



**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

31 MARCH 2020

Severn Homes Limited

Brassey Road, Old Potts Way, Shrewsbury, SY3 7FA

Registration No. 06474307

A member of The Housing Plus Group

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DIRECTORS, AUDITORS, ADVISORS AND BANKERS

Severn Homes Limited	Registered Company No: 06474307
Registered Office	Sevenside House Brassey Road Shrewsbury Shropshire SY3 7FA
Directors	K A Shaw – appointed 1 November 2019 I Farrell – appointed 11 November 2019 J D Burt (Chair from 1 May 2020) – appointed 1 November 2019 R B Lawrence – appointed 1 October 2019, resigned 30 April 2020 V M Cross – appointed 1 October 2019 P J Ingle S L Boden – resigned 1 November 2019 G E Evans – resigned 1 November 2019
Company Secretary	I E Molyneux
Bankers	Barclays Bank PLC 100 Broad Street, Birmingham, B3 2WNE Barclays Bank PLC, One Snowhill, Birmingham, B3 2WNE
Internal Auditors	Mazars LLP (to 31 March 2020) 45 Church Street, Birmingham, B3 2RT Beever and Struthers (appointed 1 April 2020) 20 Colmore Circus Queensway, Birmingham, B4 6AT
External Independent Auditors	BDO LLP, Chartered Accountants and Statutory Auditors, Two Snowhill, Birmingham, B4 6GA
Legal Advisors	Anthony Collins LLP 134 Edmund Street Birmingham, B3 2ES

REPORT OF THE BOARD

The directors present their report and the financial statements of the company for the year ended 31st March 2020.

Principal activity

The principal activity of the company is the buying and selling of real estate. The company made a loss during the year of £496,606 (2019: loss of £52,165).

Directors

The directors during the year were:

K A Shaw (appointed 1 November 2019);
I Farrell (appointed 11 November 2019);
J D Burt (appointed 1 November 2019);
R B Lawrence (appointed 1 October 2019, resigned 30 April 2020);
V M Cross (appointed 1 October 2019);
P J Ingle;
S L Boden (resigned 1 November 2019); and
G E Evans (resigned 1 November 2019).

Going concern

The company has negative reserves but is fully funded by SSHA and Severnside via an intra group loan agreement to deliver works on behalf of the two landlords. After reviewing Severn Homes' budget for 2020/21 and long term financial plan based on normal business planning and control procedures and having received confirmation of continued support from Severnside and SSHA, the members of the Board have a reasonable expectation that Severn Homes has adequate resources to continue in operational existence for the foreseeable future.

The impact of the Covid 19 outbreak has been considered by the Directors, and they have confirmed that the outbreak does not pose a material uncertainty that would cast doubt on the Company's ability to continue as a going concern. Development activity was reduced during the 'lockdown' period but is expected to resume. The board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

REPORT OF THE BOARD (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Board and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors 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 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors

The Directors who held office at the date of approval of this Report of the Board confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In preparing this Report of the Board advantage has been taken of the small companies exemption.

This report was approved by the Board and on 20 July 2020 and signed on its behalf by:



P J Ingle
Director



I E Molyneux
Company Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEVERN HOMES LIMITED

Opinion

We have audited the financial statements of Severn Homes Limited (“the Company”) for the year ended 31 March 2020 which comprise the statement of comprehensive income, statement of changes in equity, statement of financial position 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 Company’s affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Company 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 where:

- the Directors’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company’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 AUDITOR'S REPORT TO THE MEMBERS OF SEVERN HOMES LIMITED (continued)

Other information

The Directors are responsible for the other information. The 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 and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEVERN HOMES LIMITED (continued)

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement the Directors are 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 Directors 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 Directors are responsible for assessing the Company'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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in 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 at the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditors report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Kyla Bellingall (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
Date 9 September 2020

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

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2020

	<i>Notes</i>	Year ended 31 March 2020	Year ended 31 March 2019
		£	£
Turnover		-	162,000
Cost of sales		-	(131,699)
Gross profit		-	30,301
Administrative expenses		(42,818)	(73,145)
Operating loss	4	(42,818)	(42,844)
Interest payable and similar expenses	6	(453,788)	(8,732)
Loss on ordinary activities before taxation		(496,606)	(51,576)
Tax on profit on ordinary activities	5	-	(589)
Loss on ordinary activities for the financial period		(496,606)	(52,165)

All activities relate to continuing activities. The notes on pages 10 to 16 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
31 March 2020

	Year ended 31 March 2020	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2019
	Share capital £	Profit and loss account £	Share capital £	Profit and loss account £
Balance at 1 April	1	(49,064)	1	828,101
Loss for the financial year	-	(496,606)	-	(52,165)
Gift aid distribution	-	-	-	(825,000)
Balance at 31 March	1	(545,670)	1	(49,064)

