



**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

31 MARCH 2021

**Sevenside Housing
Brassey Road, Old Potts Way, Shrewsbury, SY3 7FA**

Registration No. 8084

A member of The Housing Plus Group

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BOARD MEMBERS, EXECUTIVE OFFICERS, AUDITORS, ADVISORS AND BANKERS

Registered Office	Sevenside Housing, Brassey Road, Old Potts Way, Shrewsbury, Shropshire SY3 7FA
Sevenside Housing	Registered Community Benefit Society No: 8084 Registered by the Regulator of Social Housing No: LH4325
Internal Auditors	Beever and Struthers (appointed 1 April 2020) 20 Colmore Circus Queensway, Birmingham, B4 6AT
External Independent Auditors	KPMG LLP (appointed 12 November 2020) Chartered Accountants and Statutory Auditors, One Snowhill, Birmingham, B4 6GH
Legal Advisors	Anthony Collins LLP 134 Edmund Street, Birmingham, B3 2ES Trowers & Hamlins LLP 55 Princess Street Manchester, M2 4EW
Funders	Shropshire Council, The Shirehall, Abbey Foregate Shrewsbury, SY2 6ND
Bankers	National Westminster Bank PLC, 8 Mardol Head, Shrewsbury, SY1 1HE

BOARD MEMBERS, EXECUTIVE OFFICERS, AUDITORS, ADVISORS AND BANKERS (continued)

Board of Management

S Jennings (Chair) – resigned 3 August 2020
G Evans (Chair) – appointed 3 August 2020
C Dass – resigned 23 July 2020
C Royall
J Pert
R Barber
E Harrison
P Roberts – appointed 13 July 2020; resigned
9 March 2021
Cath Purdy – appointed 12 November 2020
Heather Bowman – appointed 12 November 2020
P Ingle (Executive Director)

Chief Executive

S Boden

Executive Directors

Deputy Chief Executive and
Finance Director

P Ingle

Property Director

S Collins

Neighbourhoods Director

J Goode – resigned March 2021

Care and Support Director

L Clarke

Company Secretary

I Molyneux

REPORT OF THE BOARD

Severnside Housing ('Severnside' 'the Association') is a registered society (RS008084) which was established to receive a transfer of social housing properties from Shrewsbury and Atcham Borough Council in October 2001. Its principal activities are the management and development of affordable housing.

Severnside merged with Housing Plus on the 1st October 2016. Housing Plus, (the Group) Severnside's ultimate controlling party, is a non-housing asset holding company which provides the central services for Severnside and the other subsidiaries in the Group such as finance, human resources, information technology, development, legal and governance, health and safety and corporate publicity.

Severnside owns the entire issued share capital of Severn Homes Limited which develops properties for outright sale.

Housing Plus has prepared a Group Strategic Report to accompany the consolidated financial statements. In line with the Statement of Recommended Practice for registered social housing providers 2018 update, Severnside has taken a decision to use the exemption not to provide a full strategic report within its own financial statements. The Statement of Compliance with regulatory policies is available in the Group Strategic Report.

Board Members and Executive Officers

Severnside is governed by a Board of Management composed of six non-executive members and one executive member. Severnside is managed by a senior management team headed by the Chief Executive and supported by a Finance Director and Deputy Chief Executive, Property Director, Neighbourhoods Director and the Care and Support Director. The Executive Management Team attends Board meetings.

The Group has purchased Directors' and Officers' Liability Insurance for the Board Members, Executive Officers and staff of the Group and Severnside Housing. Members of the Board receive remuneration. The remuneration of the Board, the Chief Executive and the other Executive Officers is determined by the Housing Plus Board. External professional advice is sought as necessary to ensure that regard is taken of remuneration levels in similar companies and the market place.

Business & financial review

Severnside achieved an operating surplus of £11.2m (2019/20: £11.7m). Severnside generated £1m from housing property sales and in addition £1.2m was generated from market and other non- social housing lets. Surpluses continue to be re-invested into new housing stock, and the association ended the year with 5,756 social housing units, a net increase of 66 on the previous year after RTB stock losses. Arrears performance at the end of the year was 0.8% (1.3% 2019/20) with average arrears levels of £206.62 per case.

