes. Collectively we have moved over 1,000 people that were

Chair's statement (continued)

previously homeless into a permanent home. A great example of how working in a different way can deliver such a positive impact.

Many communities, including those that Plus Dane works in, have come together, outside of the formal structures to support each other in what has been a time of great need for many. We have seen plenty of examples of how our customers have rallied round each other, doing whatever needed to be done for those that have not been in a position to do it for themselves. The darkest of situations has brought out the very best in communities. As a Board, we want to harness this power moving forward and are committed to doing all that we can to support and enable the neighbourhoods that we are a part of.

I would like to thank all of our great colleagues for the dedication and flexibility they have shown and our customers and partner agencies for the way they have worked with us. This has been a very difficult period but in many ways Plus Dane is coming out of it stronger and ready for the challenges of the long awaited recovery.



Sir Peter Fahy
Plus Dane Housing Limited
16 September 2021

Directors' Report

The Board has pleasure in presenting its report for Plus Dane Housing Limited (PDHL) together with the audited financial statements for the year ended 31 March 2021.

Plus Dane Housing Limited consists of:

- Plus Dane Housing Limited
- Dane Partnership Homes Limited

Principal Activity

Plus Dane Housing provides affordable homes for rent and shared ownership together with housing support for vulnerable and elderly residents. It also has interests in regeneration projects and partnerships to deliver change to the neighbourhoods and communities which it serves to enable them to thrive.

Status

Plus Dane Housing Limited is a Registered Society incorporated under the Co-operative and Community Benefit Societies Act 2014. It is registered with the Regulator of Social Housing as a Registered Provider of social housing and with the Financial Conduct Authority. Dane Partnership Homes Limited is a private limited company set up to assist Plus Dane in delivering new homes but is currently inactive with all development activities held within Plus Dane Housing.

Business Review

Details of the organisation's performance for the year and future plans are set out in the Strategic Report that follows this Directors' report.

Basis of accounting

Plus Dane Housing has prepared its accounts in accordance with Financial Reporting Standard (FRS) 102 for the year ended 31 March 2021.

Tenant and Customer Involvement

Plus Dane Housing recognises that it can make a real difference to homes and neighbourhoods and improve existing and future service provision and delivery by working closely with the tenants and customers, and is committed to co-regulation through Plus Dane Voices and Tenant and Customer Scrutiny Panel.

Directors' Report (continued)

Employees

The strength of Plus Dane Housing lies in the quality and commitment of its employees and the ability to meet its objectives and commitments to customers and tenants depends on them.

Plus Dane Housing is committed to working towards equal opportunities for all its employees and continues to invest in staff training and development and has improved systems of appraisal and performance management.

Plus Dane Housing seeks employees' views on how to improve the organisation and the services it provides, as well as matters of common concern using surveys and union representation.

Efficiency

The Board is committed to delivering an effective and efficient service to tenants, customers and other stakeholders.

Plus Dane Housing employs a range of techniques to improve and monitor efficiency and effectiveness including: regular budget monitoring and reforecasting; tracking of savings plans; re-evaluating contracts through competitive procurement processes; use of our own in-house repairs service; benchmarking with others and targeting the reduction of staff turnover, sickness and absenteeism.

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. Plus Dane Housing has an approved Compliance Framework and has detailed health and safety policies. The Board has appointed a Health and Safety Champion and provide Board and staff training and education on health and safety matters, including safeguarding. Plus Dane Housing has a dedicated health and safety and compliance team. Health and safety is also regularly reported to the Audit and Risk Committee and is a key part of the internal audit cycle and Property Committee for the delivery of the compliance programme.

Board members and Executive Directors

Those Board members who served during the period and Plus Dane's executive directors are set out on page one.

Whilst the Board is responsible for Plus Dane Housing's overall strategy, management is delegated to the Chief Executive. The Executive Management Team (EMT) consisting of: Executive Director – Corporate Resources, Executive Director – Neighbourhoods and Executive Director – Assets & Growth, act as executives within the authority delegated by the Board. EMT meets fortnightly under the chairmanship of the Chief Executive to consider management issues and key decisions.

Directors' Report (continued)

The Board

The Board comprises of up to twelve non-executive members and is responsible for the strategy, policy framework and managing the affairs of Plus Dane Housing. The Board members are drawn from a wide background bringing together professional, commercial and local experience. The Board delegates the day-to-day management and implementation of that framework to the Chief Executive and other members of the executive team.

Board and independent committee members are selected by a panel of Board members (including the Chair and the Chief Executive) following public advertisement for recruitment.

Remuneration policy

The People and Governance Committee, comprising a Chair and a minimum of two other Board members, is responsible for setting Plus Dane Housing's remuneration policy for the Chief Executive. It also recommends to the Board the remuneration levels for board members.

The Committee pays close attention to remuneration levels in the sector in determining the remuneration levels of the Chair, Chairs of Committees, Board Members, Independent Members and Chief Executive.

Details of the emoluments of Board Members and Executive Directors are set out in note 5 of the financial statements.

Board members' responsibilities

The Board Members are responsible for preparing the report of the board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law and social housing legislation require the Board Members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2018 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 group and association will continue in business.

Directors' Report (continued)

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and association's transactions and disclose with reasonable accuracy at any time the financial position of the group and association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the group and association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the group and association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group and association's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Statement of compliance

In preparing this report a review of the organisation's governance procedures has been undertaken. Following this review, it is the opinion of the Board that Plus Dane Housing complies with the latest Governance and Financial Viability Standard issued by the regulator.

National Housing Federation (NHF) Code of Governance

Plus Dane adopts the NHF's Code of Governance (2020) and the formal Code of Conduct adopted is the NHF's Code of Conduct (2012).

The Code of Governance (2020) sets out four core principles including

1. Mission and values – in which the Board set and drive the organisations social purpose, mission, values and ambitions embedding the resident focus, accountability, integrity and openness
2. Strategy and delivery – with the Board setting ambitions and plans which fulfil the social purpose whilst ensuring the organisation remains viable and sustainable
3. Board effectiveness – the organisation is led by an effective Board which reviews its own performance and effectiveness
4. Control and assurance – where the Board actively manage the risks faced by the organisation and gains assurance that controls are effective and compliance obligations are being delivered.

Directors' Report (continued)

The Board carries out an annual assessment of governance in terms of its compliance against its chosen Code and Code of Conduct. For both the overarching Code of Governance and the Code of Conduct the assessment is conducted on a “comply or explain” basis. Based on the self-assessment of the Code of Governance completed in February 2021, the Code outlines a maximum tenure up to six years (3.7.3) and Board can extend to nine years. Plus Dane Rules permit a maximum of nine years and re appointment is based on having the required skills therefore this could be considered an area of noncompliance. Plus Dane is compliant with the other principles and those in the Code of Conduct.

Internal controls assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness annually, as set out in the International Standards of Auditing (UK and Ireland) and the NHF Code of Governance.

The system of internal control is designed to provide the Board with reasonable but not absolute assurance that risks are identified on a timely basis and dealt with appropriately; that operations are being managed both efficiently and effectively; that assets and people are safeguarded; that proper accounting records are maintained; and that the financial information used within the business or for publication is reliable and that the organisation is compliant with rules, laws and regulations.

The organisation has a number of arrangements in place that comprise the overall internal control framework, which are used to provide Board with assurance about the adequacy of this framework.

The Board has ultimate responsibility for the system of internal control but has delegated authority to the Audit and Risk Committee to regularly review its effectiveness. The Audit and Risk Committee was formed to oversee the internal control framework across the organisation. It does this by reviewing the effectiveness of the system of internal control across the spectrum of the framework. This includes considering risk reports, internal audit reports, fraud reports, management assurances, the external management letter and specialist reviews on areas such as treasury, health and safety and value for money and organisational efficiency.

The Audit and Risk Committee received and considered reports from management on risk management and control arrangements at each meeting during the year and the Board discusses risk and the impact of the decisions that it takes at the meeting.

The Audit and Risk Committee has received from the Head of Governance & Assurance the report on the annual review of the effectiveness of the system of internal control for the Group, alongside the annual report of the internal auditor, and has reported its findings to the Board. During the year 13 internal audits were undertaken which resulted in one high risk audit action for IT Disaster recovery and a high-risk action within the Gas Safety Audit. Where high risk actions are identified

Directors' Report (continued)

there is an expectation that the recommended control/improvement is implemented swiftly.

The process for identifying, evaluating and managing the risks faced by Plus Dane Housing is ongoing and has been in place throughout the period commencing 1 April 2020 up to the date of approval of the annual report and financial statements.

A monitor on fraud is also maintained and reviewed by the Audit and Risk Committee at every meeting. As a result of additional controls introduced during the year an attempted fraud was prevented. There have been no financial losses due to Fraud during the year. Based on the above assessment, the Audit and Risk Committee has confirmed that there has been improvement across the internal controls framework and the application of the framework is adequate. The Board has accepted the conclusion of the Audit and Risk Committee based on their review and scrutiny.

Annual General Meeting

The Annual General Meeting will be held on 16 September 2021.

Auditors

A resolution to reappoint BDO as external auditors will be proposed at the Annual General Meeting.

The Directors Report was approved on 16 September 2021 and signed on its behalf by:



Alison Horner
Company Secretary
16 September 2021

Strategic Report

Background

Plus Dane Housing is a long-standing provider of homes and services that has operated for over 40 years in a number of different forms across Merseyside and Cheshire. Plus Dane delivers services to over 13,000 homes and employing nearly 600 colleagues.

Plus Dane is registered with the Regulator of Social Housing as a Private Registered Provider of social housing as defined by the Housing and Regeneration Act.

A sustained successful track record of delivery, coupled with a simplified corporate structure, strong treasury position and governance arrangements culminated in retention of the highest possible recognition [G1:V1] from the Regulator of Social Housing in 2020.

We remain committed to our social purpose of providing homes and services to those who are most in need and achieve this through a balanced, considered and evidence-based approach to strategic decision making.

Five year financial summary

The Board is reporting a surplus for the year of £4.6 million (2020: £2.1 million) before movements in relation to pension schemes. Total comprehensive income after actuarial adjustments is a (£4.8 million) loss (2020: £11.5 million gain), following an actuarial loss of £9.5 million (2020: actuarial gain of £9.4 million).

Statement of Comprehensive Income

The following table provides a summary of the Group's results:

For the year end 31 March	2021	2020	2019	2018	2017
£m					
Income from social housing lettings	67.9	65.7	65.4	65.2	64.8
Group turnover	76.1	74.0	74.0	78.5	94.4
Operating surplus	17.7	14.4	13.9	17.9	25.1
Incl. surplus on sale of property	0.7	0.7	0.8	1.0	0.4
Net interest payable	13.0	12.3	12.8	13.0	13.8
Surplus for the year after tax	4.6	2.1	1.0	4.3	10.9

Strategic Report (continued)

Group turnover has increased to £76.1 million. The operating surplus increased from £14.4 million to £17.7 million, which includes £0.7 million surplus on sale of fixed assets. In percentage terms, this represents an improvement from 19.5% to 23.2%.

Net interest costs have increased by £0.7m due to break costs incurred in removal of long term fixed loans, offset by new lower interest rate costs on variable rate loans.