The notes on pages 10 to 16 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 March 2020

	<i>Notes</i>	31 March 2020 £	31 March 2019 £
Current assets			
Inventories	7	11,845,311	11,650,411
Debtors	8	2,844	2,236,123
Cash at bank and in hand		407,550	11,675
		12,255,705	13,898,209
Creditors			
Amounts falling due within one year	9	(451,374)	(2,097,272)
		11,804,331	11,800,937
Creditors			
Amounts falling due after more than one year	10	(12,350,000)	(11,850,000)
Total net assets		(545,669)	(49,063)
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account		(545,670)	(49,064)
Equity shareholders' funds		(545,669)	(49,063)


The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

The notes on pages 10 to 16 form part of these financial statements.

These financial statements (registered number 06474307) were approved and authorised for issue by the Board on 20 July 2020.

Signed on behalf of the board of directors


P J Ingle
Director


I E Molyneux
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

1 Statutory information

Severn Homes Limited is a private company, limited by shares, domiciled in England and Wales, registration number 06474307. The registered office is Severnside House, Brassey Road, Shrewsbury, Shropshire SY3 7FA.

2 Compliance with accounting standards

The accounts have been prepared in accordance with the provisions of FRS 102 Section 1A small entities.

3 Accounting policies

The accounts have been prepared in accordance with applicable accounting standards under the historical cost accounting rules and on a going concern basis.

The impact of the Covid 19 outbreak has been considered by the Directors. The company buys and sells real estate as part of Housing Plus Group, its ultimate parent. At year end the company holds land assets valued at £11.8m. Whilst it has net liabilities of £545k at 31 March 2020, the company's cash balances were £407k and £2.65m of undrawn facilities are immediately available from an intragroup loan agreement. This is significantly higher than the company's committed obligations.

Whilst the Director acknowledge that the outbreak may create uncertainty in relation to land values, the cash and facilities available are sufficient that this does not pose a material uncertainty that would cast doubt on the company's ability to continue as a going concern for the foreseeable future, which is a period of at least 12 months from signing of the accounts and audit report.

The Board therefore consider it appropriate for the accounts to be prepared on a going concern basis.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

a) Turnover

Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the purchaser. It is recognised at the fair value of consideration received or receivable on legal completion.

b) Interest payable and similar charges

Interest and financial costs are charged to the Statement of Comprehensive Income in the period in which they are incurred.

c) Taxation

The charge for taxation is based on the profit/loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

NOTES TO THE FINANCIAL STATEMENTS (continued)

d) Value Added Tax (VAT)

The company is registered for VAT. The majority of expenditure is subject to VAT, which the company is able to reclaim.

The balance of VAT payable or recoverable at the year end is included in the financial statements as a current liability or asset.

e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises land and associated acquisition costs, direct materials and subcontractor work, other direct costs and those overheads (based on normal operating capacity) that have been incurred in bringing the inventories to their present location and condition, excluding borrowing costs. These include infrastructure and development costs such as roads and sewers. Provisions are established to write down land where the estimated net sales proceeds less costs to complete exceed the current carrying value. Adjustments to the provisions will be required where selling prices or costs to complete change.

f) Cash and cash equivalents

Cash and cash equivalents consists of cash at bank, cash in hand, deposits and short term investments with an original maturity of three months or less.

g) Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability of another entity. The company accounts for its financial instruments using sections 11 'Basic Financial Instruments' and 12 'Other Financial Instruments Issues' of FRS102.

Basic financial instruments are initially recognised at transaction price and in subsequent years at amortised cost. Financial instruments that do not meet the criteria of basic financial instruments are initially recognised at fair value and in subsequent years are measured at fair value at the end of each reporting period with any changes in fair value being recognised in the Statement of Comprehensive Income.

Financial assets are derecognised when the rights to the cash flows from the asset expire or are settled. Financial liabilities are derecognised when the obligation is discharged, cancelled or expired. Any difference between the consideration paid or received and the amounts derecognised are recognised in the Statement of Comprehensive Income.

The company's financial instruments are all currently classified as basic.

NOTES TO THE FINANCIAL STATEMENTS

h) Key estimates and judgements

The preparation of the financial statements requires the use of certain accounting estimates and judgements concerning the future. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, other than the policy for inventories as described above.

i) FRS 102 reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”:

- the requirements of Section 3 Financial Statement Presentation paragraph 3.17 (d);
- the requirements of Section 11 Basic financial instruments;
- the requirements of Section 33 Related party transactions.

The company’s results are consolidated into The Housing Plus Group Limited consolidated financial statements which are publicly available.