REPORT OF THE BOARD (continued)

Governance

Sevenside Housing complies with the Homes and Communities Agency's (HCA) Governance and Financial Viability Standard. In April 2015 The Housing Plus Group adopted the National Housing Federation (NHF) Excellence in Governance Code as its approved Code of Governance. Sevenside Housing complies with this Code.

Going concern

The Board is intending to carry out a transfer of engagements to South Staffordshire Housing Association during 2021/22 a fellow Group company. Accordingly the Group Board have not prepared the financial statements on a going concern basis. Since all activities of Sevenside will be continuing within South Staffordshire Housing Association Limited, there have been no required adjustments to the presentation of the Statement of Financial Position. See Note 2a for further details.

Statement of compliance

The Board confirms that Sevenside Housing has complied with all relevant regulatory and legal requirements. The Board evidences this for the Group and its subsidiaries through appropriate policies and procedures and a strong control framework (described in the Group Statement of Internal Controls). The Board also reviews the effectiveness of the control framework and the assurance received from it including receiving external reviews from the Internal Auditor.

Statement of Board's responsibilities in respect of the Board's report and the financial statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the association and of its income and expenditure for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so (as

REPORT OF THE BOARD (continued)

explained in note 2, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Provision of information to auditors

The Association Board Members who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the Association'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 Association auditors are aware of that information.

Independent auditors

A resolution to appoint External Auditors will be proposed at the next Annual General Meeting.

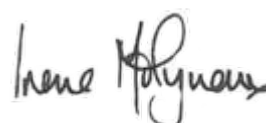
By Order of the Board
20 July 2021



G Evans
Chair



P Ingle
Director



I Molyneux
Company Secretary

Independent auditor's report to Sevenside Housing

Opinion

We have audited the financial statements of Sevenside Housing ("the association") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of affairs of the association as at 31 March 2021 and of its income and expenditure for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in note 2 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Board, the Audit and Risk committee, internal audit and inspection of policy documentation as to the Association's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Association's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, Audit and Risk Committee and Homes Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Obtaining a copy of the Association's fraud register.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet loan covenants and regulatory performance targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition,

Independent auditor's report to Sevenside Housing (continued)

in particular the risk that income from property sales is recorded in the wrong period and the risk that Association management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Association-wide fraud risk management controls

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Sample testing of property sales relating to the period prior to 31 March 2021 to determine whether income is recognised in the correct accounting period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Association is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related co-operative & community benefit society legislation), taxation legislation, pensions legislation and specific disclosures required by housing legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Association is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: anti-bribery, health and safety and employment law recognising the nature of the Association's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent auditor's report to Sevenside Housing (continued)

Other information

The Association's Board is responsible for the other information, which comprises the Board's Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the association has not kept proper books of account; or
- the association has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the association's books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

Board's responsibilities

As explained more fully in their statement set out on pages 4 and 5, the association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing 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 it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent auditor's report to Sevenside Housing (continued)

The purpose of our audit work and to whom we owe our responsibilities

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



Sarah Brown
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

8 September 2021

STATEMENT OF COMPREHENSIVE INCOME

	Note	Year Ended 31 March 2021 £'000	Year Ended 31 March 2020 £'000
Turnover	3	31,181	30,088
Cost of sales	3	(1,394)	(749)
Operating expenditure	3	(19,163)	(19,797)
Surplus on disposal of housing properties	4	530	2,184
Movement in fair value of investment properties	11c	689	(7)
Operating surplus		11,843	11,719
Interest receivable and similar income	5	152	129
Interest payable and financing costs	6	(7,141)	(8,227)
Distribution received from subsidiary	22	-	59
Surplus before taxation	7	4,854	3,680
Taxation	8	-	-
Surplus for the financial year		4,854	3,680
Actuarial (loss)/ gain in respect of pension schemes	19	(4,157)	3,956
Total comprehensive income for the year		697	7,636

All the turnover and surplus disclosed above are derived from continuing activities.

The accompanying notes on pages 13 to 44 form part of these financial statements.

