

Financial Statements Plus Dane Housing Limited

For the year ended 31 March 2020

A Charitable Registered Society No: 31012R

Regulator of Social Housing No: L4556

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Board members

Sir Peter Fahy (Chair)
Brian Gowthorpe (resigned 19 March 2020)
Robin Lawler
Rob O'Malley
Sandra Palmer
David Brown (resigned 31 July 2019)
Lyndsey Burkert
Jon Corner
Julie Gill
Dr Ann Hoskins
Thomas McIlravey
Frances Chaplin (appointed September 2019)
Gary Dixon (appointed December 2019)

Executive officers:

Barbara Spicer (Chief Executive)
Madeleine Nelson (Executive Director Growth)
Ian Reed (Executive Director Corporate Resources)
Andrea Howarth (Executive Director Neighbourhoods) –
appointed 1 September 2019
John Kent (Executive Director Finance) – resigned 30 June 2019

Company Secretary

Alison Horner (appointed 22 July 2020)
Ian Reed (resigned 22 July 2020)

Registered office

Baltimore Buildings
13-15 Rodney Street
Liverpool
L1 9EF

Auditors

BDO LLP
3 Hardman Street
Manchester
M3 3AT

Bankers

National Westminster Bank plc
Liverpool One Branch
49 South John Street
Liverpool One
L1 8BU

Chair's statement

I have great pleasure in presenting Plus Dane's financial statements for 2019-20.

The focus for the year has been on the continued delivering of the change programme that we began last year in our move towards a new operating model. As part of that we launched the first phase of our digital project that will see us significantly rationalise the number of systems we operate across the business saving us money and also making it more efficient for colleagues. We will continue with the second phase during this coming year which will allow for more customer self-service options. This year, as part of our digital strategy we completed our move to being fully cloud based enabling colleagues to access systems and complete tasks from any device and any location.

We also launched a new values and behaviours framework that Plus Dane colleagues worked together to develop. This is a blueprint for how we do things and what our customers and stakeholders should see in our dealings with them. This culminated in our first colleague awards which took place in December at our annual staff conference in recognition of the many colleagues that go above and beyond to deliver for our customers.

One of the highlights of this year has been welcoming the Floating Support team into the organisation having taken a decision that there was a need for the organisation to provide a greater level of support for tenants and customers who were facing some real challenges. The team has exceeded our expectations in what they have been able to achieve and the difference they are making to the lives of tenants who are in need of some additional support. In less than a year, we have seen the risk of tenancy loss reduce by 7%, risk of anti-social behaviour reduce by 50% and the average wellbeing score increase by 12%.

Throughout the year we have undertaken work to upgrade some of our supported housing accommodation, specifically the communal areas within the properties that are used by residents. Alongside improving the aesthetics of the spaces, making them more welcoming and comfortable, we have introduced additional activities for residents to take part in to reduce social isolation. The response to this work has been overwhelmingly positive and we are seeing increased levels of participation from residents as a result of the investment. Our plan is to continue this programme of work through 2020/21.

We were delighted to have won the Help to Buy contract for the north this year, following six successful years as the agent for the north west. This is testament to the hard work and expertise shown by the team and their hard work and determination to meet all of the targets set to support people onto the housing ladder.

Chair's statement (continued)

The last quarter of the year was dominated by the Covid 19 pandemic as the organisation moved to respond in order to reduce the spread of the virus while being in a strong position to deliver the essential services that were required. I was pleased with the organisation's response, mobilising the office based workforce to work from home within a week while making quick decisions on what services we would continue throughout the duration of the lockdown and what additional measures we would need to take to keep both colleagues and customers safe.

We are now in the recovery phase of the crisis as the country's lock down restrictions begin to relax, looking at the impact on the business from a financial, service delivery and colleague perspective, alongside any implications for our future work programme. Plus Dane's Board will also be seeking to understand the impact the situation has and will continue to have on our tenants and customers so that we can make informed decisions about how we move forward to support them. Following a challenging final quarter in 2019/20 and clearly with challenging times ahead, Board remain focussed on improving the viability of the organisation, increasing the surplus to continue to invest in decent homes.

Sir Peter Fahy

Plus Dane Housing Limited

17 September 2020

Directors' Report

The Board has pleasure in presenting its report and financial statements for Plus Dane Housing Limited (PDHL) together with the audited financial statements for the year ended 31 March 2020.

Plus Dane Housing Limited therefore consists of:

- Plus Dane Housing Limited (Parent)
- 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 major regeneration projects and partnerships to deliver change to the neighbourhoods and communities which it serves.

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 as defined by the Housing and Regeneration Act 2008.

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 2020.

Tenant and Customer Involvement

Plus Dane Housing recognises that it can make a real difference to homes and neighbourhoods and improve 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.

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.

Directors' Report (continued)

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, following the implementation of Plus Dane Housing's Attendance Management Policy and new People Management System.

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. Plus Dane Housing has prepared detailed health and safety policies and provides Board and staff training and education on health and safety matters, including safeguarding; in addition, Plus Dane Housing has invested in 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.

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.

The Board

The Board comprises 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.

Directors' Report (continued)

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.

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 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. 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.

Directors' Report (continued)

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 (2015) and the supporting Code of Conduct (2012), which is a requirement of the Code of Governance.

The code is framed around nine principles, which the Board ensures that the organisation upholds:

1. *Ethics* - it operates according to high ethical standards, explicit values and appropriate codes of governance and conduct.
2. *Accountability* – there is proper accountability to and involvement of stakeholders, primarily residents
3. *Customer First* – the needs of current and future customers are at the heart of the strategy
4. *Openness* – A spirit of openness and transparency in matters of governance
5. *Diversity and Inclusion* – There is fairness, equality of opportunity and diversity in all aspects of governance
6. *Review and Renewal* – formal and open processes for the periodic review of the board's own performance are established
7. *Clarity* – roles and responsibilities between board members and staff are clear
8. *Control* – Effective systems for internal delegation, audit, risk management and control are in place. The board receives adequate and timely advice to inform its decisions
9. *Structures* – There are effective staffing and committee structures to support the board's work

The Board carries out an annual appraisal of governance in terms of its compliance against its chosen Code. For both the overarching Code of Governance and the supporting Code of Conduct the assessment is conducted on a "comply or explain"

Directors' Report (continued)

basis. Based on the self-assessment completed in May 2019, Plus Dane can evidence overall compliance with the principal recommendations of the NHF Code of Governance 2015 and the supporting 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 each 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 10 internal audits were undertaken and one of the audits, Electrical Safety, was classified as high risk with 1 high risk, 2 medium risk and 1 low risk recommendations being made. The Audit & Risk Committee gave this due consideration and noted its inclusion in the Internal Control assessment.

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 2019 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. No significant instances of frauds have been reported during the year.

Directors' Report (continued)

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 17 September 2020.

Auditors

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

The Directors Report was approved on 17 September 2020 and signed on its behalf by:

Alison Horner
Company Secretary
17 September 2020

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 2019.

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 £2.1 million (2019: £1.0 million) before movements in relation to pension schemes. Total comprehensive income after actuarial adjustments is £11.5 million (2019: (£5.2 million)), following an actuarial gain of £9.4 million (2019: actuarial loss of £6.2 million).

Statement of Comprehensive Income

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

For the year end 31 March £m	2020	2019	2018	2017	2016
Income from social housing lettings	65.7	65.4	65.2	64.8	64.4
Group turnover	74.0	74.0	78.5	94.4	96.9
Operating surplus	14.4	13.9	17.9	25.1	20.6
Incl. surplus on sale of property	0.7	0.8	1.0	0.4	0.6
Net interest payable	12.3	12.8	13.0	13.8	14.5
Surplus for the year after tax	2.1	1.0	4.3	10.9	5.2

Strategic Report (continued)

Group turnover has remained consistent during the year at £74 million. The operating surplus increased from £13.9 million to £14.4 million. In percentage terms, this represents an improvement from 18.8% to 19.5% and is achieved after £0.9 million of property impairments across residential, office and investment properties as well as expenditure on the planned programme that has been expensed rather than capitalised.

As a result of loan repayments, supported by continuing low interest rates on variable rate loans, there has been a reduction in net interest costs of £0.5 million.

Statement of Financial Position

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

As at 31 March £m	Restated		2018	2017	2016
	2020	2019			
Housing properties	608.6	599.2	589.5	579.9	576.1
Other fixed assets	10.3	10.7	11.8	12.3	15.8
Tangible fixed assets	618.9	609.9	601.3	592.1	591.9
Debtors receivable > one year	5.0	5.1	5.0	5.1	5.3
Net current assets / (liabilities)	(21.3)	(10.8)	(18.2)	(6.5)	(1.9)
Total assets less current liabilities	602.6	604.2	588.1	590.8	595.5
Loans due > one year	(289.0)	(292.8)	(278.5)	(293.0)	(304.4)
Creditors due > one year incl. grant	(239.8)	(240.1)	(243.3)	(239.6)	(244.2)
Pension provision	(12.2)	(21.1)	(12.1)	(10.9)	(7.8)
Total net assets	61.6	50.2	54.2	47.3	39.1
Reserves:					
Revenue reserve	61.6	50.2	54.2	47.3	39.1
Total reserves	61.6	50.2	54.2	47.3	39.1

Strategic Report (continued)

The housing properties owned by Plus Dane Housing are carried in the balance sheet at cost less depreciation of £608.6 million (restated 2019: £599.2 million).