Statement of Financial Position

The following table provides a summary of the Group's results:

As at 31 March £m	2021	2020	Restated 2019	2018	2017
Housing properties	616.0	608.6	599.2	589.5	579.9
Other fixed assets	7.3	10.3	10.7	11.8	12.3
Tangible fixed assets	623.3	618.9	609.9	601.3	592.1
Debtors receivable > one year	4.8	5.0	5.1	5.0	5.1
Net current assets / (liabilities)	(15.3)	(21.3)	(10.8)	(18.2)	(6.5)
Total assets less current liabilities	612.8	602.6	604.2	588.1	590.8
Loans due > one year	(301.7)	(289.0)	(292.8)	(278.5)	(293.0)
Creditors due > one year incl. grant	(232.7)	(239.8)	(240.1)	(243.3)	(239.6)
Pension provision	(21.7)	(12.2)	(21.1)	(12.1)	(10.9)
Total net assets	56.7	61.6	50.2	54.2	47.3
Reserves:					
Revenue reserve	56.7	61.6	50.2	54.2	47.3
Total reserves	56.7	61.6	50.2	54.2	47.3

The housing properties owned by Plus Dane Housing are carried in the balance sheet at cost less depreciation of £616.0 million (2020: £608.6 million).

A freehold commercial investment property was sold during the year, realising a loss on sale of £0.3m, two other schemes previously held as investment properties have been transferred to Housing properties. An independent valuation as at 31 March 2021 validating all other investment property net book values was completed.

Strategic Report (continued)

Plus Dane Housing is showing net current liabilities of £15.3m (2020: £21.3m). This reduction is due to early loan repayments, which were classified as a current liability in 2020 position.

The reported financial position complies with all covenants.

Headline performance:

The organisation's five-year headline performance and accommodation figures are summarised below, which link through to the key measures and targets set out in the Corporate Plan.

	2021	2020	2019	2018	2017
Housing properties:					
Social housing	13,677	13,681	13,582	13,304	18,666
Non-social housing	97	99	99	123	116
Total housing stock owned and managed	13,774	13,780	13,681	13,427	18,782
Headline financial performance:					
Operating surplus (inc profit on Sale of Fixed Assets)	23.2%	19.5%	18.8%	22.8%	26.6%
Operating surplus on social lettings	27.2%	25.8%	25.9%	32.9%	35.0%
Net surplus after tax as % of turnover	6.1%	2.9%	1.5%	5.4%	11.5%
Rent losses ^[1]	2.3%	2.3%	1.3%	2.0%	1.6%
Rent arrears ^[2]	8.5%	8.0%	6.9%	6.3%	6.2%
Liquidity ^[3]	37%	34%	53%	43%	72%
Interest cover ^[4]	143%	124%	122%	129%	235%
Debt per unit owned (£'000)	22.6	22.6	22.1	22.1	22.7

¹ Voids and bad debts as % of social lettings rent and service charges receivable

² Gross arrears as % of social lettings rent and service charges receivable

³ Current assets divided by current liabilities

⁴ Interest cover based on adjusted operating surplus (operating surplus plus housing depreciation less component replacement spend), divided by gross interest payable

At 31 March 2021, the organisation owned or managed 13,774 properties (2020: 13,780) this reduction included the disposal of 41 properties within the sale of Carriage Grove.

Liquidity has increased 3% due to repayment of loans included in prior year current assets.

Investment for the future

The investment of surpluses in the organisation's future financial stability is a key tenet of our financial strategy. The investment is in the form of development of new homes, investment in existing stock, extension and improvement of services, and regeneration of our communities and neighbourhoods.

Strategic Report (continued)

We have invested £5.1m in capital improvements to our existing stock this year, with a further £5.4m invested but charged to revenue.

Despite the difficult year with lockdowns and social distancing measures 87 new homes have been developed (2020: 122), including 69 (2020: 94), for affordable rent and 18 (2020: 28), for low cost home ownership. At the year end, a further 189 properties were under development (2020: 260).

Our investment in housing properties this year was funded through a mixture of cash generated from operations, social housing grant and loan finance.

The Group continues to track progress against commitments under the 2021-26 Affordable Homes Programme and other funding arrangements including Section 106 schemes, through regular reporting to Property Committee, Audit and Risk Committee and Board, as part of the overall finance report.

Treasury management

There is a robust Treasury Strategy in place which addresses interest rate risk, covenant compliance, funding and liquidity risk and exposure to counterparties. The Treasury Policy is reviewed annually and is approved by the Board. It includes the following approved instruments: instant access deposit accounts, fixed term deposits, call deposits, collateral deposits, money market fund investments and UK Government securities. The Treasury Policy recommends that between 50% and 90% of the organisation's debt should be fixed.

Management of the loan portfolio is the responsibility of the Executive Director – Corporate Resources and the Director of Finance and is managed in accordance with the Treasury Management Strategy and Policy. Plus Dane Housing Limited borrows at both fixed and floating interest rates. Regular updates on treasury activity are provided to the Audit and Risk Committee and the Board, as part of the overall Finance Report.

The Group does not make use of hedging instruments other than to fix variable rate debt either at the time of drawdown or following a review of the loan portfolio and market conditions.

Investment Powers

Plus Dane Housing Limited's rules permit investment of monies not immediately required to carry out its objectives, as it determines and is permitted by law.

Capital structure and treasury policy

Plus Dane Housing borrows principally from banks, at both fixed and floating rates of interest, and only in sterling so is not exposed to currency risk.

Total borrowings as at 31 March 2021 were £305.4 million (2020: £305.0 million). The fixed rate loans account for approximately 49.3% of the total borrowing, which is outside of the normal recommended parameters of 50%-90% in the Treasury Policy, however short term cash movements may dictate that the above requirements are not appropriate (e.g. repayment of debt/additional drawn funds) and as such, it is permitted that the position at any given time may be up to five percent greater or less

Strategic Report (continued)

than the ideal stated in the policy. The removal of 3 fixed term deals at year end reduced it down from 55.8%.

The movement in loans year on year represents net loan repayments in line with loan agreement repayment schedules. Cash balances at the end of the year stood at £1.6 million (2020: £2.7 million). Interest costs increased to £12.7 million (2020: £11.8 million), and the overall Weighted Average Cost of Capital (WACC) also increased to 4.16% (2020: 3.85%). This was impacted by the removal of the 3 Fixed term facilities and the break cost involved in completing this exercise. Pre break cost interest expense would have shown a decrease in overall interest cost to £10.0m and WACC 3.27%

Plus Dane Housing has total facilities of £423.3 million, leaving £117.9 million (2020: £42.4 million) of unutilised committed borrowing facilities.

The maturity of the Group's borrowings is detailed in note 22 of the financial statements.

The Group is subject to a range of covenants through its loan agreements, which vary between lenders. For the financial year 2020/21, the Group has complied with all of these covenants.

Our Board has confirmed there is no change in overall direction for Plus Dane, just a continuum of our journey, while also remaining agile to reflect economic uncertainty and the changes that this could bring in our external operating environment and for our tenants.

Corporate Plan - objectives and strategy

This year is the final year of the Corporate Plan (2016 - 2021). The Board continue to set a very clear direction for Plus Dane Housing and have reaffirmed Plus Dane as an organisation with a strong social purpose focused on delivering quality homes and services at below market cost to tenants and customers of modest means.

In essence our philosophy is to build on the technological and cultural investment to date, to co-create solutions with our customers, ensuring that people in our communities have the opportunity to live in a decent home and access the services that they need through:

- continuing to manage, plan and mitigate for immediate and long-term impact of the pandemic on communities.
- focus on long-term and sustainable **growth** and development of new products and services that are aligned to **carbon reduction**, whilst remaining affordable and tenant led
- developing strong **strategic partnerships** to increase capacity and capability to co-create solutions to deliver **effective** housing solutions.
- making the best use of resources, **focusing on efficiency** and removing areas of duplication, in so doing creating a positive experience for customers and colleagues.
- Attracting and retaining the best people to work with us.

Strategic Report (continued)

Our purpose is underpinned by our Big 4 strategic goals:

Big Four	Critical Success Factor
Customer, Product and Services	A customer first service delivery mind set across the organisation, evidenced by feedback, performance, services and partnerships.
	Meaningful and evidenced based customer influence through a range of engagement channels including Plus Dane Voices and Scrutiny Panel.
	Focus on meeting and exceeding the Consumer Regulation Standards
	A mix of housing products to appeal to each life stage for current and future tenants.
	Technology to identify service needs and digitally enable services
	Delivery of services that support our customers and contribute to our wider aim of supporting those in housing need and our communities.
	Intelligence led planning to direct services and resources to where they are needed most
Financial Resilience	A continuing focus on efficiency coupled with good service delivery
	Risk management capability consistently applied across strategic, change and operational activities
	Pursuit of value in its broadest sense across all activities.
	Strength in financial and treasury management.
	Robust stress testing that is continually refreshed and led from the Board.
Growth	Development of new homes across Cheshire and Merseyside to the appropriate standard with a mix of tenures.
	Continuing to work with key strategic partners.
	Positive stakeholder influence – knowing when to lead and when to follow.
	Positioning Plus Dane as a key contributor in regeneration across Cheshire and Merseyside.
	Create a clear definition of "growth" covering new build homes, revenue generation and assets.
	Good quality homes that are safe and economical to run.
People	Clear & defined culture, values & behaviours embedded from the top.
	Strong employee voice and a commitment to meaningful colleague engagement.
	Attraction and retention of talent through a competitive employee offer with clearly defined opportunity for progression.
	Refreshing our people strategy to a more contemporary offer including development of succession and performance management frameworks.
	A health and safety culture embedded throughout the organisation.
	Early talent nurtured
	Investment in people creating succession, capacity & resilience.
	Authenticity – where we get it right we celebrate it. Where we don't we improve it!

At the end of 2020/21, we delivered the following:

1. Customers, Products & Services -

- Review and refresh of key policies to ensure they are fit for purpose, robust and keep the customer at the front of what we do, such as Gas Safety and heating Servicing Policy, Cal recording Policy, Write offs and write back Policy to name a few.
- Continuation of the new housing management system moving into the next phase, implementing service charges, contractor and repairs modules and a customer portal.

Strategic Report (continued)

2. Financial Resilience

- Delivery of the Accounts Payable project, which implemented improvements to our accounts payable processes and strengthened compliance to our financial regulations through system and process improvements.
- Review of the Procurement Service leading to development of a new work and savings plan, and a staff structure to provide the necessary resources to support the business in achieving those targets.
- Review of contracts and facilities and engaging with stakeholders to ensure they remain robust with optimal impact.

3. Growth

- Development of new Asset Management Strategy
- Development of an Asset Performance Evaluation model.
- Refresh and review of flood risk approach and data sets.
- Development of an approach to Net Zero working with Savills on models and approaches.

4. People

- Negotiation of a single set of Terms and Conditions for all staff providing equity and equality across the workforce as part of the Employee Offer project.
- Delivery of the Digital Workspace project, which introduced a new intranet and rolled out MS Teams across the business, these tools became key to the organisation's response to COVID and how we enabled remote working and increased communication with our colleagues.

In March 2021, the Board approved a new Corporate Plan 2021 – 2024.

Over the next three years we will be delivering

1. Thriving Communities

- embedding the new housing management system and digital platforms to support our customer service delivery and enable customer self-serve.
- use our insight and planning framework to identify actions and investment needed to support regeneration, building on the technological and cultural investment to date.
- continue investment across neighbourhoods and communities to make sure that tenants have decent, safe and warm homes whilst providing vibrant places to live, work and play.
- identify approach to reducing our carbon footprint, generating a more resilient future within the community.
- promote ethical lettings across the region to create improved customer experience within the community.