STATEMENT OF CHANGES IN RESERVES

	Year ended 31 March 2021		
	Income and Expenditure Reserve	Restricted Reserve	Total Reserves
	£'000	£'000	£'000
Balance at 1 April	17,514	3,722	21,236
Total surplus from Statement of Comprehensive Income	4,692	162	4,854
Actuarial loss on defined benefit pension scheme	(4,157)	-	(4,157)
Total comprehensive income for the year	535	162	697
Capital spend in the year	-	(30)	(30)
Balance at 31 March	18,049	3,854	21,903

	Year ended 31 March 2020		
	Income and Expenditure Reserve	Restricted Reserve	Total Reserves
	£'000	£'000	£'000
Balance at 1 April 2019	10,763	3,287	14,050
Total surplus from Statement of Comprehensive Income	2,853	827	3,680
Actuarial gain on defined benefit pension scheme	3,956	-	3,956
Total comprehensive income for the year	6,809	827	7,636
Transfer	(58)	58	-
Capital spend in the year	-	(450)	(450)
Balance at 31 March	17,514	3,722	21,236

The accompanying notes on pages 13 to 44 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 March 2021

	Note	Year Ended 31 March 2021 £'000	Year Ended 31 March 2020 £'000
Tangible fixed assets			
Housing properties	11a	183,293	179,717
Other tangible fixed assets	11b	2,248	2,575
Investment properties	11c	14,844	14,155
		200,385	196,447
Debtors: amounts falling after more than one year	13	5,000	4,350
Current assets			
Stocks	12	426	1,545
Debtors	13	1,859	1,403
Cash and cash equivalents		4,006	2,757
Less: Creditors: Amounts falling due within one year	14	(5,981)	(4,706)
Net current assets		310	999
Total assets less current liabilities		205,695	201,796
Creditors: Amounts falling due after more than one year	15	(169,167)	(170,373)
Pension liability	20	(14,625)	(10,187)
Total net assets		21,903	21,236
Reserves			
Income and expenditure reserve		18,049	17,514
Restricted reserve		3,854	3,722
Total reserves		21,903	21,236

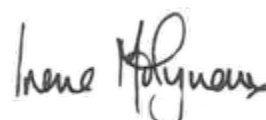
The financial statements were approved by the Board and authorised for issue and signed on its behalf on 20 July 2021 by:



Gareth Evans
Chair



Philip Ingle
Director



Irene Molyneux
Company Secretary

The accompanying notes on pages 13 to 44 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

Sevenside Housing is an exempt charity, registered as a Co-operative and Community Benefit Society and the Regulator of Social Housing (LH4325), under the Housing and Regeneration Association Act 2008, as a social landlord. Sevenside Housing is a public benefit entity as described by FRS102.

2. Accounting policies

a. Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (FRS102), and the Statement of Recommended Practice for registered social housing providers update 2018 update. The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

In previous years, the financial statements have been prepared on a going concern basis. However, during 2021/22 the Board is planning to transfer the engagements of Sevenside into South Staffordshire Housing Association Limited. Accordingly the Group Board have not prepared the financial statements on a going concern basis. Since all activities of Sevenside will be continuing within South Staffordshire Housing Association Limited, there have been no required adjustments to the presentation of the Statement of Financial Position.

As part of their normal annual review and budget approval process, the Board of Management have reviewed the combined 30 year business plan for Sevenside Housing and South Staffordshire Housing Association, who operate as a funding group with Housing Plus Group Finance Limited and are integral to Housing Plus Group.

The financial plans were stress tested against 3 different scenarios including economic, welfare and compliance changes and a 'perfect storm' scenario was performed combining all of the other 3 scenarios. Mitigations were needed for the joint business plan for all scenarios, with the 'perfect storm' scenario requiring a 25% reduction in repairs and maintenance spend of £5.4m, the removal of £34m of uncommitted development, a reduction in non-business critical back office costs of £1.27m per annum and the sale of the Groups market rented properties valued at £13.4m and the Groups offices valued at £6m. This would allow the 'perfect storm' scenario to be managed internally for a period of 3 years, after this the Board would need to consider longer term actions.

The impact of the Covid-19 outbreak has been considered by the members of the Board. The Association continues to operate effectively with the majority of support staff working from home and other staff abiding by social distancing. Contrary to expectations, the Association has performed well to date. Rental income collection has remained strong during the period with little change in the arrears figure to date with performance at 0.8% which is below the corporate target of 3%. Voids performance suffered during the 'lockdown' period, but performance has since improved, and it is anticipated that void loss will be controlled around the budget level. Development work and planned maintenance work was also suspended during the start of the 2020/21 financial year but has since resumed.