The freehold commercial investment properties were subject to an independent valuation as at 31 March 2020 with a £0.4 million impairment.

Plus Dane Housing is showing net current liabilities of £21.3m (2019: £10.8m). This increase is due to a loan being repayable in November 2020 & March 2021, which has been classified as a current liability in 2020 position compared to a long term liability in the prior year position.

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:

	2020	2019	2018	2017	2016
Housing properties:					
Social housing	13,681	13,582	13,304	18,666	18,658
Non-social housing	99	99	123	116	116
Total housing stock owned and managed	13,780	13,681	13,427	18,782	18,774
Headline financial performance:					
Operating surplus (inc profit on Sale of Fixed Assets)	19.5%	18.8%	22.8%	26.6%	21.3%
Operating surplus on social lettings	25.8%	25.9%	32.9%	35.0%	28.6%
Net surplus after tax as % of turnover	2.9%	1.5%	5.4%	11.5%	5.4%
Rent losses ^[1]	2.3%	1.3%	2.0%	1.6%	2.4%
Rent arrears ^[2]	8.0%	6.9%	6.3%	6.2%	6.1%
Liquidity ^[3]	34%	53%	43%	72%	93%
Interest cover ^[4]	124%	122%	129%	235%	188%
Debt per unit owned (£'000)	22.6	22.1	22.1	22.7	23.7

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

Headline performance

At 31 March 2020, the organisation owned or managed 13,780 properties (2019: 13,681).

The reported financial position complies with all covenants.

Liquidity has reduced to 34% from 53% mainly due to the loans due for repayment within the next year.

Strategic Report (continued)

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.

We have invested £7.9m in capital improvements to our existing stock this year, with a further £4.2m invested but charged to revenue.

During the year, 122 new homes have been developed (2019: 186), including 94 (2019: 112), for affordable rent and 28 (2019: 69), for low cost home ownership. At the year end, a further 216 properties were under development (2019: 181).

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 2016-21 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

The 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.

Strategic Report (continued)

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 2020 were £305.0 million (2019: £297.5 million). The fixed rate loans account for approximately 52% of the total borrowing, which falls within the recommended parameters of the Treasury Policy. Variable rate borrowings are those where the interest rate is fixed for less than 12 months from the balance sheet date.

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 £2.7 million (2019: £5.2 million). Interest costs reduced to £11.8 million (2019: £12.4 million), and the overall weighted cost of capital reduced to 3.85% (2019: 4.08%).

Plus Dane Housing has total facilities of £347.4 million, leaving £42.4 million (2019: £52.4 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 2019/20, the Group has complied with all of these covenants. Our Board has confirmed our "Big 4" strategic goals remain relevant and will continue to frame the delivery objectives over the next two years. 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

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 the provision of homes at below market cost to tenants and customers of modest means.

In essence our philosophy is to direct as much of our resources to make sure that people in our communities have the opportunity to live in a decent home and access the services that they need through:

- focus on long-term and sustainable **growth** and development of new **products and services** that will be affordable and tenant led
- developing strong **strategic partnerships** to increase capacity and capability 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
<p>Customer, Product and Services</p>	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
<p>Financial Resilience</p>	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.
<p>Growth</p>	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.

Strategic Report (continued)

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 2019/20, we delivered the following:

1. Customers, Products & Services -

- Implemented the first phase of a new housing management system
- Strengthened engagement and involvement through Plus Dane Voices and Tenant Scrutiny

2. Financial Resilience

- Embedded the procurement strategy and procurement plan
- Delivered the first phase of the future operating model
- Prepared for the delivery of a future funding strategy to support the growth aspirations
- Introduction of quarterly forecasting to facilitate robust delivery and control of the financial performance
- Continued to reduce our risk profile and reinforce our internal control environment (as evidenced through Internal Audit findings).

3. Growth

- Continued regeneration of the Welsh Streets
- Awarded the Help To Buy contract for the North
- Built 122 more new homes
- Developed a robust Asset Management Plan

Strategic Report (continued)

4. People

- Embedded the new set of values and behaviours, culminating in a Staff Awards ceremony to recognise exceptional contribution
- Invested in colleague wellbeing
- Implemented a new people management system

Over the next two years we will be delivering

1. Customers, Products & Services

- the embedding of a new housing management system to support our customer service delivery and enable customer self-serve.
- We will target investment across reinvestment and compliance to make sure that tenants are safe in their homes.
- We will review our offer with customers so that it delivers a customer friendly, efficient service with our customers' voice at its heart.
- We will invest in our supported housing to make sure it is fit for purpose to meet future demands by incorporating technology and services designed support independent living.

2. Financial Resilience

- Raising additional finance 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.
- We will look at our processes and continually strive for greater efficiency and effectiveness in our work.

3. Growth

- Provisioned for a land acquisition fund, development plan of circa 300 homes each year from 2022/23.
- Key themes for our emerging planning include:
 - Energy efficiency of homes
 - Low carbon heating
 - Renewable and clean energy
 - Climate change resilience

Strategic Report (continued)

- And our resources – people, vehicles and materials, for example moving to electric vehicles, new skills if we're moving away from gas to new forms of heating and a whole different approach to component replacement.

4. People

- The embedding of our new people management system
- The implementation of a contemporary terms and conditions framework that supports retention and attraction of talent
- Changing our office accommodation to support greater collaboration and integration of teams to deliver the best service we can to customers.

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 2019/20 include:

- Extension of the Help to Buy Contract improved contribution by £0.4m.
- Void rent loss – 1.36% against a target of 1.4% due to improving re-let times to from 20.4 days to 18 days, which was also ahead of a target of 23 days.
- Delivery against investment plan – 91.2% achieved
- New homes built – 122 delivered against target of 154.
- Employee net promoter score – 65 against a target of 63.

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 the underlying enabler for financial resilience will be a focus on income collection balanced with a continued emphasis on using our financial resources wisely to ensure that we deliver value for money. This ensures

Strategic Report (continued)

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 the development and implementation of a transformation plan. A key outcome of this plan 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 systems, processes and structures without losing the benefits of what we have achieved over the last three 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.

Performance against core metrics

The requirements of the Value for Money (VfM) Standard include reporting on the set of metrics defined by the Regulator of Social Housing (RSH)

Table one: 2019/20 core metrics

Core metric	Purpose	2019/20 measure
Reinvestment %	To measure efficiency in terms of investment in existing and new properties as a percentage of the value of total properties	3.90%
New supply delivered % - social housing	To measure effectiveness in terms of investment in new social housing as a proportion of total social housing	0.8%
New supply delivered % - non-social housing	To measure effectiveness in terms of investment in new non-social housing as a proportion of total housing	0.0%
Gearing %	To measure efficiency in terms of the proportion of net debt as a proportion of assets and the degree of dependence on debt finance. A key indicator of appetite for growth	49.7%
EBITDA (MRI) interest cover %	To measure efficiency in terms of liquidity and investment capacity, through the ability of the adjusted surplus to cover interest costs.	135.9%

Strategic Report (continued)

Headline social housing cost per unit £	To measure the economy of costs	£3,641
Operating margin % - overall	Measure of efficiency and profitability of operating assets before exceptional expenses (pre profit on sale of fixed asset and pre impairment)	19.7%
Operating margin % - social housing lettings	Measure of efficiency and profitability of operating assets before exceptional expenses	25.8%
Return on capital employed (ROCE)	Measure to assess the efficient investment of capital resources	2.4%

Peer Group comparisons:

Plus Dane is keen to compare its performance with other Registered Provider's in our peer group, and we have used the HCA's *Global Accounts* (consolidated) dataset to assess how our costs and performance compare to other 'similar' social housing providers.

The following organisations have been identified as our peer group, as they offer similar services to Plus Dane and/or operate in the same geographical locations.

Strategic Report (continued)

Table two: Peer group and Headline Cost per Unit

As the performance data for our peer group is not yet publicly available for 2019/20, published data from their 2018/19 financial statements has been used.