Strategic Report (continued)

2. Thriving Organisation

- re-financing where required to fund our growth aspirations and build more new homes, as well as providing services and investment in existing homes.
- making sure that the principles of value for money are embedded throughout the organisation.
- lowering operating costs and improving our operating margins by implementing our new operating model, whilst engaging in carbon reduction approach.
- review our strategies and continually strive for greater efficiency and effectiveness in our work to deliver a long term sustainable future.

We monitor performance through a combination of a strategic balanced scorecard at Board level supported by more detailed scorecard reporting at Committee level in line with their terms of reference.

Highlights of 2020/21 include:

- Refinancing of loans to secure lower rate of debt and early repayment of higher rate debt, reducing overall annual interest charges for the foreseeable future.
- Careful management of the Help to Buy contract resulting in additional contribution from Homes England of £0.5m based on the impact of COVID.
- Build 87 new homes during a difficult environment of lockdown and social distancing against a target of 162.
- Employee net promoter score – 84 against a target of 64.

Value for Money summary

The Regulator of Social Housing (RSH) requires Registered Providers to demonstrate a robust approach to achieving value for money, underpinned by clear and informed decision making that is owned by the board.

Plus Dane's VfM approach defines value for money as the relationship between effectiveness, efficiency and economy; the aim being to ensure a good balance between all three – achieving high productivity and outcomes from our cost base. We strive to embed value for money in the way that the business operates on a day to day basis and is not a stand-alone project.

Understanding our cost base and continually looking for opportunities to realise and achieve enhanced VfM is important for Plus Dane as delivering value creates opportunity to further our social and charitable objectives. One of our Big 4 strategic objectives is focused specifically on Financial Resilience and we see activities focused on VfM being critical to achieving our goals.

Our Corporate Plan confirms that VfM measures include good value from rent and service charges for our tenants and also financial resilience will be a focus on income

Strategic Report (continued)

collection balanced with a continued emphasis on using our financial resources wisely to ensure that we deliver value for money. This ensures that we remain financially viable alongside focusing our resources on the continued investment in homes and delivery of services to our customers and tenants.

The Board's ambition of achieving an operating surplus to support the growth plan is dependent on delivering an effective and efficient operating model. A key outcome of which is to continue to generate a surplus which will enable Plus Dane to sustain itself and grow in order to make an ever-increasing contribution to the communities and people that it serves.

We recognise that to maximise value we need to consider the organisation as a whole and as such we will be implementing a systematic review of our strategies without losing the benefits of what we have achieved over the last four years.

To ensure that value for money is owned at a strategic level, there are specific measures in the Audit and Risk performance report focused on the organisation's VfM performance.

The link between the Corporate Plan objectives, the longer term Business Plan and the budget setting and monitoring process is key to achieving value for money.

Our VfM framework includes the following activities:

- **Annual business planning cycle** – including budget approval and 30 year Business Plan, incorporating long term projections of financial performance and stress testing;
- **Benchmarking** – making use of the global accounts data to assess our costs and understand cost drivers, compared to our peer group;
- **Board Away Days** – to consider the operating environment and the capacity and capability of the organisation to respond effectively to any impact on the business;
- **Board visibility of performance** - based on four strategic elements of the Balanced Scorecard;
- **Budget monitoring** – monthly budget monitoring and detailed quarterly reforecasting with budget holders to keep track of planned efficiency savings;
- **Continuous Improvement Framework** – that enables a consistent approach to performance improvement from a strategic perspective through to individual services.
- **Customer feedback** – to improve our understanding of our current tenants and customers, their needs, and how we can drive value through the services we provide, a Lessons Learnt Framework has been developed and embedded into the Complaint, Comments and Complaints process. We will also focus on horizon scanning to ensure that our products and services are future facing; and as a result a new customer research partner is currently procured.

Strategic Report (continued)

- **Improved approach to procurement** – setting plans for strategic procurement management that will drive efficiencies in the way we procure services, based on the Procurement Strategy;
- **Project Management** - a framework is in place to provide consistency and assurance to all change activity within the business. A benefit led approach is adopted to ensure that beneficial outcomes are our focus and not deliverables and outputs to ensure we focus on what is value added.
- **Performance Management** – annual corporate plan performance indicators are cascaded down through the organisation to individual team members through annual appraisal and target setting procedures. These are compared to both internally set targets as well as sector benchmarks.

Value for Money Performance against core metrics

The following performance against target core metrics as defined by the Regulator of Social Housing (RSH) shows a reduction in the targeted reinvestment into new social housing which has been impacted by lockdown.

Core Metric	Purpose	Target	Actual
Reinvestment	Measures investment in existing and new stock	5.5%	3.6%
New Supply Delivered - Social Housing	Number of new homes as a proportion of total homes	1.1%	0.4%
New Supply Delivered - Non Social Housing	Number of new non-social homes as a proportion of total homes	0.0%	0.0%
Gearing	Measures degree of dependence upon debt finance	49.7%	49.3%
EBITDA MRI	Measures liquidity. Adjusts surplus for capitalised major repairs & depreciation.	160.0%	158.8%
Social Housing Cost PU	Measures the economy of costs	£3,966	£3,543
Operating Margin - Overall	Excludes gain/loss on sale of Fixed assets	18.2%	22.2%
Operating Margin - Social Housing	Measures efficiency of operating assets	22.4%	27.2%
ROCE	Measures efficiency of investment of capital resources	2.1%	2.9%

The COVID pandemic has had an impact on actual performance when compared to targets. Continued lockdown and social distancing measures have resulted in reduced reinvestment spend and number of new homes delivered against target. This can also be seen in the reduced cost per unit and increased margins delivered. The Coronavirus Pandemic impacted on Plus Dane's ability to access homes to undertake investment works to ensure all homes met Decent Homes Standard. As a result of delayed programmes and access issues there were 40 homes which failed the Decent Homes Standard, the outstanding works to these properties is scheduled to be completed by 31st August 2021.

Strategic Report (continued)

Metric 1: Reinvestment %

The operating performance of the business and the associated surpluses allows Plus Dane to continue to reinvest in both new homes and improvements to our existing homes. During a difficult environment of lockdown and social distancing we were able to deliver 3.6% against a target of 5.5%.

Metric 2: New Supply Delivered %

We were able to deliver 87 new homes during the year to our customers against a target of 142. Plus Dane remains committed to delivery of a growth plan of 300 new homes per year with a trajectory to deliver this by 2022/23.

Metric 3: Gearing %

There is a small decrease in the level of gearing during the year. This supports the trajectory of growth in the development plan and the desire to refinance existing debt to support this growth.

Metric 4: EBITDA (MRI) Interest Cover %

EBITDA is slightly below target for the year. Reviews of the cost base along with continued investment in our systems to allow more efficient processes will look to drive an improvement in this measure in future years.

Metric 5: Headline Social Housing Cost Per Unit (£)

An improved cost per unit against target reflects lower delivery of reinvestment works on our properties than originally planned.

Metric 6: Operating Margin % & Metric 7 Return on Capital Employed

Increased turnover has improved the operating margin compared to target, this aligns with the overall plan to really drive the value for money agenda through all of our cost base and processes to ensure that we deliver an efficient and value added service to our customers. The corporate plan focuses on the delivery of strategies needed to continue providing an effective and efficient operating model, which will provide and sustain further savings and efficiencies for the long term.

Non-housing assets

In addition to housing stock, we are responsible for a small quantity of non-housing assets. An accommodation project has consolidated three offices within Liverpool down to one, which aligns to us delivering the transformation plan to support an

Strategic Report (continued)

improved operating performance, which will allow us to support development growth and continued financial sustainability.

One of the offices is being sold with the remaining offices being refurbished to maximise space, and enable additional income through letting to community-focused services, as well as potentially offering conference and meeting spaces reducing need for using external providers.

Peer Group comparisons:

To provide transparency in how Plus Dane is achieving value for money, the following peer group of other Registered Providers has been selected to compare performance against.

The following organisations have been identified as our peer group, as they are defined as traditional providers who operate in the same geographical location (North West region) owning and or managing a similar number of homes as Plus Dane (ranging between 5,000 to 30,000).

Peer group and Headline Cost per Unit

As the performance data for our peer group is not yet publicly available for 2020/21, published data from their 2019/20 financial statements has been used for all peer group comparisons.

Registered Provider (Peer Group)	Cost Per Unit £	No. of Homes
Adactus Housing Association Limited	2,445	9,907
Great Places Housing Association	3,062	16,619
Contour Homes Limited	3,543	12,529
Plus Dane Housing Limited	3,654	13,124
Peer Average	3,684	11,909
Regenda Limited	3,714	11,293
Muir Group Housing Association Limited	3,740	5,348
Mosscaire St. Vincent's Housing Group Limited	3,824	7,203
Irwell Valley Housing Association Limited	4,033	7,224
Your Housing Limited	4,545	23,931

Strategic Report (continued)

Core Metrics

Comparison of core metrics against peer group and sector from the RSH's Global Accounts VfM metrics dataset show how Plus Dane compares to the above peer group and also against the sector as a whole over the last two financial years.

Peer group and sector comparison	PDH	Peer group average	Sector average	PDH	Peer group average	Sector average
	2019/20	2019/20	2019/20	2018/19	2018/19	2018/19
<i>Investment in homes</i>						
Reinvestment %	4.3%	5.5%	7.2%	4.9%	3.8%	6.2%
New supply delivered % - social housing	0.8%	1.1%	1.8%	1.5%	0.9%	1.6%
New supply delivered % - non-social housing	0.0%	0.2%	0.1%	0.0%	0.1%	0.1%
<i>Key funders' ratios</i>						
Gearing %	49.4%	40.6%	49.2%	48.5%	38.6%	47.8%
EBITDA (MRI) interest cover %	125.2%	143.3%	147.4%	126.1%	184.6%	152.0%
<i>Cost per unit</i>						
Headline social housing cost per unit £	£3,654	£3,684	£4,202	£3,561	£3,326	£4,055
Management cost per unit £	£856	£988	£1,068	£814	£887	£1,016
Maintenance cost per unit £	£1,310	£1,203	£1,164	£1,396	£1,066	£1,108
<i>Key ratios</i>						
Operating margin % - overall (excl. profit on sale of Fixed Asset & Impairments)	18.5%	22.0%	24.6%	17.4%	26.7%	26.3%
Operating margin % - social housing lettings	25.8%	24.1%	27.4%	20.6%	29.4%	30.2%
Return on capital employed (ROCE)	2.4%	2.8%	3.3%	2.2%	3.4%	3.5%

Supply of new homes is currently below sector average but Plus Dane is committed to delivery of a growth plan of 300 new homes per year with a trajectory to deliver this by 2022/23.

Gearing % is aligned to the sector and supports the trajectory of growth in the development plan.

EBITDA is below both our peer group and sector averages and continued investment in our systems will allow more efficient processes and look to drive an improvement in this measure in future years.

Headline CPU is aligned to the Peer Group average and is considerably lower than sector average.

Operating Margin still require improvement to achieve our overall plan to really drive the value for money agenda through all of our cost base and processes to ensure that we deliver an efficient and value added service to our customers. This can be seen in the improved margins in 2020/21.

Return on Capital Employed supports our commitment to delivery of our development plan.