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31st March 2021 the Association had £4m of cash and access to a further £45.5 million of undrawn borrowing facilities within Housing Plus Group Finance Limited. The Board is satisfied that this funding is available as Housing Plus Group Finance Limited, Sevenside Housing and South Staffordshire Housing Association are integral to the Group as set out in the 30 year business plan.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities the Board believe that while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Association's underlying activities 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. However as mentioned above Sevenside is intending to progress a transfer of engagements to SSHA, consequently the Board therefore consider it appropriate for the accounts of the Association to be prepared on a non-going concern basis.

b. FRS102 Exemptions

The Association is a wholly owned subsidiary and is exempt from the requirement to prepare consolidated financial statements. In preparing separate financial statements the Association has taken advantage of the disclosure exemption in FRS 102 and has not prepared a cash flow statement.

A summary of the key accounting policies, which have been applied consistently across all entities, is set out below with intercompany transactions and balances being eliminated in full.

c. Turnover

Turnover represents rental and service charge income receivable net of voids, sales of first tranche shared ownership properties, grant amortisation and care services income for the year. Turnover (representing those items listed above) in the financial statements notes are analysed to identify General Needs, Supported Housing, Care Housing and Shared Ownership properties.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from Low Cost Home Ownership sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Service charges, Supporting People Income and care services are recognised when the service has been performed and expenditure incurred.

d. Value Added Tax (VAT)

The Association's main income stream, being rent, is exempt for value added tax (VAT) purposes. The financial statements include VAT to the extent that it is suffered by the Association and not recoverable from HM Revenue and Customs (HMRC). The Association is able to reclaim VAT in line with a Partial Exemption Special Method agreed with HMRC.

NOTES TO THE FINANCIAL STATEMENTS (continued)

VAT reclaimed under the partial exemption method is calculated using a sectorised approach, allowing the different activities of the Group to be assessed separately for recovery based on the VAT treatment of the supply.

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

e. Interest and financial costs

Interest and financial costs represent the cost of financing the purchase of those properties transferred and property acquisitions as well as new development. Loans are secured on the majority of the Association's housing assets.

Interest and financial costs are charged to the Statement of Comprehensive Income in the year in which it is incurred.

f. Pensions

Sevenside participates in one funded multi-employer defined benefit scheme and one defined contribution scheme - the Sevenside Housing Defined Contribution Scheme (provided by Scottish Widows) and the Shropshire County Council Local Government Pension Scheme (Shropshire LGPS). The assets of the funds are kept separately from those of the Association being invested in independently managed superannuation funds.

g. Holiday pay accrual

A current liability is recognised for any unused holiday pay entitlement which has accrued at the Statement of Financial Position date. This is measured at the undiscounted salary cost of the future holiday entitlement at the Statement of Financial Position date.

h. Housing properties

Housing properties are principally properties available for rent. Completed housing properties for lettings are stated at cost less accumulated depreciation and accumulated impairment losses. The cost includes costs of acquiring land and buildings, development costs incurred during the development period and other directly attributable costs. Housing properties under construction are stated at cost less accumulated impairment losses.

Completed housing properties are split between their land and structure costs. Freehold land is not depreciated. Housing properties are depreciated on a straight line basis over the useful economic life of the assets. The depreciable amount is arrived at on the basis of original cost.

Sevenside's housing assets are depreciated as follows:

- Depreciation is charged from the date of acquisition or practical completion of works.

NOTES TO THE FINANCIAL STATEMENTS (continued)

- Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.
- Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following annual rates:
 - Structure 50-120 years
 - Roof 60 years
 - Kitchens 20 years
 - Bathrooms 30 years
 - Heating System/Boilers 15 years
 - Wiring System 30 years
 - Lifts 30 years
 - UPVC External Doors 30 years
 - UPVC Windows 30 years
 - Porches 30 years
 - Solar Panels 30 years

i. Capitalisation

Works to existing properties which replace a component that has been treated separately for depreciation purposes are capitalised as improvements.

Major improvements and renovation of housing properties which extend the life of the asset, increase the rent or considerably reduce the future routine maintenance are capitalised and depreciated over the useful economic life of the asset.

Staff and other costs that are directly attributable to bringing housing properties to practical completion are capitalised. Development costs not capitalised are shown as other activities in the Statement of Comprehensive Income for the year.