Registered Provider (Peer Group)	Cost Per Unit £k	No. of Homes
One Manchester Limited	3,077	11,794
Great Places Housing Group Limited	3,087	16,708
ForViva Group Limited	3,173	23,146
Rochdale Boroughwide Housing Limited	3,337	12,888
Regenda Limited	3,484	12,292
Knowsley Housing Trust	3,525	13,251
Plus Dane Housing Limited	3,572	13,092
Peer Average	3,586	14,398
Wythenshawe Community Housing Group Limited	3,771	13,638
One Vision Housing Limited	3,794	12,541
First Choice Homes Oldham Limited	4,151	11,445
Bolton at Home Limited	4,476	17,580

Strategic Report (continued)

Table three: Peer group and sector comparison – Core Metrics

Table three: Peer group and sector comparison – Core Metrics	Plus Dane			Peer group average	Sector average
	2019/20	2018/19	2017/18	2018/19	2018/19
<i>Investment in homes</i>					
Reinvestment %	3.9%	3.5%	6.8%	10.4%	7.6%
New supply delivered % - social housing	0.8%	1.5%	1.1%	0.9%	1.8%
New supply delivered % - non-social housing	0.0%	0.0%	0.1%	9.9%	3.9%
<i>Key funders' ratios</i>					
Gearing %	49.7%	40.5%	48.5%	40.5%	46.7%
EBITDA (MRI) interest cover %	135.9%	154.5%	132.0%	144.1%	153.2%
<i>Cost per unit</i>					
Headline social housing cost per unit £	£3,641	£3,743	£3,246	£3,548	£4,118
Management cost per unit £	£844	£773	£722	£1,039	£1,045
Maintenance cost per unit £	£1,292	£1,387	£1,248	£978	£1,104
<i>Key ratios</i>					
Operating margin % - overall (excl. profit on sale of Fixed Asset & Impairments)	19.7%	22.8%	22.8%	19.9%	25.0%
Operating margin % - social housing lettings	25.8%	25.9%	32.9%	23.7%	30.5%
Return on capital employed (ROCE)	2.4%	2.3%	3.0%	5.0%	3.6%

Our Performance Against the Mandatory Metrics

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. We were able to increase our investment in this way from 3.5% to 3.9%, demonstrating our commitment to provide high quality homes for our customers.

Metric 2: New Supply Delivered %

We were able to deliver 122 new homes during the year to our customers, which was slightly lower compared to both the plan and the previous year. 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 increase in the level of gearing during the year and Plus Dane is slightly higher than the sector average. This supports the trajectory of growth in the development plan and there is a desire to refinance existing debt in addition to raising new funds to support this growth over the coming year.

Strategic Report (continued)

Metric 4: EBITDA (MRI) Interest Cover %

An improved interest cover % reflects the improved overall position for Plus Dane during the year, primarily due to the prior year including a large impairment of £3 million. This measure is below both our peer group and sector averages and Plus Dane. Reviews of the cost base along with investment in our systems to allow more efficient processes will look to drive an improvement in this measure in future years. The current year already includes some pay (£0.5m) and non-pay (£0.2m) benefits associated with this overall improvement programme.

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

A small increase in this measure still aligns to peer group average and is way below sector average.

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

Whilst there is a slight improvement in operating margin compared to prior year, there is still improvement needed to achieve both our target and peer group and sector averages.

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 transformation needed to deliver the new operating model, which will provide and sustain further savings and efficiencies for the long term.

The current year position also reflects £0.9m of impairments, along with in excess of £1m of planned reinvestment spend that had been budgeted as capital, but given the nature of the actual spend, was expensed during the year. This had no cash impact, but had an adverse impact on operating margin compared to the original plan.

Non-housing assets

In addition to housing stock, we are responsible for a small quantity of non-housing assets. An accommodation project has secured a new property, which will consolidate three offices within Liverpool down to one, which aligns to us delivering the transformation plan to support an improved operating performance, which will allow us to support development growth and continued financial sustainability.

The remaining offices will be 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.

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 such as private placements 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;
- Continue the implementation of the procurement plan 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’s risk appetite is reviewed regularly by the Board, who has reaffirmed its attitude to risk as “open” in the areas of Finance, Operational Delivery and Reputation; however, in the area of compliance the Board remains “cautious”.

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 one strategic risk being removed from the register and a further two risks identified (data quality and Health and Safety compliance) The risks and a summary of the mitigation strategies being deployed are detailed in the table below:

Strategic Report (continued)

Strategic Risk	Mitigation overview
<i>Board and the Leadership Team inhibit the business to achieve on-going success</i>	An established code of governance with clear rules that are reviewed regularly is in place. The organisation's goals are set out in the corporate plan which is signed off at Board and reported against regularly and with a strong degree of rigour and robustness
<i>Inability to identify and respond to environmental change for ourselves and stakeholders</i>	Retaining an outward focus on changes in the external environment underpins our Corporate Plan priorities. There are clear decision making structures in place alongside a clear understanding of the organisations capacity to embrace opportunities to become a key strategic partner.
<i>Inability to appropriately defend and protect the business</i>	<p>Current Business continuity management arrangements have been tested during the pandemic and have succeeded as a result of well-established processes. The transformation to cloud based services, agile working and Disaster recovery arrangements supports our ability to respond to disruption including cyber security issues. Our cyber arrangements are subject to external testing.</p> <p>Our suite of policies focused on probity include key areas of focus such as Anti-Money Laundering, Modern Slavery and Fraud Prevention all provide additional assurance.</p>
<i>Poor performance management of Business Plan objectives</i>	Our business planning processes include a Continuous Improvement Framework and Project Management Framework which include a suite of performance scorecards that have been refreshed to reflect the priorities in the Corporate Plan and to ensure a top down flow from strategic assurance to Board, through the committees and into operational targets.
	.
<i>Failure to provide homes or services that meet the requirements of our customers, markets or support our business</i>	Our core values define our purpose, and we are supported with a suite of policies that govern our delivery. Effective tenant engagement arrangements ensure that we obtain insight and feedback from our customers to predict future demand for products and shape the development aspirations and strategic partnerships that the organisation will pursue.

Strategic Report (continued)

<p><i>Finances are not managed in a way that secures the sustained success of the business</i></p>	<p>Securing value for money and making best use of the full range of assets available to the organisation sits at the heart of our strategies and plans.</p> <p>Funding arrangements are continually reviewed and a revised Treasury Policy has been approved to ensure that the most appropriate funding sources are established to meet the demands of the business.</p> <p>Robust financial reporting is established and embedded from Board through to operational directorates.</p> <p>Refinancing of the organisation is a key priority for 2020/21 and will ensure that our financial capacity to grow and develop new homes is maximised whilst securing value for money in our financial arrangements.</p>
<p><i>Ineffective people management including the delivery of change</i></p>	<p>Change is delivered across the organisation with programme assurance provided from the central Programmes Team.</p> <p>We operate a portfolio management approach to change design and delivery to ensure that the full impact of projects and interventions can be managed.</p>
<p><i>Inability to retain or attract talent at Board and staff level</i></p>	<p>Strategic workforce planning is a key theme for the organisation as it moves forward.</p> <p>Securing the right skills, knowledge and experience will be integral to the future proofing of the organisation. Board induction and development programme is in place.</p> <p>Focusing on the employee lifecycle with an emphasis on attracting and retaining talent is a key priority and risk control. Aligning terms and conditions is a focus for 2020/21</p>
<p><i>Incorrect alignment between the business objectives and the business position in the market to deliver growth</i></p>	<p>The strategic planning framework allows the Board to assess internal capabilities against the operating environment in order that its purpose and aspirations are aligned</p>
<p><i>Not maximising /optimising all available income streams</i></p>	<p>Effective performance reporting and management of all income streams across the organisation is based on a contemporary Rent and Service Charge Policy. There is a financial independence team who support customers and the Landlord Plus provision aims to assist people into work.</p>

Strategic Report (continued)

Breaching regulation and/or legislation	Our regulatory and legislative responsibilities are underpinned by robust risk assessment and management at both the front line and in our corporate services where financial resilience is owned by the Board. The NHF Code of Governance has been adopted and self-assessment against the regulatory standards is undertaken. A Data Champions meeting continues to supported compliance with GDPR.
Lack of clear corporate culture across the business	Development of a clear aspirational culture for the organisation will frame our people offer and underpin our approach to customer service delivery. An agreed set of values have been established.
Ineffective management of data quality and integrity	Quality data underpins effective assurance. A Data Management Group supports a collaborative approach to manage data.
Ineffective identification and management of Safety & Compliance obligations	A Health and Safety Policy sets out the approach to Health & Safety which is supported by procedures and a safety management culture. Asset Compliance Policies which include Gas, Fire, Electrical, Asbestos, Legionella and Lift Safety are in place that support the robust framework for compliance monitoring and assurance. A scorecard tracks all aspects of Health and Safety and are reported through to Board and Committee. Plus Dane meets obligations as a landlord and employer.

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).

Going concern

Plus Dane'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 a strong Balance Sheet, with net assets of £61.6m.

Whilst the impact of Covid-19 will reduce the surplus for the coming year, enhanced stress testing and the preparation of an Emergency Budget, which was approved by Board in June 2020, 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.

Strategic Report (continued)

Actual results to the end of August 2020 support the assumptions included within the Emergency Budget, giving comfort that there are no going concern issues within the business.