Strategic Report (continued)

Future Value for Money

To further improve VfM over the short to medium term, we will:

- Continue to implement the new operating model via a series of strategic projects that make up the Plus Dane Change Portfolio, which focus on three major elements of cash, colleagues and customer to ensure a holistic approach to value for money is achieved.
- Particular emphasis will be around achieving a lean approach to how we work as an organisation using Lean Six Sigma approach to re-engineer our process to ensure waste and defects are removed, while at the same time ensuring we provide value to our customers.
- Re-finance the organisation focusing on the most appropriate funding sources that will provide medium to long-term certainty over financial capacity whilst leveraging resources much more effectively and improve our borrowing capacity to deliver additional new homes;
- Continued review of the procurement service and embedding the procurement processes into the business to ensure robust procurement process become business as usual.
- Deliver further efficiencies as a result of service reviews which will be scheduled in on an annual basis following the renewal of the continuous improvement framework.
- Embed the revised asset management plan based on the new “Plus Dane Standard” of investment.

Given the evidence provided within our Value for Money statement and the broader elements of our self-assessment, we are of the opinion that we comply with the RSH Value for Money Standard.

Principal Risks and Uncertainties

Plus Dane reviewed its risk appetite along with the Risk and Assurance Framework during the year. A full strategic risk review was undertaken which saw a reduction in the number of strategic risks. The Board recognise that through our operations and activities risks may be managed in line with, above or below our risk appetite. Overall Plus Dane has a cautious risk appetite however there are elements where we have a high appetite if this contributes to our social purpose, development of new and investment in our existing homes. As a Board we place the utmost importance on compliance with legal and regulatory frameworks which govern the business and ensure that we maintain statutory compliance and keeps our staff and customers safe. We appreciate a strong reputation attracts staff and partners and builds the trust of our customers and partners.

Strategic Report (continued)

The strategic risks at the corporate level have been identified based on the presenting risks in both the internal and external operating environment. The description of the risks were reviewed to ensure that there are clear cause and effects which resulted in a reduction in strategic risks. Each of the strategic risk have been set targets which are aligned with appetite. The risks and a summary of the mitigation strategies being deployed are detailed in the table below:

Strategic Risk	Mitigation overview
<p>Ineffective governance architecture and application of framework</p>	<p>The Board sets Plus Dane’s strategic direction as set out in the corporate plan. Progress is monitored through four sub-committees with defined Terms of Reference to inform decision making. The Scheme of Delegation, Policy Framework, procedures, and forward plan of business support the governance architecture. Its effectiveness is assessed by our Code of Governance. Internal control is exerted through our Risk Management system at a strategic and operational level.</p>
<p>Ineffective long term strategic planning its plans.</p>	<p>Our business planning cycle marries together Plus Dane’s ambitions with our operating environment, which is set within our defined risk appetite to articulate our long-term ambitions. Our finances are managed prudently to ensure resources are allocated efficiently. Our projects team delivers our business change portfolio to ensure the business is equipped to deliver</p>
<p>Inability to appropriately defend and protect the business</p>	<p>Business operations are protected by business continuity arrangements including plans for service disruption, severe weather, and emergencies. A suite of policies set out our probity infrastructure. Data security is managed through our cyber security arrangements and Data Protection Office and there are disaster recovery arrangements in place. This is all set against intelligence gathered through constant horizon scanning and threat detection. Our probity suite of policies include key areas of focus such as Anti-Money Laundering, Modern Slavery and Fraud Prevention all provide additional assurance.</p>
<p>Finances are not managed</p>	<p>Our finances are stress tested against a range of adverse scenarios to ensure Plus Dane’s ongoing viability and our core financial controls protect Plus Dane’s financial assets against loss and fraud. We have an operating model designed to deliver productivity and efficient service delivery. Budgets are set and reported on in a timely manner with quarterly reforecasts. Treasury management ensures Plus Dane has the available cash to meet its obligations. Contracts are procured through our specialist team to deliver value for money.</p>
<p>Ineffective Leadership through change</p>	<p>The strategic direction of the business is communicated regularly and clearly through weekly CEO messages in addition to the corporate plan. Individual contributions and performance are managed through the PDR and 121 process and underpinned by a proactive coaching culture. Feedback mechanisms are in place, including pulse surveys, to triangulate and follow up on colleague sentiment</p>

Strategic Report (continued)

Strategic Risk	Mitigation overview
Failure to provide homes or services that meet the requirements of our customers, market or support our business objectives	We consistently seek tenant feedback through formal and informal mechanisms including Plus Dane Voices, our scrutiny panel and service specific transactional surveys. The Executive Management Team are members of key influencing groups in the areas in which we operate including the Liverpool City Region and Cheshire. We have a range of strategies to deliver core services for tenants in need. Plus Dane's social purpose is reinforced by our culture and
Not maximising or optimising all available income	We have a dedicated income team that manages both current and former tenant arrears. We have developed services such as Landlord Plus and floating support to help those in need to maximise their incomes and sustain their tenancies. Benchmarking enables us to understand our performance against our peers.
Breaching regulation and/or legislation	Our assurance team manage corporate compliance with regulation and core legislation. The finance team manage statutory compliance in our accounts. Our health and safety team manage the safety of our staff. Our compliance team manage our properties to ensure compliance with the 'Big Six' compliance framework. A self-assessment against regulatory standards provide assurance that Plus Dane is compliant with both economic and consumer Standards.
Ineffective management of data quality and integrity	A dedicated cross-functional data accuracy group oversees data management and quality across all areas of Plus Dane. Our IT systems are designed to create one version of the truth, which is accurate and accessible at the point of need.
Ineffective identification and management of Safety & Compliance obligations	Our compliance against the Big 6 areas of property safety is managed through our compliance team. This is underpinned by robust data. Performance is closely monitored, and internal audit carried out to identify and correct any control weaknesses. A dedicated health and Safety Team support the organisation to protect our employees
Inability to retain or attract talent at Board and staff level	Our Terms and Conditions have been reviewed to ensure they are competitive to retain and attract talent. The work environment and colleague experience are driven by our values and behaviours framework. We have a significant wellbeing offer to ensure that we support our colleagues when they need it.

Statement of compliance

In preparing this Strategic Report, the Board has followed the principles set out in the Statement of Recommended Practice for registered social housing providers (2018).

Strategic Report (continued)

Going concern

Plus Dane's business activities, its current financial position and factors likely to affect its future development are set out within this Report.

The group has a strong Balance Sheet, with net assets of £56.7m.

Despite the impact of Covid-19, Plus Dane still managed to deliver a strong surplus overall. The preparation of a robust business plan (approved by Board in March 2021), supported by a strong suite of stress tests and associated mitigation plans shows that there are no liquidity concerns. All covenants will be met and it is appropriate to continue to adopt the going concern basis within the financial statements.

Actual results delivered this year to date support the delivery of the approved Budget giving comfort that there are no going concern issues within the business. Annual forecasts are updated quarterly across all income, expenditure and capital areas provide further reassurance to the liquidity of Plus Dane. These are reviewed at Leadership, Executive and Board level.

There is a current headroom of £114.4m (31 August 2021) on undrawn loans and work is currently underway to deliver new long-term fixed rate funding, which will provide further certainty over liquidity.

After making enquiries the Board has a reasonable expectation that Plus Dane Housing has adequate resources to continue in operational existence for the foreseeable future, being a period of 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.



Alison Horner
Company Secretary
16 September 2021

Independent Auditors' Report to the Members of Plus Dane Housing Limited

Opinion on the financial statements

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 and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with 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.

We have audited the financial statements of Plus Dane Housing Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2021 which comprise the Group and Association statements of comprehensive income, the Group and Association statement of changes in reserves, the Group and Association statement of financial position, the Group cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the board members' 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 and of 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 directors are responsible for the other information. The other information comprises the information included in the Report of the Board other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Independent Auditors' Report to the Members of Plus Dane Housing Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent association financial statements are not in agreement with the accounting records and returns; 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, 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 members determine 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 are responsible for assessing the Group 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 intend to liquidate the Group or the Association or to cease operations, or have 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding and accumulated knowledge of the Group and parent association, and the sector in which they operate, we identified that the principal risks of non-compliance with laws and regulations related to their registration with the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the consolidated financial statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Accounting Direction for Private Registered Providers of Social Housing and tax legislation. All audit team members were briefed to ensure they were aware of any relevant regulations in relation to their work, areas of potential non-compliance and fraud risks.

We evaluated managements' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of an override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Our audit procedures in response to the risks identified above included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;

Independent Auditors' Report to the Members of Plus Dane Housing Limited


- challenging assumptions made by management in their significant accounting estimates in particular in relation to the following:
 - whether there are indicators of impairment of tangible assets
 - the useful economic lives of tangible fixed assets
 - recoverability of balances outstanding at the year end
 - assumptions used to calculate the pension provisions
 - the fair value of investment property
 - the classification of financial instruments
- discussions with, and inquiries of, management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- enquires to confirm with management that there was no legal correspondence during the period, or post year end, requiring review;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.
- review of relevant registers such as those associated with risk and fraud;
- identifying and testing journal entries identified as potentially unusual, in particular considering whether there any journal entries posted by staff members with privileged access rights or key management;
- a review of minutes of meetings of those charged with governance both during the period, and post year end;
- considering internal audit findings; and
- considering whether there is any correspondence with HMRC and the Regulator of Social Housing.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

DocuSigned by:

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Hamid Ghafoor

BDO LLP, Statutory Auditor
 Manchester, UK

Date: 20 September 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Group and Association Statements of Comprehensive Income

	Note	Group		Association	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Turnover: Group		76,079	73,977	76,079	73,977
Group turnover	3	76,079	73,977	76,079	73,977
Operating costs	3	(57,760)	(57,528)	(57,784)	(57,523)
Cost of Sales	3	(1,369)	(2,757)	(1,369)	(2,757)
Surplus on sale of fixed assets	3	706	714	706	714
Group operating surplus	3	17,656	14,406	17,632	14,411
Total operating surplus	9	17,656	14,406	17,632	14,411
Interest receivable	7	12	12	12	12
Interest payable and similar charges	8	(12,764)	(11,804)	(12,764)	(11,804)
Other finance costs	6	(273)	(503)	(273)	(503)
Surplus on ordinary activities before tax		4,631	2,111	4,607	2,116
Tax on surplus on ordinary activities	11	-	-	-	-
Surplus for the year		4,631	2,111	4,607	2,116
Actuarial (loss) / gain in respect of pension schemes	6	(9,458)	9,371	(9,458)	9,371
Total comprehensive income		(4,827)	11,482	(4,851)	11,487

All amounts relate to continuing activities.

The financial statements were approved by the Board and signed on its behalf on 16 September 2021.



Sir Peter Fahy
Chair



Gary Dixon
Board Member



Alison Horner
Company Secretary

The accompanying notes form part of these financial statements.

Group and Association Statements of Changes in Reserves

Group

	£'000
Balance as at 31 March 2019	50,176
Transfer of Deferred Tax from liquidated company (INclude)	(49)
Disposal of JV reserves	(41)
Total comprehensive income	
Surplus for the year	2,111
Actuarial gain/(loss) in respect of pension schemes	9,371
Balance as at 31 March 2020	<u>61,568</u>
Total comprehensive income	
Surplus for the year	4,631
Actuarial gain/(loss) in respect of pension schemes	(9,458)
Balance as at 31 March 2021	<u><u>56,741</u></u>

Association

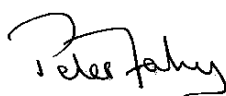
	£'000
Balance as at 31 March 2019 (combined)	50,551
Transfer of Deferred Tax from liquidated company (INclude)	(49)
Total comprehensive income	
Surplus for the year	2,116
Actuarial gain/(loss) in respect of pension schemes	9,371
Balance as at 31 March 2020	<u>61,989</u>
Total comprehensive income	
Surplus for the year	4,607
Actuarial gain/(loss) in respect of pension schemes	(9,458)
Balance as at 31 March 2021	<u><u>57,138</u></u>

The accompanying notes form part of these financial statements.