4 Operating profit

	Year ended 31 March 2020 £	Year ended 31 March 2019 £
The operating profit is stated after charging:		
• Auditors’ remuneration	1,997	1,676

Directors’ remuneration for the period was nil (2019: nil), and there were no directors (2019: nil) to whom retirement benefits were accruing under direct contribution pension schemes.

The directors are remunerated by the parent company, not specifically in respect of Severn Homes Ltd duties. The company has no employees.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 Taxation

	31 March 2020 £	31 March 2019 £
Analysis of tax charge / (credit) for the period		
Current tax		
UK corporation tax at 19% (2019: 19%)	-	-
Adjustments in respect of prior periods	-	589
Total current tax charge / (credit)	-	589
Deferred tax		
Origination and reversal of timing difference	-	-
Tax on profit on ordinary activities	-	589
Reconciliation of tax charge		
Profit / (loss) on ordinary activities before tax	(496,606)	(51,576)
Tax on profit / (loss) on ordinary activities at standard CT rate of 19% (2019: 19%)	(94,355)	(9,799)
<i>Effects of:</i>		
Amounts (charged) / credited directly to equity or otherwise transferred	-	(156,750)
Adjustments to tax charge in respect of previous periods	-	589
Rate differences	-	17,531
Deferred tax not recognised	94,355	149,018
Tax charge / (credit) for the period	-	589

6 Interest payable

	31 March 2020 £	31 March 2019 £
Interest payable on group loan	453,788	8,732

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 Inventories

	31 March 2020 £	31 March 2019 £
Completed properties for sale	-	-
Land held for development	11,845,331	11,650,411
	11,845,331	11,650,411

8 Debtors

	31 March 2020 £	31 March 2019 £
Amounts falling due within one year		
Other debtors	-	23,252
Tax and social security	2,843	2,212,870
Unpaid share capital	1	1
	2,844	2,236,123

9 Creditors: amounts falling due within one year

	31 March 2020 £	31 March 2019 £
Trade creditors	-	-
Amounts owed to group undertakings		
Housing Plus	65,738	59,339
Sevenside	47,777	2,026,268
SSHA	331,750	6,305
Tax and social security	-	-
Accruals	6,109	5,360
	451,374	2,097,272

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 Creditors: amounts falling due after more than one year

	31 March 2020 £	31 March 2019 £
Intragroup Loan		
Sevenside	4,350,000	1,850,000
SSHA	8,000,000	10,000,000
	12,350,000	11,850,000

11 Authorised, allotted and called up share capital

	31 March 2020 £	31 March 2019 £
Ordinary shares of £1 each	1	1

12 Group companies

The ultimate parent undertaking and controlling party is The Housing Plus Group Limited, a Registered Provider (Registered Co-operative & Community Benefit Society No. 30224R). The consolidated financial statements of The Housing Plus Group Limited are available from the Company Secretary, The Housing Plus Group Limited, Acton Court, Acton Gate, Stafford, ST18 9AP.

13 Post balance sheet event

The outbreak of the Covid-19 pandemic is an in-year event reflected in the financial statements to 31 March 2020. The pandemic has impacted on the operations of the entity and this is expected to continue into the 2020/21 financial year. From a financial perspective activity has reduced due to lockdown which may reduce income however, as detailed in note 1, the Directors are satisfied that the company is a going concern.

NOTES TO THE FINANCIAL STATEMENTS (continued)

14 Related party transactions

During the year the company purchased services from ultimate parent Housing Plus Group Limited at a cost of £63,937 (2019: £150,055). As at 31 March 2020, the company owed £65,738 to Housing Plus Group Limited (2019: £59,339).

On 26 March 2019, the company was granted a loan of £3,850,000 by Severnside Housing. A further loan to Severn Homes Limited of £500,000 was advanced from Severnside Housing on 30 March 2020.

Interest was paid on the outstanding loan balance during the financial year at LIBOR plus a margin of 3% totalling £122,992 (2019: £2,427).

During the year the company purchased services from Severnside Housing at a cost of £nil (2019: £262,828) and provided services at a cost of £nil (2019: £11,665). As at 31 March 2020, the company owed £4,397,777 to Severnside Housing (2019: £3,876,268).

On 26 March 2019, the company was granted a loan of £10,000,000 by South Staffordshire Housing Association. On 16 August 2019, Severn Homes Limited repaid £2,000,000 of the outstanding loan balance to South Staffordshire Housing Association.

Interest was paid on the outstanding loan balance during the financial year at LIBOR plus a margin of 3% totalling £330,796 (2019: £6,305).

During the year, the company purchased services from South Staffordshire Housing Association at a cost of £954 (2019: £nil). As at 31 March 2020, the company owed £8,331,750 to South Staffordshire Housing Association (2019: £10,006,305).

All related party transactions within the group are provided on an arms length basis.