The quarterly forecasts 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 £45.9m (September 2020) on undrawn loans and negotiations are currently underway to enter into competitive new long-term fixed loan agreements, 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

17 September 2020

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

Opinion

We have audited the financial statements of Plus Dane Housing Limited (“the Association”) and its subsidiaries (“the Group”) for the year ended 31 March 2020 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).

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 2020 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 2015.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- the board members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group’s or the Association’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 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 board members responsibilities statement set out on page 6, 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.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's 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 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.

BDO LLP
Statutory Auditor
BDO LLP
3 Hardman Street
Manchester
M3 3AT

18 September 2020

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	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Turnover: Group and share of joint venture		73,977	74,465	73,977	73,399
Less: share of joint venture turnover		-	(462)	-	-
Group turnover	3	73,977	74,003	73,977	73,399
Operating costs	3	(57,528)	(59,048)	(57,523)	(58,631)
Cost of Sales	3	(2,757)	(1,808)	(2,757)	(2,008)
Surplus on sale of fixed assets	3	714	753	714	753
Group operating surplus before share of joint venture operating profit	3	14,406	13,900	14,411	13,513
Share of joint venture operating profit / (loss)		-	(4)	-	-
Total operating surplus	9	14,406	13,896	14,411	13,513
Interest receivable	7	12	16	12	16
Interest payable and similar charges	8	(11,804)	(12,392)	(11,804)	(12,392)
Share of joint venture interest payable		-	(3)	-	-
Other finance costs	6	(503)	(444)	(503)	(444)
Surplus on ordinary activities before tax		2,111	1,073	2,116	693
Tax on surplus on ordinary activities	11	-	(56)	-	-
Surplus for the year		2,111	1,017	2,116	693
SHPS opening balance adjustment on initial recognition	6	-	(1,968)	-	(1,968)
Actuarial (loss) / gain in respect of pension schemes	6	9,371	(4,269)	9,371	(4,269)
Deferred tax movement in respect of pension schemes	11	-	-	-	-
Total comprehensive income		11,482	(5,220)	11,487	(5,544)

All amounts relate to continuing activities.

The financial statements were approved by the Board and signed on its behalf on 17 September 2020.

Sir Peter Fahy
Chair

Rob O'Malley
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 2018	54,217
Total comprehensive income for the year	
Surplus for the year	1,017
Actuarial gain/(loss) in respect of pension schemes	(6,237)
Elimination of prior year consolidation adjustment (note 33)	1,179
Restated Balance as at 31 March 2019	<u>50,176</u>
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 in respect of pension schemes	9,371
Balance as at 31 March 2020	<u><u>61,568</u></u>

Association

	£'000
Balance as at 31 March 2018	56,491
Total comprehensive income	
Surplus for the year	693
Actuarial gain/(loss) in respect of pension schemes	(6,237)
Remove prior year profit on sale of fixed asset (note 33)	(396)
Restated balance as at 31 March 2019 (combined)	<u>50,551</u>
Transfer of Deferred Tax from liquidated company (INclude)	(49)
Total comprehensive income	
Surplus for the year	2,116
Actuarial gain in respect of pension schemes	9,371
Balance as at 31 March 2020	<u><u>61,989</u></u>

The accompanying notes form part of these financial statements.

Group and Association Statement of Financial Position

	Note	Group		Association	
		2020 £'000	Restated 2019 £'000	2020 £'000	Restated 2019 £'000
Fixed assets					
Housing properties	12	608,612	599,154	609,046	599,588
Investment properties	13	4,616	5,081	4,616	5,081
Other fixed assets	14	4,455	4,089	4,455	4,089
Investments	16	-	101	-	101
Share of joint venture net assets	16	-	40	-	-
Homebuy Loans Receivable		<u>1,185</u>	<u>1,384</u>	<u>1,185</u>	<u>1,384</u>
		618,868	609,849	619,302	610,243
Debtors: due after one year	19	4,983	5,097	4,983	5,097
Current assets					
Stock	17	225	129	225	129
Properties for sale	18	2,012	2,193	2,012	2,193
Trade & other debtors due within a year	19	6,062	4,348	6,062	4,348
Cash and cash equivalents		<u>2,725</u>	<u>5,222</u>	<u>2,648</u>	<u>5,182</u>
		11,024	11,892	10,947	11,852
Creditors: falling due within a year	21	<u>(32,282)</u>	(22,688)	<u>(32,218)</u>	(22,667)
Net current liabilities		(21,258)	(10,796)	(21,271)	(10,515)
Total assets less current liabilities		602,593	604,150	603,014	604,525
Creditors: due after more than a year	22	(528,770)	(532,927)	(528,770)	(532,927)
Provisions for liabilities					
Net pension liability	6	<u>(12,255)</u>	(21,047)	<u>(12,255)</u>	(21,047)
Total net assets		<u>61,568</u>	<u>50,176</u>	<u>61,989</u>	<u>50,551</u>
Capital and reserves					
Non-equity share capital	27	-	-	-	-
Revenue reserve		<u>61,568</u>	<u>50,176</u>	<u>61,989</u>	<u>50,551</u>
Total reserves		<u>61,568</u>	<u>50,176</u>	<u>61,989</u>	<u>50,551</u>

These financial statements were approved by the Board and signed on its behalf on 17 September 2020.

Sir. Peter Fahy
Chair

Rob O'Malley
Board Member

Alison Horner
Company Secretary

The accompanying notes form part of these financial statements

Group Cash Flow Statement

	Note	2020		2019	
		£'000	£'000	£'000	£'000
Net cash generated from operating activities	28		25,618		30,896
Cash flow from investing activities					
Purchase of tangible fixed assets		(27,264)		(29,418)	
Proceeds from sale of tangible fixed assets		2,349		5,091	
Grants received		2,951		2,958	
Homebuy loans repaid		166		96	
Interest received		12		16	
			(21,786)		(21,257)
Cash flow from financing activities					
Interest paid		(12,641)		(12,361)	
Interest element of finance lease payments		-		-	
Drawdown/(Repayment) of borrowings		6,312		3,174	
Capital element of finance lease rental payments		-		(1)	
			(6,329)		(9,188)
Net change in cash and cash equivalents			(2,497)		451
Cash and cash equivalents at beginning of the year			5,222		4,771
Cash and cash equivalents at end of the year	29		2,725		5,222

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 2015.

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 £61.6m.

Whilst the impact of Covid-19 will reduce the surplus for the coming year, enhanced stress testing and the preparation of an Emergency Budget, which was approved by Board in June 2020, 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.

There is a current headroom of £45.9m (September 2020) on undrawn loans and negotiations are currently underway to enter into competitive new long-term fixed loan agreements, which will provide further certainty over liquidity.

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 £42.4m of undrawn facilities at 31 March 2020), 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.

Notes to the financial statements (continued)

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.

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, however due to current economic difficulties Plus Dane has been prudent in not appreciating any values and has impaired two properties based on external valuations. In addition, one of these properties was further impaired by £0.4m based on the recent economic climate.

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.

Notes to the financial statements (continued)

f. **McCloud Ruling on LGPS**

In June 2019, the Supreme Court denied the government permission to appeal the Court of Appeal's judgement that transitional provisions introduced to the reformed judges and firefighters pension schemes in 2015 gave rise to unlawful age discrimination.

The ruling relates to the transitional protection offered to some members – broadly those within 10 years of retirement change for the LGPS - when the reformed schemes were introduced. The court has found that those too far away from retirement age to qualify for transitional protection have been unfairly discriminated against. As transitional protection was offered to members of all the main public service pension schemes, the difference in treatment will need to be remedied across all those schemes. This includes schemes for LGPS.

Plus Dane have included the impact of the McCloud age discrimination case within the Pension valuations.

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).

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.

Notes to the financial statements (continued)

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 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.

Notes to the financial statements (continued)

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 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.

Notes to the financial statements (continued)

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 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.

Notes to the financial statements (continued)

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.

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.