Group and Association Statement of Financial Position

	Note	Group		Association	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Fixed assets					
Housing properties	12	615,956	608,612	616,390	609,046
Investment properties	13	766	4,616	766	4,616
Other fixed assets	14	5,421	4,455	5,421	4,455
Investments	16	-	-	-	-
Homebuy Loans Receivable		<u>1,117</u>	<u>1,185</u>	<u>1,117</u>	<u>1,185</u>
		623,260	618,868	623,694	619,302
Debtors: due after one year	19	4,803	4,983	4,803	4,983
Current assets					
Stock	17	74	225	74	225
Properties for sale	18	2,124	2,012	2,124	2,012
Trade & other debtors due within a year	19	5,345	6,062	5,341	6,062
Cash and cash equivalents		<u>1,587</u>	<u>2,725</u>	<u>1,548</u>	<u>2,648</u>
		9,130	11,024	9,087	10,947
Creditors: falling due within a year	21	(24,404)	(32,282)	(24,398)	(32,218)
Net current liabilities		(15,274)	(21,258)	(15,311)	(21,271)
Total assets less current liabilities		612,789	602,593	613,186	603,014
Creditors: due after more than a year	22	(534,393)	(528,770)	(534,393)	(528,770)
Provisions for liabilities					
Net pension liability	6	<u>(21,655)</u>	<u>(12,255)</u>	<u>(21,655)</u>	<u>(12,255)</u>
Total net assets		<u>56,741</u>	<u>61,568</u>	<u>57,138</u>	<u>61,989</u>
Capital and reserves					
Non-equity share capital	26	-	-	-	-
Revenue reserve		<u>56,741</u>	<u>61,568</u>	<u>57,138</u>	<u>61,989</u>
Total reserves		<u>56,741</u>	<u>61,568</u>	<u>57,138</u>	<u>61,989</u>

These financial statements were approved by the Board and signed on its behalf on 16 September 2021.



Sir. Peter Fahy
Chair



Gary Dixon
Board Member



Alison Horner
Company Secretary

The accompanying notes form part of these financial statements

Group Cash Flow Statement

	Note	2021		2020	
		£'000	£'000	£'000	£'000
Net cash generated from operating activities	27		26,759		25,618
Cash flow from investing activities					
Purchase of tangible fixed assets		(23,826)		(27,264)	
Proceeds from sale of tangible fixed assets		6,697		2,349	
Grants received		3,819		2,951	
Homebuy loans repaid		68		166	
Interest received		12		12	
			(13,230)		(21,786)
Cash flow from financing activities					
Interest paid		(13,148)		(12,641)	
Repayment of borrowings		(4,972)		-	
Drawdown of borrowings		3,452		6,312	
			(14,668)		(6,329)
Net change in cash and cash equivalents			(1,139)		(2,497)
Cash and cash equivalents at beginning of the year			2,725		5,222
Cash and cash equivalents at end of the year	28		1,586		2,725

The accompanying notes form part of these financial statements

Notes to the financial statements

1. Legal status

Plus Dane Housing Limited is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a housing provider.

Plus Dane Housing Limited is a public benefit entity, whose primary objective is to provide goods or services the general public, community or social benefit and where any equity is provided with a view to supporting the entity's primary objectives rather than with a view to providing a financial return to equity providers, shareholders or members.

2. Principal accounting policies

Basis of Accounting

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

The financial statements are presented in Sterling (£).

Going concern

The financial statements have been prepared on a going concern basis.

The group has a strong Balance Sheet, with net assets of £56.7m.

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The group has in place long-term debt facilities (including £117.9m of undrawn facilities at 31 March 2021), which provide adequate resources to finance committed reinvestment and development programmes, along with the group's day to day operations. The group also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

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

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Significant management judgements

The following are the significant management judgements made in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Notes to the financial statements (continued)

a. Supporting people

Management judgement is applied in determining the extent to which the risks and benefits are transferred to Plus Dane Housing when considering the Income to be recognised.

b. Categorisation of housing properties

The Group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals.

c. Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. The Group has relied on an external valuation of its investment properties as at 31 March. The group are satisfied that the external consultant has estimated a reasonable fair value.

d. Impairment

The Group continually assess whether an indicator of impairment exists. If an indicator exists, the group perform an impairment assessment at property scheme level by comparing the asset's carrying value to the recoverable amount. Indicators of impairment are examples of the following: Change in government policy, regulation or legislation, a change in demand of the properties or a material reduction in market values. Any impairment provisions are charged to the statement of comprehensive income.

e. Capitalisation of property development costs

Distinguishing the point at which a project is more likely than not to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation management monitors the asset and considers whether changes indicate that impairment is required.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

a. Useful lives of depreciable assets

Management reviews its 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 obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components.

b. Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 6).

Notes to the financial statements (continued)

Basis of consolidation

The group accounts consolidate the accounts of Plus Dane Housing Limited and all its subsidiaries at 31 March using the acquisition method.

Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the Plus Dane Housing Limited and entities controlled by the group. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Turnover and revenue recognition

Turnover comprises rental income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale and other services included at the invoiced value (excluding VAT where recoverable) of goods and services supplied in the year and grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Service charges

Service charge income and costs are recognised on an accruals basis. The Group operates both fixed and variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge.

Taxation

Plus Dane Housing Limited is a Registered Society incorporated under the Co-operative and Community Benefit Societies Act 2014. It is registered with the Regulator of Social Housing as a Registered Provider of social housing as defined by the Housing and Regeneration Act 2008. The tax expense for the period comprises current and deferred tax. Tax is recognised in income and expenditure, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent

Notes to the financial statements (continued)

that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the Statement of Financial Position date. Deferred tax assets and liabilities are not discounted.

Value Added Tax

The group 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 group and 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.

Interest Payable

Interest is capitalised on borrowings to finance the development of qualifying assets to the extent that it accrues in respect of the period of development if it represents

- a. Interest on borrowings specifically financing the development programme after deduction of related grants received in advance; or
- b. a fair amount of interest on borrowings of Plus Dane Housing Limited as a whole after deduction of SHG received in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to income and expenditure in the year.

Home Buy Loans (including Mortgage Rescue and Shared Equity Schemes)

Home Buy loans are treated as concessionary loans. They are initially recognised as a loan at the amount paid to the purchaser and are subsequently updated to reflect any accrued interest. Any impairment loss is recognised in income and expenditure to the extent that it cannot be offset against the Home Buy grant. The associated Home Buy grant is recognised as deferred income until the loan is redeemed.

Financial Instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historical cost model.

Direct costs incurred in connection with the issue of a basic financial instrument are deducted from the proceeds of the issue. Finance interest, transaction costs and associated premium or discount are charged to the Statement of Comprehensive Income using either the effective interest rate (EIR) method or on a straight-line basis where not materially different. The EIR method spreads all associated costs over the life of the instrument by comparing the borrowing amount at initial recognition and amount at maturity. On the basis that the difference produced by the two methods is not material, these costs have been amortised on a straight-line basis in this set of financial statements.

Debtors

Short term debtors are measured at transaction price, less any appropriate provision for estimated irrecoverable amounts. A provision is established for irrecoverable

Notes to the financial statements (continued)

amounts when there is objective evidence that amounts due under the original payment terms will not be collected. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Statement of Comprehensive Income.

Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Employee Benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Pensions

The group participates in the following funded multi-employer defined benefit schemes; the Merseyside Pension Fund (MPF) and the Cheshire Pension Fund (CPF), both Local Government Pension Schemes and the Social Housing Pension Scheme (SHPS), administered by The Pension's Trust. All schemes adopt a full FRS 102 valuation.

For all schemes, scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the group through reduced contributions or through refunds from the plan.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

Contributions to an historic defined contribution pension scheme, the Aviva Group personal pension plan, are charged to the Statement of Comprehensive Income in the year in which they become payable.

Housing properties

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

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase

Notes to the financial statements (continued)

in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

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

Donated land and other assets

Land and other assets donated by local authorities and other government sources are added to cost at the fair value of the land at the time of the donation. Where the land is not related to a specific development and is donated by a public body an amount equivalent to the increase in value between fair value and consideration paid is treated as a non-monetary government grant and recognised on the statement of financial position as deferred income within liabilities. Where the donation is from a non-public source, the value of the donation is included as income.

Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. The purpose of holding these assets is to generate surpluses to apply to Plus Dane Housing's charitable purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in income and expenditure.

Government grants

Government grants include grants receivable from Homes England (HE), local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

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

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

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

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income. Upon disposal of the associated property, the group is required to recycle grant proceeds and recognise them as a liability.

Notes to the financial statements (continued)

Other grants

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

Depreciation of housing properties

The Group separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life. The Group depreciates the major components of its housing properties at the following annual rates:

Component	Years
Main structure	80
Pitched Roofs	50
Flat Roofs	30
Windows	30
Doors (including communal fire doors)	30
Boilers	15
Heating Systems	30
Kitchens	20
Bathrooms	30
Electrics including PV panels, wind turbines and other generators	30
Septic Tanks	25
Lifts	30
External joinery and cladding	25
Aids and adaptations	15

Freehold land is not depreciated.

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

Other tangible fixed assets

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for other assets are:

Other Fixed Assets	Years
Freehold office building	50
Computer Hardware	5
Computer Software	5
Fixtures and Fittings – non technology	10
Fixtures and Fittings – technology	3
Motor vehicles (on a reducing balance basis)	25%

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

Notes to the financial statements (continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to income and expenditure on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Properties for sale

Shared ownership first tranche sales, completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Stocks

Stocks have been valued at the lower of cost and net realisable value.

Provisions for liabilities

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

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

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

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

Notes to the financial statements (continued)

3a. Turnover, cost of sales, operating costs and operating surplus

Group	2021				2020			
	Turnover	Cost of Sales	Operating costs	Operating surplus/ (deficit)	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	67,907	-	(49,446)	18,461	65,679	-	(48,733)	16,946
Other social housing activities								
Development services	-	-	(6)	(6)	-	-	(5)	(5)
Supporting people contracts	717	-	(2,593)	(1,876)	916	-	(2,984)	(2,068)
Management services and other	91	-	(84)	7	75	-	(92)	(17)
Leased to others	939	-	(64)	875	783	-	(104)	679
Community regeneration	46	-	(796)	(750)	-	-	(949)	(949)
First tranche shared ownership	1,763	(1,369)	-	394	3,137	(2,757)	-	380
Other	746	-	(866)	(120)	410	-	(695)	(285)
	4,302	(1,369)	(4,409)	(1,476)	5,321	(2,757)	(4,829)	(2,265)
Surplus on sale of fixed assets				706	-			714
	4,302	(1,369)	(4,409)	(770)	5,321	(2,757)	(4,829)	(1,551)
Non-social housing activities								
Commercial lettings	283	-	(312)	(29)	315	-	(1,002)	(687)
EP&N management contract	-	-	-	-	-	-	(32)	(32)
Help to Buy agency	2,697	-	(2,577)	120	1,782	-	(2,017)	(235)
Market rental	890	-	(1,005)	(115)	880	-	(881)	(1)
Other*	-	-	(11)	(11)	-	-	(34)	(34)
	3,870	-	(3,905)	(35)	2,977	-	(3,966)	(989)
	76,079	(1,369)	(57,760)	17,656	73,977	(2,757)	(57,528)	14,406

Notes to the financial statements (continued)