Notes to the financial statements (continued)

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	80/100
Pitched Roofs	60
Flat Roofs	20
Windows, doors (including communal fire doors), external joinery and cladding	25
Boilers	15
Heating Systems	30
Kitchens	15
Bathrooms	20
Electrics including PV panels, wind turbines and other generators	25
Septic Tanks	25
Lifts	20
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. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Freehold office building (straight line)	2%
Motor vehicles (on a reducing balance basis)	25%
Fixtures and equipment (straight line)	10% to 33%
Leasehold buildings (straight line)	Over term of the lease

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	2020				2019			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus/ (deficit) £'000	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
Social housing lettings	65,679	-	(48,733)	16,946	65,449	-	(48,511)	16,938
Other social housing activities								
Development services	-	-	(5)	(5)	-	-	(4)	(4)
Supporting people contracts	916	-	(2,984)	(2,068)	1,056	-	(2,079)	(1,023)
Management services and other	75	-	(92)	(17)	67	-	(78)	(11)
Leased to others	783	-	(104)	679	608	-	(449)	159
Community regeneration	-	-	(949)	(949)	57	-	(1,150)	(1,093)
First tranche shared ownership	3,137	(2,757)	-	380	2,613	(2,008)	-	605
Other	410	-	(695)	(285)	783	-	(4,364)	(3,581)
	<u>5,321</u>	<u>(2,757)</u>	<u>(4,829)</u>	<u>(2,265)</u>	<u>5,184</u>	<u>(2,008)</u>	<u>(8,124)</u>	<u>(4,948)</u>
Surplus on sale of fixed assets (Note 10)				714	-			753
	<u>5,321</u>	<u>(2,757)</u>	<u>(4,829)</u>	<u>(1,551)</u>	<u>5,184</u>	<u>(2,008)</u>	<u>(8,124)</u>	<u>(4,231)</u>
Non-social housing activities								
Commercial lettings	315	-	(1,002)	(687)	472	-	(649)	(177)
EP&N management contract	-	-	(32)	(32)	-	-	(26)	(26)
Help to Buy agency	1,782	-	(2,017)	(235)	1,819	-	(1,282)	537
Market rental	880	-	(881)	(1)	869	-	(688)	181
Other*	-	-	(34)	(34)	210	200	232	642
	<u>2,977</u>	<u>-</u>	<u>(3,966)</u>	<u>(989)</u>	<u>3,370</u>	<u>200</u>	<u>(2,413)</u>	<u>1,157</u>
	<u>73,977</u>	<u>(2,757)</u>	<u>(57,528)</u>	<u>14,406</u>	<u>74,003</u>	<u>(1,808)</u>	<u>(59,048)</u>	<u>13,900</u>

Notes to the financial statements (continued)

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

	2020				2019			
	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)
Association	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	65,679	-	(48,733)	16,946	65,449	-	(48,511)	16,938
Other social housing activities								
Supporting people contracts	916	-	(2,984)	(2,068)	1,056	-	(2,079)	(1,023)
Management services and other	75	-	(92)	(17)	67	-	(78)	(11)
Leased to others	783	-	(104)	679	608	-	(449)	159
Community regeneration	-	-	(949)	(949)	57	-	(1,150)	(1,093)
First tranche shared ownership	3,137	(2,757)	-	380	2,613	(2,008)	-	605
Other	410	-	(695)	(285)	389	-	(4,224)	(3,835)
	<u>5,321</u>	<u>(2,757)</u>	<u>(4,824)</u>	<u>(2,260)</u>	<u>4,790</u>	<u>(2,008)</u>	<u>(7,980)</u>	<u>(5,198)</u>
Surplus on sale of fixed assets	-	-	-	714	-	-	-	753
	<u>5,321</u>	<u>(2,757)</u>	<u>(4,824)</u>	<u>(1,546)</u>	<u>4,790</u>	<u>(2,008)</u>	<u>(7,980)</u>	<u>(4,445)</u>
Non-social housing activities								
Commercial Lettings	315	-	(1,002)	(687)	472	-	(649)	(177)
EP&N Management contract	-	-	(32)	(32)	-	-	(26)	(26)
Help to Buy agency	1,782	-	(2,017)	(235)	1,819	-	(1,282)	537
Market rental	880	-	(881)	(1)	869	-	(688)	181
Other	-	-	(34)	(34)	-	-	505	505
	<u>2,977</u>	<u>-</u>	<u>(3,966)</u>	<u>(989)</u>	<u>3,160</u>	<u>-</u>	<u>(2,140)</u>	<u>1,020</u>
	<u><u>73,977</u></u>	<u><u>(2,757)</u></u>	<u><u>(57,523)</u></u>	<u><u>14,411</u></u>	<u><u>73,399</u></u>	<u><u>(2,008)</u></u>	<u><u>(58,631)</u></u>	<u><u>13,513</u></u>

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 2020 £'000	Total 2019 £'000
Rent receivable	53,820	3,458	1,874	59,152	59,271
Service charges receivable	1,340	1,334	283	2,957	2,692
Charges for support services	374	91	-	465	432
Government Grants	2,724	295	86	3,105	3,054
Turnover from social housing lettings	58,258	5,178	2,243	65,679	65,449
Expenditure on social housing lettings				-	
Management	9,660	1,417	158	11,235	10,191
Services	1,910	1,938	294	4,142	4,730
Routine and planned maintenance	16,047	1,126	18	17,191	18,280
Major repairs expenditure	2,459	79	-	2,538	2,282
Rent losses from bad debts	578	26	(5)	609	438
Supporting people	34	72	-	106	95
Depreciation of housing properties	11,714	920	278	12,912	12,495
Operating costs on social housing lettings	42,402	5,578	753	48,733	48,511
Operating surplus on social housing lettings	15,856	(400)	1,490	16,946	16,938
Rent losses from voids	518	290	2	810	792

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	2020	2019
	Units	Units
Social housing		
General housing:		
- Social Rent	9,585	9,647
- Affordable Rent	2,025	1,923
Supported housing	753	758
Low cost home ownership	669	672
Leaseholder units	186	181
	<hr/>	<hr/>
Total owned	13,218	13,181
	<hr/>	<hr/>
Managed for others	371	309
Managed by others	92	92
Non-social housing		
Market rented	27	27
Extra care	72	72
	<hr/>	<hr/>
	99	99
	<hr/>	<hr/>
Total owned and in management	13,780	13,681
	<hr/> <hr/>	<hr/> <hr/>
Under development		
Accommodation in development at the year end	260	181
	<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 2020 is detailed in the table below.

	Basic salary £'000	Pension contribution £'000	National Insurance £'000	2020 Total £'000	2019 Total £'000
Barbara Spicer Chief Executive	160	39	21	220	220
Ian Reed Executive Director Corporate Services	124	32	16	172	139
Madeleine Nelson Executive Director of Growth and Assets	122	30	16	168	185
Andrea Howarth Executive Director of Neighbourhoods	120	29	15	164	144
John Kent Executive Director of Finance * (to 31 July 2019)	62	2	6	70	133
Jim Preston Executive Director of Assets * (Interim) (to 14 December 2018)	-	-	-	-	92
Total	<u>588</u>	<u>132</u>	<u>74</u>	<u>794</u>	<u>913</u>

The emoluments of the highest paid director of the Group, the Chief Executive, excluding pension contributions were £160,000. The Chief Executive was a member of the Merseyside Local Government Pension Scheme. She 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.

*A review of the Executive Management Team and realignment of resource resulted in the disestablishment of these roles.

Notes to the financial statements (continued)

Board members

During the year, fees of £81,326 (2019: £84,462) were paid to Board members and expenses paid amounted to £2,313 (2019: £2,997).

	2020 Total £'000	2019 Total £'000
Sir Peter Fahy (Chair)	15	14
Brian Gowthorpe Retired (19 March 20)	8	11
Sandra Palmer	7	8
Robin Lawler	7	7
David Brown Resigned (31 July 19)	2	5
Julie Gill	5	5
Robert O'Malley	7	8
Ann Hoskins	5	5
Thomas McIlravey	5	5
John Corner	5	5
Lyndsey Burkert	5	5
Frances Chaplin (appointed September 2019)	3	-
Gary Dixon (appointed December 2019)	3	2
Scott Murray – Independent Committee Member	2	1
Peter McPartland – Independent Committee Member	2	2
Mark Beach – Independent Committee Member	2	1
Faye Whiteoak - Independent Committee Member	1	-
Bridget Guilfoyle – Independent Committee Member - Resigned (16/05/2018)	-	1
John Cocker – Independent Committee Member - Resigned (07/08/2018)	-	2
	84	87

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:

	2020	2019
	Number	Number
Housing, support and care	428	423
Administration and Development	128	122
	556	545
	2020	2019
	£'000	£'000
Employee costs		
Wages and salaries	17,851	16,945
Social security costs	1,698	1,585
Other pension costs	2,601	2,420
	22,150	20,950

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:

	2020	2019
	No.	No.
£60,001 to £70,000	9	12
£70,001 to £80,000	6	5
£80,001 to £90,000	4	3
£90,001 to £100,000	3	2
£100,001 to £110,000	2	-
£110,001 to £120,000	-	1
£120,001 to £130,000	-	1
£130,001 to £140,000	-	1
£140,001 to £150,000	1	-
£150,001 to £160,000	2	-
£160,001 to £170,000	-	-
£170,001 to £180,000	-	1
£180,001 to £190,000	-	-
£190,001 to £200,000	1	1
£200,001 to £210,000	-	-

Notes to the financial statements (continued)

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.

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.

Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)

	2020 (£000s)	2019 (£000s)
Fair value of plan assets	14,034	13,275
Present value of defined benefit obligation	16,113	18,055
Surplus (deficit) in plan	(2,079)	(4,780)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(2,079)	(4,780)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	(2,079)	(4,780)

Reconciliation of opening and closing balances of the defined benefit obligation

	2020 (£000s)	2019 (£000s)
Defined benefit obligation at start of period	18,055	16,279
Current service cost	215	206
Expenses	13	14
Interest expense	429	422
Contributions by plan participants	114	123
Actuarial losses (gains) due to scheme experience	212	11
Actuarial losses (gains) due to changes in demographic assumptions	(154)	48
Actuarial losses (gains) due to changes in financial assumptions	(2,572)	1,384
Benefits paid and expenses	(199)	(432)
Defined benefit obligation at end of period	16,113	18,055

Notes to the financial statements (continued)

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

	2020	2019
	(£000s)	(£000s)
Fair value of plan assets at start of period	13,275	12,305
Interest income	320	322
Experience on plan assets (excl amounts included in interest income) - gain (loss)	(46)	479
Contributions by the employer	570	478
Contributions by plan participants	114	123
Benefits paid and expenses	(199)	(432)
Fair value of plan assets at end of period	<u>14,034</u>	<u>13,275</u>

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

	2019/20	2018/19
	(£000s)	(£000s)
Current service cost	215	206
Expenses	13	14
Net interest expense	109	100
Defined benefit costs recognised in statement of comprehensive income (SoCI)	<u>337</u>	<u>320</u>

Defined benefit costs recognised in Other Comprehensive Income

	2019/20	2018/19
	(£000s)	(£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(46)	479
Experience gains and losses arising on the plan liabilities - gain (loss)	(212)	(11)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	154	(48)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	2,572	(1,384)
Total amount recognised in other comprehensive income - gain (loss)	<u>2,468</u>	<u>964</u>

Notes to the financial statements (continued)

Assets

	2020 (£000s)	2019 (£000s)
Absolute Return	732	1,149
Alternative Risk Premia	981	766
Corporate Bond Fund	800	619
Credit Relative Value	385	243
Distressed Opportunities	270	241
Emerging Markets Debt	425	458
Fund of Hedge Funds	8	60
Global Equity	2,053	2,234
Infrastructure	1,044	696
Insurance-Linked Securities	431	381
Liability Driven Investment	4,658	4,855
Liquid Credit	6	-
Long Lease Property	243	195
Net Current Assets	60	25
Opportunistic Illiquid Credit	340	-
Private Debt	283	178
Property	309	299
Risk Sharing	474	401
Secured Income	532	475
	<hr/>	<hr/>
Total assets	14,034	13,275

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)

Key Assumptions

	2020 % per annum	2019 % per annum
Discount Rate	2.34%	2.36%
Inflation (RPI)	2.53%	3.24%
Inflation (CPI)	1.53%	2.24%
Salary Growth	2.53%	3.24%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	2020 (years)	2019 (years)
Current Pensioners		
Males	21.5	21.8
Females	23.3	23.5
Future Pensioners		
Males	22.9	23.2
Females	24.5	24.7

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.

The employers' contributions to the MPF by Plus Dane Housing Limited for the year ended 31 March 2020 were £0.744m (2019: £0.707m) at a contribution rate of 14.6% - 24.6% of pensionable salaries.

Financial assumptions

Plus Dane Housing Limited has two admission agreements into the MPF, the disclosures for which have been aggregated below.

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

Notes to the financial statements (continued)

	2020 % per annum	2019 % per annum
Discount rate	2.4	2.5
Future salary increases	3.6	3.7
Future pension increases	2.2	2.3
Inflation assumption	2.1	2.2

Mortality

The post retirement mortality assumptions used to value the benefit obligation at March 2020 are based on S2PA CMI_2015_1.75%/1.5% Tables (107% Males, 92% Females) for non-retired members and S2PA CMI_2015_1.75%/1.5% Tables (112% Males, 99% Females) for retired members. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	2020 (years)	2019 (years)
Current pensioners		
Males	22.2	22.2
Females	25.0	25.0
Future Pensioners		
Males	25.2	25.2
Females	27.9	27.9

Amounts Recognised in surplus or deficit

	2020 £'000	2019 £'000
Current service costs	769	659
Past service costs	91	416
Loss on settlements/curtailments	12	11
Amounts charged to operating costs	<u>872</u>	<u>1,086</u>
	2020 £'000	2019 £'000
Net interest	<u>247</u>	<u>204</u>
Amounts charged to other finance costs	<u>247</u>	<u>204</u>

Notes to the financial statements (continued)

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

	2020	2019
	£'000	£'000
Opening scheme liabilities	49,518	45,386
Current service cost	769	659
Past service cost	91	416
Interest cost	1,230	1,212
Re-measurements	(5,371)	2,828
Plan participants' contributions	189	180
Curtailements	-	-
Benefits paid	(853)	(1,163)
	<hr/>	<hr/>
Closing scheme liabilities	45,573	49,518
	<hr/> <hr/>	<hr/> <hr/>

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

	2020	2019
	£'000	£'000
Opening fair value of plan assets	39,251	37,445
Interest income	983	1,008
Remeasurements	(2,035)	1,085
Plan participants' contributions	189	180
Contributions by employer	744	707
Administration	(12)	(11)
Benefits/transfers paid	(853)	(1,163)
	<hr/>	<hr/>
Closing fair value of plan assets	38,267	39,251
	<hr/> <hr/>	<hr/> <hr/>

Actual return on scheme assets

	2020	2019
	£'000	£'000
Actual return on plan assets	(695)	2,093
	<hr/> <hr/>	<hr/> <hr/>

Major categories of plan assets as a percentage of total plan assets:

	2020	2019
	%	%
Equities	41.9	39.3
Government bonds	18.3	6.8
Other bonds	11.1	22.8
Property	7.7	7.6
Cash/liquidity	3.8	5.4
Other	17.2	18.1

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.

Financial assumptions

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

	2020	2019
	%	%
Discount rate	2.3	2.4
Future salary increases	2.6	2.8
Future pension increases	1.9	2.5

Mortality

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and long term rates of 1.25% p.a. Based on these assumptions, the average future life expectancies are summarised below:

	2020	2019
	(years)	(years)
Current Pensioners		
Males	21.2	22.3
Females	23.6	24.5
Future Pensioners		
Males	21.9	23.9
Females	25.0	26.5

Notes to the financial statements (continued)

Amounts Recognised in surplus or deficit

	2020 £'000	2019 £'000
Current service costs	631	554
Past service cost	73	49
	<u>704</u>	<u>603</u>
Amounts charged to operating costs	<u>704</u>	<u>603</u>
	<u>2020</u> £'000	<u>2019</u> £'000
Net interest	147	114
	<u>147</u>	<u>114</u>
Amounts charged to other finance costs	<u>147</u>	<u>114</u>

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

	2020 £'000	2019 £'000
Opening scheme liabilities	30,805	27,851
Current service cost	631	554
Past service cost	73	49
Interest cost	741	751
Re-measurements	(4,365)	2,206
Plan participants' contributions	97	96
Benefits paid	(716)	(702)
Effect of EPN settlement	-	-
Closing scheme liabilities	<u>27,266</u>	<u>30,805</u>

Notes to the financial statements (continued)

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

	2020 £'000	2019 £'000
Opening fair value of plan assets	24,805	23,714
Interest income	594	637
Remeasurements	(798)	644
Plan participants' contributions	97	96
Contributions by employer	414	416
Benefits paid	(716)	(702)
Effect of EPN settlement	-	-
Closing fair value of plan assets	<u>24,396</u>	<u>24,805</u>

Actual return on scheme assets

	2020 £'000	2019 £'000
Actual return on plan assets	(204)	1,281

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

	2020 % per annum	2019 % per annum
Equities	38	45
Bond	46	45
Property	8	8
Cash	8	2

7. Interest receivable

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Interest receivable and similar income	<u>12</u>	<u>16</u>	<u>12</u>	<u>16</u>

Notes to the financial statements (continued)

8. Interest payable and similar charges

Group	2020	2019
	£'000	£'000
Interest on bank loans and overdrafts	12,012	12,167
Finance leases	-	-
RCGF Interest	13	13
Refinancing costs written off	-	481
	12,025	12,661
Less: interest capitalised in housing property costs	(221)	(269)
	11,804	12,392
	11,804	12,392
Association	2020	2019
	£'000	£'000
Interest on bank loans and overdrafts	12,012	12,167
Finance leases	-	-
RCGF Interest	13	13
Refinancing costs written off	-	481
	12,025	12,661
Less: interest capitalised in housing property costs	(221)	(269)
	11,804	12,392
	11,804	12,392
Capitalisation rate used to determine the finance costs capitalised during the period	4.5%	4.5%

Notes to the financial statements (continued)

9. Operating surplus

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Is stated after charging:				
Depreciation of housing properties	12,633	12,398	12,633	12,398
Impairment of housing properties	235	3,024	235	3,024
Depreciation of other tangible fixed assets	351	424	351	488
Operating lease charges:				
- Land and buildings	618	111	618	110
- Motor Vehicles	699	400	699	741
Auditors' remuneration (excluding VAT):				
- for audit services	53	74	50	72
- for non-audit services				
- tax advisory	-	41	-	38
- other	-	55	-	55