3a. Turnover, cost of sales, operating costs and operating surplus

Association	2021				2020			
	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	67,907	-	(49,446)	18,461	65,679	-	(48,733)	16,946
Other social housing activities								
Supporting people contracts	717	-	(2,593)	(1,876)	916	-	(2,984)	(2,068)
Management services and other	91	-	(84)	7	75	-	(92)	(17)
Leased to others	939	-	(64)	875	783	-	(104)	679
Community regeneration	46	-	(796)	(750)	-	-	(949)	(949)
First tranche shared ownership	1,763	(1,369)	-	394	3,137	(2,757)	-	380
Other	746	-	(896)	(150)	410	-	(695)	(285)
	4,302	(1,369)	(4,433)	(1,500)	5,321	(2,757)	(4,824)	(2,260)
Surplus on sale of fixed assets	-	-	-	706	-	-	-	714
	4,302	(1,369)	(4,433)	(794)	5,321	(2,757)	(4,824)	(1,546)
Non-social housing activities								
Commercial Lettings	283	-	(312)	(29)	315	-	(1,002)	(687)
EP&N Management contract	-	-	-	-	-	-	(32)	(32)
Help to Buy agency	2,697	-	(2,577)	120	1,782	-	(2,017)	(235)
Market rental	890	-	(1,005)	(115)	880	-	(881)	(1)
Other	-	-	(11)	(11)	-	-	(34)	(34)
	3,870	-	(3,905)	(35)	2,977	-	(3,966)	(989)
	76,079	(1,369)	(57,784)	17,632	73,977	(2,757)	(57,523)	14,411

Notes to the financial statements (continued)

3b. Income and expenditure from social housing lettings

Group and Association

	General needs housing £'000	Supported housing & housing for older people £'000	Shared ownership £'000	Total 2021 £'000	Total 2020 £'000
Rent receivable	54,414	3,676	2,566	60,656	59,152
Service charges receivable	1,437	1,098	273	2,808	2,957
Charges for support services	367	302	-	669	465
Government Grants	3,214	394	166	3,774	3,105
Turnover from social housing lettings	59,432	5,470	3,005	67,907	65,679
				-	
Expenditure on social housing lettings					
Management	9,108	1,395	222	10,725	11,235
Services	2,189	1,330	279	3,798	4,142
Routine and planned maintenance	16,661	1,105	27	17,793	17,191
Major repairs expenditure	4,716	3	2	4,721	2,538
Rent losses from bad debts	527	69	40	636	609
Supporting people	81	25	-	106	106
Depreciation of housing properties	10,297	850	520	11,667	12,912
Operating costs on social housing lettings	43,579	4,777	1,090	49,446	48,733
Operating surplus on social housing lettings	15,853	693	1,915	18,461	16,946
Rent losses from voids	402	448	2	852	810

Notes to the financial statements (continued)

4. Accommodation in management and development

Group and Association

At the end of the year, accommodation in management for each class of accommodation was as follows:

Owned and managed by the Group	2021	2020
	Units	Units
Social housing		
General housing:		
- Social Rent	9,489	9,585
- Affordable Rent	2,097	2,025
Supported housing	752	753
Low cost home ownership	686	669
Leaseholder units	231	231
	<hr/>	<hr/>
Total owned	13,255	13,263
	<hr/>	<hr/>
Managed for others	330	326
	<hr/>	<hr/>
Managed by others	92	92
	<hr/>	<hr/>
Non-social housing		
Market rented	25	27
Extra care	72	72
	<hr/>	<hr/>
	97	99
	<hr/>	<hr/>
Total owned and in management	13,774	13,780
	<hr/>	<hr/>
Under development		
Accommodation in development at the year end	189	260
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements (continued)

5. Directors' emoluments and expenses Group and Association

Directors

The remuneration for the executive directors of the Plus Dane Housing Limited for the year ended 31 March 2021 is detailed in the table below.

	Basic salary £'000	Pension contribution £'000	National Insurance £'000	2021 Total £'000	2020 Total £'000
Barbara Spicer Chief Executive (to September 2020)	87	21	10	118	220
Ian Reed Chief Executive *	143	38	19	200	172
Madeleine Nelson Executive Director of Growth and Assets	124	42	16	182	168
Andrea Howarth Executive Director of Neighbourhoods (to December 2020)	98	28	13	139	164
Paul Knight Executive Director of Neighbourhoods (interim)	75	5	10	90	0
John Kent Executive Director of Finance (to 31 July 2019)	-	-	-	-	70
Total	<u>527</u>	<u>134</u>	<u>68</u>	<u>729</u>	<u>794</u>

The emoluments of the highest paid director of the Group, the Chief Executive, excluding pension contributions were £143,000. The Chief Executive was a member of the Merseyside Local Government Pension Scheme. He was an ordinary member of the pension scheme and no enhanced or special terms apply. During the year the Group did not make any further contribution to an individual pension arrangement for the Chief Executive.

*The Chief Executive was appointed on 1st January 2021 and previous to this appointment held the post of Interim Chief Executive and Executive Director of Corporate Resources.

Notes to the financial statements (continued)

Board members

During the year, fees of £79,180 (2020: £81,326) were paid to Board members and expenses paid amounted to £703 (2020: £2,313).

	2021 Total £'000	2020 Total £'000
Sir Peter Fahy (Chair)	15	15
Brian Gowthorpe Retired (19 March 20)	0	8
Sandra Palmer	7	7
Robin Lawler	7	7
Ann Hoskins	7	5
Gary Dixon	6	3
Julie Gill	5	5
Robert O'Malley Resigned (17 September 20)	5	7
Thomas McIlravey	5	5
John Corner	5	5
Lyndsey Burkert	5	5
Frances Chaplin	5	3
David Brown Resigned (31 July 19)	0	2
Scott Murray – Independent Committee Member	2	2
Peter McPartland – Independent Committee Member	2	2
Mark Beach – Independent Committee Member	2	2
Faye Whiteoak - Independent Committee Member	2	1
	80	84

Notes to the financial statements (continued)

6. Employees

Group and Association

The average number of employees expressed in full time equivalents (calculated based on a standard working week of 35 hours) during the year was:

	2021	2020
	Number	Number
Housing, support and care	431	428
Administration and Development	126	128
	<u>557</u>	<u>556</u>
	<u><u>557</u></u>	<u><u>556</u></u>
	2021	2020
	£'000	£'000
Employee costs		
Wages and salaries	18,266	17,851
Social security costs	1,757	1,698
Other pension costs	2,672	2,601
	<u>22,695</u>	<u>22,150</u>
	<u><u>22,695</u></u>	<u><u>22,150</u></u>

The full time equivalent number of staff (including executive directors and calculated based on a standard working week of 35 hours) who received emoluments within Plus Dane Housing Limited and Group:

	2021	2020
	No.	No.
£60,001 to £70,000	13	9
£70,001 to £80,000	7	6
£80,001 to £90,000	2	4
£90,001 to £100,000	2	3
£100,001 to £110,000	3	2
£110,001 to £120,000	1	-
£120,001 to £130,000	1	-
£130,001 to £140,000	-	-
£140,001 to £150,000	-	1
£150,001 to £160,000	-	2
£160,001 to £170,000	1	-
£170,001 to £180,000	-	-
£180,001 to £190,000	1	-
£190,001 to £200,000	-	1
£200,001 to £210,000	-	-

Notes to the financial statements (continued)

Pension Schemes

Plus Dane Housing Limited (PDHL) participates in three funded multi-employer defined benefit schemes: The Social Housing Pension Scheme, Merseyside Pension Fund and Cheshire Pension Fund.

Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability) combined for all three schemes

	2021	2020
	(£000s)	(£000s)
Fair value of plan assets	88,073	76,697
Present value of defined benefit obligation	109,728	88,952
Net defined benefit asset (liability) to be recognised	<u>(21,655)</u>	<u>(12,255)</u>

Defined benefit costs recognised in Other Comprehensive Income combined for all three schemes

	2020/21	2019/20
	(£000s)	(£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	9,101	(2,879)
Experience gains and losses arising on the plan liabilities - gain (loss)	1,951	2,582
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(493)	1,342
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(20,017)	8,326
Total amount recognised in other comprehensive income - gain (loss)	<u>(9,458)</u>	<u>9,371</u>

Notes to the financial statements (continued)

Social Housing Pension Scheme (SHPS)

SHPS is a multi-employer scheme which provides benefits to non-associated employers. The scheme is classified as a defined benefit scheme.

Reconciliation of opening and closing balances of the defined benefit obligation

	2021	2020
	(£000s)	(£000s)
Defined benefit obligation at start of period	16,113	18,055
Current service cost	172	215
Expenses	13	13
Interest expense	373	429
Contributions by plan participants	106	114
Actuarial losses (gains) due to scheme experience	(605)	212
Actuarial losses (gains) due to changes in demographic assumptions	69	(154)
Actuarial losses (gains) due to changes in financial assumptions	5,005	(2,572)
Benefits paid and expenses	(577)	(199)
Defined benefit obligation at end of period	<u>20,669</u>	<u>16,113</u>

Reconciliation of opening and closing balances of the fair value of plan assets

	2021	2020
	(£000s)	(£000s)
Fair value of plan assets at start of period	14,034	13,275
Interest income	330	320
Experience on plan assets (excl amounts included in interest income) - gain (loss)	1,119	(46)
Contributions by the employer	597	570
Contributions by plan participants	106	114
Benefits paid and expenses	(577)	(199)
Fair value of plan assets at end of period	<u>15,609</u>	<u>14,034</u>

Notes to the financial statements (continued)

Assets

	2021	2020
	(£000s)	(£000s)
Absolute Return	862	732
Alternative Risk Premia	588	981
Corporate Bond Fund	922	800
Credit Relative Value	491	385
Distressed Opportunities	451	270
Emerging Markets Debt	630	425
Fund of Hedge Funds	2	8
Global Equity	2,488	2,053
High Yield	467	-
Infrastructure	1,041	1,044
Insurance-Linked Securities	375	431
Liability Driven Investment	3,967	4,658
Liquid Credit	186	6
Long Lease Property	306	243
Net Current Assets	95	60
Opportunistic Illiquid Credit	397	340
Opportunistic Credit	428	-
Private Debt	372	283
Property	324	309
Risk Sharing	568	474
Secured Income	649	532
	<hr/>	<hr/>
Total assets	<u>15,609</u>	<u>14,034</u>

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.

Notes to the financial statements (continued)

Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)

	2020/21 (£000s)	2019/20 (£000s)
Current service cost	172	215
Expenses	13	13
Amounts charged to operating costs	185	228
Net interest expense	43	109
Amounts charged to other finance costs	43	109

Financial Assumptions

	2021 % per annum	2020 % per annum
Discount Rate	2.22%	2.34%
Inflation (RPI)	3.21%	2.53%
Inflation (CPI)	2.87%	1.53%
Salary Growth	3.87%	2.53%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	2021 (years)	2020 (years)
Current Pensioners		
Males	21.6	21.5
Females	23.5	23.3
Future Pensioners		
Males	22.9	22.9
Females	25.1	24.5

Notes to the financial statements (continued)

Merseyside Pension Fund (MPF)

The MPF is a multi-employer scheme, administered by Wirral Borough Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2019.