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

10. Surplus on sale of fixed assets - housing properties

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Disposal proceeds	2,349	5,091	2,349	5,091
Carrying value of fixed assets	(1,635)	(4,338)	(1,635)	(4,338)
	714	753	714	753

Notes to the financial statements (continued)

11. Tax on surplus on ordinary activities

United Kingdom Corporation Tax	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<i>Current taxation:</i>				
Current tax on income for year	-	4	-	-
Total current tax charge/(credit)	-	4	-	-
<i>Deferred taxation:</i>				
Net origination and reversal of timing differences	-	52	-	-
Total tax charge	-	56	-	-

The current tax charge for the year varies from the standard rate of corporation tax in the United Kingdom of 19% (2019 19%). The differences are explained below:

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Surplus on ordinary activities subject to tax	2,111	1,073	2,116	693
Expected tax charge at 19%	401	204	402	131
Effects of:				
Expenses not deductible for tax purposes	-	12	-	-
Income not taxable	(402)	(157)	(402)	(131)
Adjustments to tax charge in respect of previous periods	-	(6)	-	-
Deferred tax not recognised	1	3	-	-
	-	56	-	-

Unrelieved losses of **£11k** in Dane Partnership Homes Limited (2019: £6k) 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 2019	*682,227	12,926	38,150	2,158	735,461
Additions	7,913	13,753	(5)	4,670	26,331
Schemes completed in year	6,638	(6,638)	442	(442)	-
Reclassified properties	(128)	1,378	128	(1,378)	-
Transfer (to)/ from current assets	-	-	(332)	(2,113)	(2,445)
Disposals	(2,694)	-	(1,113)	-	(3,807)
At 31 March 2020	693,956	21,419	37,270	2,895	755,540
Depreciation & impairment					
At 1 April 2019	134,411	21	1,872	3	136,307
Charged in year	12,484	9	373	2	12,868
Schemes completed in year	-	-	-	-	-
Reclassified properties	8	2	(8)	(2)	-
Released on disposal	(2,136)	-	(111)	-	(2,247)
At 31 March 2020	144,767	32	2,126	3	146,928
Net book value					
At 31 March 2020	549,189	21,387	35,144	2,892	608,612
At 31 March 2019	*547,816	12,905	36,278	2,155	599,154

* restated to eliminate £1,179k reduction in group fixed assets relating to overstated consolidation adjustment in previous years.

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 2019*	*682,661	12,926	38,150	2,158	735,895
Additions	7,913	13,753	(5)	4,670	26,331
Schemes completed in year	6,638	(6,638)	442	(442)	-
Reclassified properties	(128)	1,378	128	(1,378)	-
Transfer (to)/ from current assets	-	-	(332)	(2,113)	(2,445)
Disposals	(2,694)	-	(1113)	-	(3,807)
At 31 March 2020	694,390	21,419	37,270	2,895	755,974
Depreciation & impairment					
At 1 April 2019	134,411	21	1,872	3	136,307
Charged in year	12,484	9	373	2	12,868
Schemes completed in year	-	-	-	-	-
Reclassified properties	8	2	(8)	(2)	-
Released on disposal	(2,136)	-	(111)	-	(2,247)
At 31 March 2020	144,767	32	2,126	3	146,928
Net book value					
At 31 March 2020	549,623	21,387	35,144	2,892	609,046
At 31 March 2019*	*548,250	12,905	36,278	2,155	599,588

* restated to remove £396k overstatement on sale of assets within the group during 2017/18.

Notes to the financial statements (continued)

12. Tangible fixed assets - Housing properties (continued)

The net book value includes £1,054,270 (2019: £988,107) in respect of assets held under finance leases. Depreciation charged in the year on these assets amounted to £21,179 (2019: £17,049).

Social Housing Grant – Group and Association	2020	2019
	£'000	£'000
Total accumulated SHG receivable at 31 March :	245,170	245,407
Recognised in the Statement of Comprehensive Income	3,142	3,089
Held as deferred income (Note 23)	<u>242,028</u>	<u>242,318</u>
	<u>245,170</u>	<u>245,407</u>

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.

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.

Expenditure on works to existing properties: Group and Association	2020	2019
	£'000	£'000
Amounts capitalised	7,909	6,084
Amounts charged to income and expenditure account	4,178	4,660
	<u>12,087</u>	<u>10,744</u>

Social housing properties were assessed for impairment. No impairment has been realised on these properties.

Notes to the financial statements (continued)

13. Investment properties

	Total
	£'000
Group and Association	
Valuation	
At 1 April 2019	5,081
Additions	-
Disposal	(23)
Revaluation	<u>(442)</u>
At 31 March 2020	<u>4,616</u>

The group's commercial investment properties were subject to external desktop valuations as at 31 March 2020. The valuations were carried out by Avison Young, Manchester and Pantera Property, Harrogate under instruction from the directors of Plus Dane Housing Limited.

Due to the current response to COVID-19 both valuations are reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Valuation – Global Standards effective from 31 January 2020.

The result of the valuations included impairments on two investment properties of £42k. In addition, there was a further £400k impairment to reflect current market conditions based on management review. All have been recognised through the Statement of Comprehensive Income in arriving at the surplus for the year. The valuations also included uplifts of £57k, which have not been recognised in the Statement of Comprehensive Income due to the 'material valuation uncertainty'.

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 2019	5,597	1,186	42	6,497	13,322
Additions	56	133	-	798	987
Disposals	-	-	-	(1)	(1)
At 31 March 2020	5,653	1,319	42	7,294	14,308
Depreciation					
At 1 April 2019	2,843	960	42	5,388	9,233
Charged for the year	366	10	-	244	620
Disposals	-	-	-	-	-
At 31 March 2020	3,209	970	42	5,632	9,853
Net book value					
At 31 March 2020	2,444	349	-	1,662	4,455
At 31 March 2019	2,754	226	-	1,109	4,089

Association

	Freehold offices £'000	Leasehold office premises £'000	Motor vehicles £'000	Fixtures & equipment £'000	Total £'000
Cost					
At 1 April 2019	5,597	1,186	42	6,485	13,310
Additions	56	133	-	798	987
Disposals	-	-	-	(1)	(1)
At 31 March 2020	5,653	1,319	42	7,282	14,296
Depreciation					
At 1 April 2019	2,843	960	42	5,376	9,221
Charged for the year	366	10	-	244	620
Disposals	-	-	-	-	-
At 31 March 2020	3,209	970	42	5,620	9,841
Net book value					
At 31 March 2020	2,444	349	-	1,662	4,455
At 31 March 2019	2,754	226	-	1,109	4,089

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

	2020	2019
	£'000	£'000
Joint Venture Loan	-	101

Joint Venture Undertakings

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

	2020	2019
	£'000	£'000
Share of gross assets	-	312
Share of gross liabilities	<u>-</u>	<u>(271)</u>
Share of net assets	<u><u>-</u></u>	<u><u>41</u></u>

Plus Dane Housing Limited (and hence the Group) terminated its 22.5% interest in the ordinary share capital of a joint venture undertaking (2019: Investment stood at £56k), Circle Liverpool Limited. This company is incorporated in the England and Wales and manages and operates waste recycling in the Liverpool area.

Notes to the financial statements (continued)

17. Stock

	2020 £'000	2019 £'000
Consumables	225	129

18. Properties for sale

Group and Association	2020 £'000	2019 £'000
Outright sale	-	-
Shared ownership	<u>2,012</u>	<u>2,193</u>
	<u>2,012</u>	<u>2,193</u>

19. Debtors

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Amounts receivable after one year				
Amounts due under finance lease (note 20)	4,983	5,097	4,983	5,097
Amounts receivable within one year				
Rent and service charges	4,946	4,582	4,946	4,582
Less: provision for bad debts	(3,654)	(3,356)	(3,654)	(3,356)
	<u>1,292</u>	<u>1,226</u>	<u>1,292</u>	<u>1,226</u>
Amounts due under finance lease (note 20)	173	162	173	162
Amounts due from group undertakings	-	-	-	-
Loans to employees	34	37	34	37
Other debtors and prepayments	3,842	2,660	3,842	2,660
Other tax and social security	206	212	206	212
Social Housing Grant receivable	515	-	515	-
Deferred tax	-	51	-	51
	<u>6,062</u>	<u>4,348</u>	<u>6,062</u>	<u>4,348</u>
	<u>11,045</u>	<u>9,445</u>	<u>11,045</u>	<u>9,445</u>

The loans to employees contains £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.