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2021 £'000	2020 £'000
Opening scheme liabilities	45,573	49,518
Current service cost	643	769
Past service cost	315	91
Interest cost	1,089	1,230
Re-measurements	7,078	(5,371)
Plan participants' contributions	171	189
Benefits paid	(539)	(853)
Closing scheme liabilities	54,330	45,573

Reconciliation of opening and closing balances of the fair value plan assets

	2021 £'000	2020 £'000
Opening fair value of plan assets	38,267	39,251
Interest income	923	983
Re-measurements	4,375	(2,035)
Plan participants' contributions	171	189
Contributions by employer	739	744
Administration	(11)	(12)
Benefits/transfers paid	(539)	(853)
Closing fair value of plan assets	43,925	38,267

Major categories of plan assets:

	2021 £'000	2020 £'000
Equities	17,481	16,033
Government bonds	1,274	7,003
Other bonds	11,816	4,248
Property	3,031	2,947
Cash/liquidity	2,240	1,454
Other	8,083	6,582
	43,925	38,267

Notes to the financial statements (continued)

Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)

	2021 £'000	2020 £'000
Current service costs	643	769
Past service costs	315	91
Loss on settlements/curtailments	11	12
	<hr/>	<hr/>
Amounts charged to operating costs	969	872
	<hr/>	<hr/>
Net interest	166	247
	<hr/>	<hr/>
Amounts charged to other finance costs	166	247
	<hr/>	<hr/>

Financial assumptions

The major assumptions used by the actuary in assessing scheme liabilities were:

	2021 % per annum	2020 % per annum
Discount rate	2.1	2.4
Future salary increases	4.2	3.6
Future pension increases	2.8	2.2
Inflation assumption	2.7	2.1

Mortality

	2021 (years)	2020 (years)
Current pensioners		
Males	21.0	20.9
Females	24.1	24.0
Future Pensioners		
Males	22.6	22.5
Females	26.0	25.9

Notes to the financial statements (continued)

Cheshire Pension Fund (CPF)

The CPF is a multi-employer scheme, administered by Cheshire West and Chester Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2019.

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2021 £'000	2020 £'000
Opening scheme liabilities	27,266	30,805
Current service cost	503	631
Past service cost	-	73
Interest cost	625	741
Re-measurements	7,012	(4,365)
Plan participants' contributions	99	97
Benefits paid	(776)	(716)
Closing scheme liabilities	34,729	27,266

Reconciliation of opening and closing balances of the fair value plan assets

	2021 £'000	2020 £'000
Opening fair value of plan assets	24,396	24,805
Interest income	560	594
Re-measurements	3,607	(798)
Plan participants' contributions	99	97
Contributions by employer	653	414
Benefits paid	(776)	(716)
Closing fair value of plan assets	28,539	24,396

Major categories of plan assets as a percentage of the plan assets

	2021 % per annum	2020 % per annum
Equities	46	38
Bond	40	46
Property	10	8
Cash	4	8

Notes to the financial statements (continued)

Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)

	2021 £'000	2020 £'000
Current service costs	503	631
Past service cost	-	73
	<hr/>	<hr/>
Amounts charged to operating costs	503	704
	<hr/>	<hr/>
Net interest	65	147
	<hr/>	<hr/>
Amounts charged to other finance costs	65	147
	<hr/>	<hr/>

Financial assumptions

The major assumptions used by the actuary in assessing scheme liabilities were:

	2021 %	2020 %
Discount rate	2.00	2.30
Future salary increases	3.55	2.60
Future pension increases	2.85	1.90

Mortality

	2021 (years)	2020 (years)
Current Pensioners		
Males	21.4	21.2
Females	24.0	23.6
Future Pensioners		
Males	22.4	21.9
Females	25.7	25.0

Notes to the financial statements (continued)

7. Interest receivable

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Interest receivable and similar income	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>

8. Interest payable and similar charges

Group and Association	2021 £'000	2020 £'000
Interest on bank loans and overdrafts	13,105	12,012
RCGF Interest	3	13
	<u>13,108</u>	<u>12,025</u>
Less: interest capitalised in housing property costs	(345)	(221)
	<u>12,764</u>	<u>11,804</u>
Capitalisation rate used to determine the finance costs capitalised during the period	<u>4.0%</u>	<u>4.5%</u>

9. Operating surplus

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Is stated after charging:				
Depreciation of housing properties	11,566	12,633	11,566	12,633
Impairment of housing properties	113	235	113	235
Depreciation of other tangible fixed assets	546	351	546	351
Operating lease charges:				
- Land and buildings	517	618	517	618
- Motor Vehicles	635	699	635	699
Auditors' remuneration (excluding VAT):				
- for audit services	54	53	51	50
- for audit related services	2	-	2	-
- tax compliance	3	-	1	-

Auditors' remuneration for subsidiaries has been paid for by the parent in the year.

Notes to the financial statements (continued)

10. Surplus on sale of fixed assets - housing properties

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Disposal proceeds	6,697	2,349	6,697	2,349
Carrying value of fixed assets	(5,991)	(1,635)	(5,991)	(1,635)
	706	714	706	714

11. Tax on surplus on ordinary activities

United Kingdom Corporation Tax	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
<i>Current taxation:</i>				
Current tax on income for year	-	-	-	-
Total tax charge	-	-	-	-

The current tax charge for the year varies from the standard rate of corporation tax in the United Kingdom of 19% (2020 19%). The differences are explained below:

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Surplus on ordinary activities subject to tax	4,631	2,111	4,607	2,116
Expected tax charge at 19%	880	401	875	402
Effects of:				
Expenses not deductible for tax purposes	13,718	-	13,716	-
Income not taxable	(14,602)	(402)	(14,591)	(402)
-	-	-	-	-
Deferred tax not recognised	4	1	-	-
	-	-	-	-

Unrelieved losses of **£17k** in Dane Partnership Homes Limited (2020: £11k) are carried forward and are available to reduce the tax liability in respect of future surpluses.

Plus Dane Ltd is a Charitable Registered Society and has charitable status.

Notes to the financial statements (continued)

12. Tangible fixed assets - Housing properties – Group

	Housing properties to rent		Shared ownership		Total £'000
	Held for letting £'000	Under construction £'000	Held for letting £'000	Under construction £'000	
Cost					
At 1 April 2020	693,956	21,419	37,270	2,895	755,540
Additions	5,071	14,330	8	3,264	22,673
Schemes completed in year	14,201	(14,201)	2,738	(2,738)	-
Reclassified properties	1,198	23	-	(23)	1,198
Transfer (to)/ from current assets	-	-	(3)	(1,393)	(1,396)
Disposals	(7,849)	-	(825)	-	(8,674)
At 31 March 2021	706,577	21,571	39,188	2,005	769,341
Depreciation & impairment					
At 1 April 2020	144,767	32	2,126	3	146,928
Charged in year	11,162	26	379	112	11,679
Schemes completed in year	32	(32)	2	(2)	-
Reclassified properties	37	-	-	-	37
Released on disposal	(5,200)	-	(59)	-	(5,259)
At 31 March 2021	150,798	26	2,448	113	153,385
Net book value					
At 31 March 2021	555,779	21,545	36,740	1,892	615,956
At 31 March 2020	549,189	21,387	35,144	2,892	608,612

Notes to the financial statements (continued)

Tangible fixed assets - Housing properties – Association

	Housing properties to rent		Shared ownership		Total £'000
	Held for letting £'000	Under construction £'000	Held for letting £'000	Under construction £'000	
Cost					
At 1 April 2020	694,390	21,419	37,270	2,895	755,974
Additions	5,071	14,330	8	3,264	22,673
Schemes completed in year	14,201	(14,201)	2,738	(2,738)	-
Reclassified properties	1,198	23	-	(23)	1,198
Transfer (to)/ from current assets	-	-	(3)	(1,393)	(1,396)
Disposals	(7,849)	-	(825)	-	(8,674)
At 31 March 2021	<u>707,011</u>	<u>21,571</u>	<u>39,188</u>	<u>2,005</u>	<u>769,775</u>
Depreciation & impairment					
At 1 April 2020	144,767	32	2,126	3	146,928
Charged in year	11,162	26	379	112	11,679
Schemes completed in year	32	(32)	2	(2)	-
Reclassified properties	37	0	-	-	37
Released on disposal	(5,200)	-	(59)	-	(5,259)
At 31 March 2021	<u>150,798</u>	<u>26</u>	<u>2,448</u>	<u>113</u>	<u>153,385</u>
Net book value					
At 31 March 2021	<u>556,213</u>	<u>21,545</u>	<u>36,740</u>	<u>1,892</u>	<u>616,390</u>
At 31 March 2020	<u>549,623</u>	<u>21,387</u>	<u>35,144</u>	<u>2,892</u>	<u>609,046</u>

Notes to the financial statements (continued)

12. Tangible fixed assets - Housing properties (continued)

The net book value includes £1,034,745 (2020: £1,054,270) in respect of assets held under finance leases. Depreciation charged in the year on these assets amounted to £19,525 (2020: £21,179).

Social Housing Grant – Group and Association	2021	2020
	£'000	£'000
Total accumulated SHG received or receivable at 31 March :		
Recognised in the Statement of Comprehensive Income	3,818	3,142
Held as deferred income (Note 23)	<u>235,997</u>	<u>242,028</u>
	<u>239,815</u>	<u>245,170</u>

Recognised in Statement of Comprehensive Income £3,818k relates to amortisation value, it does not include amounts released on disposal.

The Group is unable to analyse the cost of housing land and buildings between freehold and other tenures, nor is it able to provide a reasonable estimate except at excessive costs. It is considered the effect of this omission is negligible.

	2021	2020
Expenditure on works to existing properties: Group and Association	£'000	£'000
Amounts capitalised	5,071	7,909
Amounts charged to income statement	5,456	4,178
	<u>10,527</u>	<u>12,087</u>

Impairment

The Group considers individual schemes to be separate Cash Generating Units (CGU's) when assessing for impairment, in accordance with the requirements of Financial Reporting Standard 102 and SORP 2018.

Social housing properties were assessed for impairment. £113k impairment has been realised on these properties (2020: nil).

Notes to the financial statements (continued)

13. Investment properties

	Total
	£'000
Group and Association	
Valuation	
At 1 April 2020	4,616
Additions	-
Disposal	(3,840)
Revaluation	<u>(10)</u>
At 31 March 2021	<u><u>766</u></u>

The group's commercial investment properties were subject to external desktop valuations as at 31 March 2021. The valuations were carried out by Avison Young, Manchester and Pantera Property, Harrogate under instruction from the directors of Plus Dane Housing Limited. The result of the valuations included an impairment on one investment property of £10k, which has been recognised through the Statement of Comprehensive Income in arriving at the surplus for the year.

The disposal relates to the sale of the VISTA investment (£2.6m) and transfer of a further two investment schemes (£1.2m), on management review to Tangible Fixed Asset Housing Properties.

Notes to the financial statements (continued)

14. Other fixed assets

Group

	Freehold offices £'000	Leasehold office premises £'000	Motor vehicles £'000	Fixtures & equipment £'000	Total £'000
Cost					
At 1 April 2020	5,653	1,319	42	7,294	14,308
Additions	10	1,471	-	96	1,577
Disposals	(375)	(709)	-	(1,978)	(3,062)
At 31 March 2021	<u>5,288</u>	<u>2,081</u>	<u>42</u>	<u>5,412</u>	<u>12,823</u>
Depreciation					
At 1 April 2020	3,209	970	42	5,632	9,853
Charged for the year	97	51	-	398	546
Disposals	(310)	(709)	-	(1,978)	(2,997)
At 31 March 2021	<u>2,996</u>	<u>312</u>	<u>42</u>	<u>4,052</u>	<u>7,402</u>
Net book value					
At 31 March 2021	<u>2,292</u>	<u>1,769</u>	<u>-</u>	<u>1,360</u>	<u>5,421</u>
At 31 March 2020	<u>2,444</u>	<u>349</u>	<u>-</u>	<u>1,662</u>	<u>4,455</u>

Association

	Freehold offices £'000	Leasehold office premises £'000	Motor vehicles £'000	Fixtures & equipment £'000	Total £'000
Cost					
At 1 April 2020	5,653	1,319	42	7,282	14,296
Additions	10	1,471	-	96	1,577
Disposals	(375)	(709)	-	(1,966)	(3,050)
At 31 March 2021	<u>5,288</u>	<u>2,081</u>	<u>42</u>	<u>5,412</u>	<u>12,823</u>
Depreciation					
At 1 April 2020	3,209	970	42	5,620	9,841
Charged for the year	97	51	-	398	546
Disposals	(310)	(709)	-	(1,966)	(2,985)
At 31 March 2021	<u>2,996</u>	<u>312</u>	<u>42</u>	<u>4,052</u>	<u>7,402</u>
Net book value					
At 31 March 2021	<u>2,292</u>	<u>1,769</u>	<u>-</u>	<u>1,360</u>	<u>5,421</u>
At 31 March 2020	<u>2,444</u>	<u>349</u>	<u>-</u>	<u>1,662</u>	<u>4,455</u>

Notes to the financial statements (continued)

15. Subsidiaries

As required by statute, the financial statements consolidate the results of Plus Dane Housing Limited and its wholly owned and/or controlled subsidiary undertakings, as follows:

- INclude Neighbourhood Regeneration Limited (In Members Voluntary Liquidation)
- Three60 Property Investors Limited (In Members Voluntary Liquidation)
- Dane Partnership Homes Limited

The three subsidiaries listed above are all Limited Companies Registered in England and Wales.

In accordance with the Accounting Direction for Private Registered Providers of Social Housing 2019 disclosures have been made in relation to transactions between Plus Dane Housing Limited and non-regulated entities within the Group.

16. Fixed asset investments

Group and Association

	2021	2020
	£'000	£'000
Joint Venture Skylight	184	-
Impairment in joint Venture	(184)	

Joint Venture Undertakings

The Group and Plus Dane Housing Limited have the following aggregate interests in joint ventures.

	2021	2020
	£'000	£'000
Share of gross assets	184	-
Share of gross liabilities	—	-
Share of net assets	<u>184</u>	<u>—</u>

Plus Dane Housing Limited (and hence the Group) entered into a joint venture in February 2021 obtaining 33.3% interest in the ordinary share capital of a joint venture undertaking (2020: Investment stood at nil), Skylight Lettings Ltd. This company is incorporated in England and Wales and is an ethical lettings agency that had not begun trading at 31st March 2021.

Notes to the financial statements (continued)

17. Stock

	2021 £'000	2020 £'000
Consumables	74	225

18. Properties for sale

Group and Association	2021 £'000
At 1 April 2020	2,012
Additions in the year	1,395
Released to income in the year	(1,283)
Shared ownership at cost 31 March 2021	<u>2,124</u>

19. Debtors

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Amounts receivable after one year				
Amounts due under finance lease (note 20)	4,799	4,983	4,799	4,983
Other Long Term debtors	4	-	4	-
	<u>4,803</u>	<u>4,983</u>	<u>4,803</u>	<u>4,983</u>
Amounts receivable within one year				
Rent and service charges	5,413	4,946	5,413	4,946
Less: provision for bad debts	(4,269)	(3,654)	(4,269)	(3,654)
	<u>1,144</u>	<u>1,292</u>	<u>1,144</u>	<u>1,292</u>
Amounts due under finance lease (note 20)	183	173	183	173
Loans to employees	11	34	11	34
Other debtors and prepayments	3,938	3,842	3,934	3,842
Other tax and social security	-	206	-	206
Social Housing Grant receivable	69	515	69	515
	<u>5,345</u>	<u>6,062</u>	<u>5,341</u>	<u>6,062</u>
	<u>10,148</u>	<u>11,045</u>	<u>10,144</u>	<u>11,045</u>

The loans to employees contains £1k (2020: £32k) relating to the groups car loan scheme. This is no longer in existence and the balance relates to historic car loans due to be repaid. The remaining £10k relates to a cycle scheme (2020: £2k).

Notes to the financial statements (continued)

20. Amounts due under finance lease

Group and Association

Amounts due under finance leases amount to £4,982,000. This represents the value of the finance lease at 31 March 2021 (2020: £5,155,000) granted to CLS Care Services over The Larches in Macclesfield. The Larches is a 90 unit dementia and extra care village which was completed and the lease granted in October 2007. The lease is for a period of 30 years and the substance of the lease is such that it is deemed to be a finance lease and has been treated in the financial statements accordingly.

Finance leases are receivable as follows:

	2021	2020
	£'000	£'000
Within one year	183	173
Between one and two years	195	183
Between two and five years	658	620
After five years	<u>3,946</u>	<u>4,179</u>
	<u>4,982</u>	<u>5,155</u>

21. Creditors: amounts falling due within one year

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Loans (see note 22)	4,774	14,681	4,774	14,681
Trade creditors	3,187	2,078	3,187	2,078
Social Housing Grant received in advance	116	116	116	116
Rent received in advance	2,577	2,967	2,577	2,967
Other tax and social security	584	445	584	445
Corporation tax	-	64	-	12
Accruals and deferred income	7,155	6,921	7,155	6,921
Recycled Capital Grant Fund (see note 24)	347	351	347	351
Disposal Proceeds Fund (see note 25)	-	218	-	218
Amounts due to Group undertakings	-	-	5	77
Other creditors	1,599	1,274	1,588	1,185
Deferred Grant Income (see note 23)	3,819	2,951	3,819	2,951
Amounts due to pension funds	246	216	246	216
	<u>24,404</u>	<u>32,282</u>	<u>24,398</u>	<u>32,218</u>

Notes to the financial statements (continued)

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

Group and Association

	2021 £'000	2020 £'000
Bank loans	300,430	290,126
Less: issue costs	<u>(1,753)</u>	<u>(1,161)</u>
	298,677	288,965
Deferred grant income (see note 23)	232,178	239,077
Recycled Capital Grant Fund (see note 24)	3,538	728
	<u>534,393</u>	<u>528,770</u>

Debt Analysis

	2021 £'000	2020 £'000
Debt on bank loans repayable as follows		
In five or more years	93,095	195,969
Between two and five years	145,286	89,812
Between one and two years	<u>60,296</u>	<u>3,184</u>
	298,677	288,965
In one year or less	4,774	14,681
	<u>303,451</u>	<u>303,646</u>

Housing loans from lending institutions are secured by specific charges on some of the Group's housing properties and floating charges over the Group's assets and are repayable at fixed rates of interest of between 0.2% and 10.73%. The level of undrawn facilities at the year-end stands at £117.9m (2020: £42.4m).

Notes to the financial statements (continued)

23. Deferred grant income

Group and Association	2021 £'000	2020 £'000
At 1 April 2020	242,028	242,318
Grants received in the year	869	3,242
Released to income in the year	(6,900)	(3,532)
At 31 March 2021	235,997	242,028
	2021 £'000	2020 £'000
Amounts to be released within one year	3,819	2,951
Amounts to be released in more than one year	232,178	239,077
	235,997	242,028

24. Recycled Capital Grant Fund (RCGF)

Group and Association	2021 £'000	2020 £'000
At 1 April 2020	1,079	1,462
Additions to fund	3,134	400
Interest credited	3	12
Utilised in the year	(331)	(795)
At 31 March 2021	3,885	1,079
Disclosed as:		
Amounts falling due within one year	347	351
Amounts falling due after one year	3,538	728
	3,885	1,079

25. Disposal proceeds funds (DPF)

Group and Association	2021 £'000	2020 £'000
At 1 April 2020	218	217
Grant recycled upon relevant events	-	-
Utilisation of fund	(219)	-
Interest credited	1	1
Balance at 31 March 2021	-	218
Disclosed as:		
Due within one year (see note 21)	-	218
Due after one year	-	-
	0	218

Notes to the financial statements (continued)

26. Share capital

	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
Shares of £1 each issued and fully paid At 1 April and 31 March	<u>12</u>	<u>12</u>	<u>11</u>	<u>11</u>

The shares provide members with the right to vote at general meetings but do not provide any rights to dividends or distributions. The members' liability is limited to £1 on a winding up of Plus Dane Housing Limited.

27. Notes to the group cash flow statement

	2021	2020
	£'000	£'000
Reconciliation of operating surplus to net cash generated from operating activities		
Operating surplus	17,656	14,406
Adjustment for non-cash items:		
Depreciation and impairment of tangible fixed assets	12,225	13,220
Decrease/(increase) in stock	151	(96)
Decrease/(increase) in trade and other debtors	279	(620)
Decrease in trade and other creditors	904	2,301
Pension costs less contributions payable	58	(179)
Impairment/Revaluation of investment properties	10	442
Carrying amount of tangible fixed asset disposals	5,991	1,635
Adjustments for investing or financing activities:		
Proceeds from the sale of tangible fixed Assets	(6,697)	(2,349)
Government grants utilised in the year	(3,818)	(3,142)
Tax	-	-
	<hr/>	<hr/>
Net cash generated from operating activities	26,759	25,618
	<hr/> <hr/>	<hr/> <hr/>

28. Net Debt reconciliation

	1st April 2020	Cashflow	Other Non Cash	31st March 2021
Cash at bank and in hand	2,725	(1,138)	-	1,587
Security Bonds	(5,272)	-	-	(5,272)
Bank Loans	(303,646)	(432)	626	(303,451)
	(306,193)	(1,570)	626	(307,137)

Notes to the financial statements (continued)

29. Capital commitments

Group and Association

	2021 £'000	2020 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	12,360	24,852
Capital expenditure that has been authorised but not yet contracted for	99,848	60,136
	<u>112,208</u>	<u>84,988</u>
The Group expects to finance the above commitments by:		
Social Housing Grant receivable	22,185	14,048
Loan facilities, shared ownership stair-casing sales and other trading cash flows	90,023	70,940
	<u>112,208</u>	<u>84,988</u>

30. Commitments under operating leases

The future minimum lease payments are as set out below. Leases relate to office accommodation and market rent apartments.

	2021 £'000	2020 £'000
Not later than one year	800	814
Later than one year and not later than five years	3,188	2,972
Later than five years	4,318	4,636
	<u>8,306</u>	<u>8,422</u>

31. Bond Guarantee

The group have the following bond guarantee's in place as at 31 March 2021.

BENEFICIARY	ISSUE DATE	EXPIRY	AMOUNT £	BOND TYPE
CHESHIRE WEST AND CHESTER BOROUGH	18/10/2017	18/04/2022	4,650,000	PENSION GUARANTEES
WIRRAL BOROUGH COUNCIL	30/12/2011		556,000	PENSION GUARANTEES
LIVERPOOL CITY COUNCIL	11/10/2011		65,582	PERFORMANCE

Notes to the financial statements (continued)

32. Related parties

The group participates in the following funded multi-employer defined benefit schemes; the Merseyside Pension Fund (MPF) and the Cheshire Pension Fund (CPF), both Local Government Pension Schemes and the Social Housing Pension Scheme (SHPS), administered by the Pension's Trust. Transactions between the group and the pension schemes are contained within Note 6.

Plus Dane Housing Board has 1 board member who holds a tenancy agreement on normal terms and cannot use their position to their advantage. The rent charged for the year for the member was £4,378 (2020: £4,345) and the tenant had a year end rent account credit balance of £28 (2020: £455 debit).

33. Post Balance Sheet Events

There are no post balance sheet events.