Notes to the financial statements (continued)

20. Amounts due under finance lease

Group and Association

Amounts due under finance leases amount to £5,155,000. This represents the value of the finance lease at 31 March 2020 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:

	2020	2019
	£'000	£'000
Within one year	173	162
Between one and two years	183	172
Between two and five years	620	798
After five years	<u>4,179</u>	<u>4,127</u>
	<u>5,155</u>	<u>5,259</u>

21. Creditors: amounts falling due within one year

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Loans (see note 22)	14,681	3,189	14,681	3,189
Trade creditors	2,078	1,300	2,078	1,300
Social Housing Grant received in advance	116	326	116	326
Rent received in advance	2,967	2,785	2,967	2,785
Other tax and social security	445	510	445	510
Corporation tax	64	64	12	12
Accruals and deferred income	6,921	8,284	6,921	8,284
Recycled Capital Grant Fund (see note 24)	351	826	351	826
Disposal Proceeds Fund (see note 25)	218	141	218	141
Amounts due to Group undertakings	-	-	77	120
Other creditors	1,274	2,134	1,185	2,045
Deferred Grant Income (see note 23)	2,951	2,920	2,951	2,920
Amounts due to pension funds	216	209	216	209
	<u>32,282</u>	<u>22,688</u>	<u>32,218</u>	<u>22,667</u>

Notes to the financial statements (continued)

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

Group and Association

	2020 £'000	2019 £'000
Bank loans	290,126	294,143
Less: issue costs	<u>(1,161)</u>	<u>(1,326)</u>
	288,965	292,817
Deferred grant income (see note 23)	239,077	239,398
Recycled Capital Grant Fund (see note 24)	728	636
Disposal Proceeds Fund (see note 25)	-	76
	<u>528,770</u>	<u>532,927</u>

Debt Analysis

	2020 £'000	2019 £'000
Debt on bank loans repayable as follows		
In five or more years	195,969	195,805
Between two and five years	89,812	93,161
Between one and two years	<u>3,184</u>	<u>3,851</u>
	288,965	292,817
In one year or less	14,681	3,189
	<u>303,646</u>	<u>296,006</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 rates of interest of between 0.2% and 10.73%. The level of undrawn facilities at the year-end stands at £42.4 million (2019: £52.4 million).

Notes to the financial statements (continued)

23. Deferred grant income

Group and Association	2020 £'000	2019 £'000
At 1 April	242,318	243,507
Grants received in the year	3,242	3,337
Released to income in the year	(3,532)	(4,526)
At 31 March	<u>242,028</u>	<u>242,318</u>
	2020 £'000	2019 £'000
Amounts to be released within one year	2,951	2,920
Amounts to be released in more than one year	239,077	239,398
	<u>242,028</u>	<u>242,318</u>

24. Recycled Capital Grant Fund (RCGF)

Group and Association	2020 £'000	2019 £'000
At 1 April	1,462	1,224
Additions to fund	400	323
Interest credited	12	9
Utilised in the year	(795)	(94)
At 31 March	<u>1,079</u>	<u>1,462</u>
Disclosed as:		
Amounts falling due within one year	351	826
Amounts falling due after one year	728	636
	<u>1,079</u>	<u>1,462</u>

Notes to the financial statements (continued)

25. Disposal proceeds funds (DPF)

Group and Association	2020 £'000	2019 £'000
At 1 April	217	499
Grant recycled upon relevant events	-	-
Utilisation of fund		(285)
Interest credited	1	3
Balance at 31 March	<u>218</u>	<u>217</u>
Disclosed as:		
Due within one year (see note 21)	218	141
Due after one year	-	76
	<u>218</u>	<u>217</u>

26. Deferred tax

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
At 1 April	-	(51)	-	(237)
Origination and reversal of timing differences	-	51	-	237
At 31 March	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

27. Share capital

	Group		Association	
	2020 £	2019 £	2020 £	2019 £
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.

Notes to the financial statements (continued)

28. Notes to the group cash flow statement

Reconciliation of operating surplus to net cash generated from operating activities	2020	2019
	£'000	£'000
Operating surplus	14,406	13,900
Adjustment for non-cash items:		
Depreciation and impairment of tangible fixed assets	13,220	15,846
Decrease/(increase) in stock	(96)	56
Decrease/(increase) in trade and other debtors	(620)	85
Decrease/(increase) in trade and other creditors	2,301	5,461
Pension costs less contributions payable	(179)	(327)
Impairment/Revaluation of investment properties	442	(231)
Carrying amount of tangible fixed asset disposals	1,635	4,338
Share of operating (surplus)/deficit in associate	-	4
Adjustments for investing or financing activities:		
Proceeds from the sale of tangible fixed Assets	(2,349)	(5,091)
Government grants utilised in the year	(3,142)	(3,089)
Tax	-	(56)
	<hr/>	<hr/>
Net cash generated from operating activities	25,618	30,896
	<hr/> <hr/>	<hr/> <hr/>

29. Net Debt reconciliation

	1st April 2019	Cashflow	Other Non Cash	31st March 2020
Cash at bank and in hand	5,222	(2,497)	0	2,725
Bank Loans	(296,006)	(6,312)	(1,328)	(303,646)
	<hr/>	<hr/>	<hr/>	<hr/>
	(290,784)	(8,809)	(1,328)	(300,921)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements (continued)

30. Capital commitments

Group and Association

	2020 £'000	2019 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	24,852	13,903
Capital expenditure that has been authorised but not yet contracted for	60,136	29,249
	<u>84,988</u>	<u>43,152</u>
The Group expects to finance the above commitments by:		
Social Housing Grant receivable	14,048	10,305
Loan facilities, shared ownership stair-casing sales and other trading cash flows	70,940	32,847
	<u>84,988</u>	<u>43,152</u>

31. Commitments under operating leases

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

	2020 £'000	2019 £'000
Not later than one year	814	666
Later than one year and not later than five years	2,972	1,629
Later than five years	4,636	1,200
	<u>8,422</u>	<u>3,495</u>

32. Bond Guarantee

The group have the following bond guarantee's in place as at 31 March 2020.

BENEFICIARY	ISSUE DATE	EXPIRY	AMOUNT £	BOND TYPE
CHESHIRE WEST AND CHESTER BOROUGH	18/10/2017	18/10/2020	4,650,000	PENSION GUARANTEES
WIRRAL BOROUGH COUNCIL	30/12/2011	31/03/2021	556,000	PENSION GUARANTEES
LIVERPOOL CITY COUNCIL	11/10/2011		65,582	PERFORMANCE

Notes to the financial statements (continued)

33. Prior Period Adjustments

Prior period result is being restated for adjustment made to association and group Fixed Assets.

Group

The group eliminates profit on sale of fixed assets between group companies through a consolidation adjustment. The group currently consists of Plus Dane Housing Ltd (PDH) and Dane Partnership Homes Ltd (DPH) and should therefore have lower fixed assets compared to the Association relating to any profit on sale of assets from DPH which is currently £0.4m.

There has been a consolidation adjustment of £1.6m dating back to 2013 relating to the elimination of the profit on the sale of fixed assets from DPH. Management can see no logical explanation for group to hold lower fixed assets to the Association other than the profit identified.

This resulted in the restatement of Group Fixed Assets to eliminate the £1.2m consolidation adjustment in previous years.

	Restated	
	2019	2019
	£'000	£'000
Group		
Fixed Assets Housing Properties	599,154	597,975
Restated Reserves	50,176	48,997

Association

In 2017 the group structure simplified with the following group companies Plus Dane Merseyside Ltd (PDM) and Plus Dane Cheshire Ltd (PDC) merging into the Association Plus Dane Housing Ltd (PDH).

PDM had previously sold 214 properties to PDC in the year ending 31 March 2016. The selling price was set and deed of sale sent for HCA consent. Upon receiving consent and the transfer happening, PDM had further depreciated the assets resulting in a profit on sale.

Upon simplification of the group structure this profit on disposal should have been permanently eliminated. It has been identified that the Association's Fixed Assets remained overstated by this intra group profit and this prior period adjustment restates Fixed Assets in the Association to remove £0.4m overstatement on sale of assets.

	Restated	
	2019	2019
	£'000	£'000
Association		
Fixed Assets Housing Properties	599,588	599,984
Restated Reserves	50,551	50,947

Notes to the financial statements (continued)

34. Related parties

Circle Liverpool Limited is a Joint Venture that operates as a waste management company of which Plus Dane Housing Limited was a member until December 2019. The investment in Circle stood at £Nil (2019: £56k) and the loan stood at £Nil (2019: £45k). Up to 31 December 2019 the company paid £172,149 in respect of waste disposal (2019: £172,307).

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.

Related parties include Board member group connections with Liverpool John Moore's University and UNISON.

Person	3rd Party	Position held	Payable	Receivable	2020 Net	2019 Net
Lyndsey Burkert	L'pool John Moore's	employee	(4,625)	-	(4,625)	(30,740)
Tommy McIlravey	UNISON	Board member	(239)	-	(239)	(773)

35. Post Balance Sheet Events

There are no post balance sheet events.