Interest costs relating to new development are capitalised. The interest charged reflects the net interest paid over the period of the developments.

j. Accounting for grants

Severnside receives Social Housing Grant and grants from Local Authorities. Any grants provided to reduce the capital cost of housing properties held at cost or specific components of housing properties, are recognised by Severnside using the accrual model. It means that grants are released to the Statement of Comprehensive Income, on a systematic basis over the expected useful life of the housing property structure or if a Disabled Facilities Grant over the expected useful life of the bathroom.

If an asset (housing property or its component) is disposed of, for which grant was received, and there is no obligation to repay the grant, any grant remaining within liabilities on the Statement of Financial Position is released to the Statement of Comprehensive Income. If the grant is available to be recycled it is credited to a Recycled Capital Grant Fund and included as a liability in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Any grants received in respect of revenue expenditure are recognised in the Statement of Comprehensive Income as they become receivable.

Donations of land or other tangible assets acquired below market value from a government source are treated as a non-monetary grant. The difference between the fair value of the tangible asset donated or acquired and the consideration paid is recognised as a liability in the Statement of Financial Position. Once the terms of the donation have been met it is released to the Statement of Comprehensive Income.

k. Sale of housing property

Under shared ownership arrangements, Severnside sells a long term leasehold interest of Shared Ownership housing units to persons who occupy them at a lease premium equal to between 25% and 100% of open Market Value. Proceeds of sale of first tranches are accounted for as turnover in the Statement of Comprehensive Income. The total property cost is apportioned between the shared ownership element and the element remaining in SSHA's ownership based on the percentage tranche sold or estimated to be sold. The estimated first tranche value of properties that are developed for sale and are either unsold or work in progress are included in current assets. Subsequent tranches ('Staircasing') are accounted for as disposals. The remaining unsold element remains on the Statement of Financial Position as a fixed asset and is subject to an annual impairment review.

Under Right to Buy and Right to Acquire arrangements Severnside sells properties to qualifying tenants. Receipts from Right to Acquire sales are required to be retained in a ring fenced fund that can only be used for providing replacement housing. The sales receipt less eligible expenses are held in a disposal proceeds fund, which is held in creditors (either current or long term dependent on when it is anticipated to be used).

l. Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. These are stated at cost less accumulated amortisation and any accumulated impairment losses. The cost includes cost of asset purchase and other directly attributable costs.

Intangible assets are amortised on a straight line basis over the useful economic life of the assets as follows:

- Software Warranties & Licences 4 years

m. Other tangible fixed assets

Other tangible assets are depreciated on a straight-line basis over the useful economic life of the asset as follows:

- Office Structure 60 years
- Vehicles 4 years
- Furniture & Equipment 5 years

NOTES TO THE FINANCIAL STATEMENTS (continued)

- | | |
|----------------|---------|
| ○ IT Software | 4 years |
| ○ Photocopiers | 3 years |
| ○ IT Hardware | 2 years |

The threshold for capitalisation is £500 for a single asset or group of assets.

n. Impairment

Sevenside carries out an annual impairment review of individual tangible fixed assets and cash generating units. The review takes into account internal and external indicators of impairment including obsolescence, physical damage, expected cashflows, replacement values, market factors and government policy. Sevenside considers cash generating units to be schemes or geographical areas depending on size.

Where an indicator of impairment exists an impairment assessment is performed where the carrying amount is compared to the recoverable amount. If the carrying amount of an asset or cash generating unit exceeds the higher of the value in use or fair value less costs to sell then the loss is charged to the Statement of Comprehensive Income as expenditure and as a separate line within operating expenditure where it is considered to be material.

o. Leased assets

At inception the Association assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement. Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

p. Stocks

Stocks are stated at the lower of cost and the estimated sales price less costs to complete and sell.

NOTES TO THE FINANCIAL STATEMENTS (continued)

q. Debtors and creditors

Debtors and creditors receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenditure.

r. 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 Group accounts for its financial instruments using sections 11 'Basic Financial Instruments' and 12 'Other Financial Instruments Issues' of FRS102.

Severnside's financial instruments are all currently classified as basic and include rent receivable, trade creditors, cash and loans.

Basic financial instruments are initially recognised at transaction price and in subsequent years at amortised cost. 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.

s. 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.

t. Taxation

Severnside is an exempt charity for corporation tax.

u. Provisions

The Association only provides for when:

- there is a present legal or constructive obligation, resulting from a past event, at the Statement of Financial Position date;
- it is probable that a transfer of economic benefits 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 expenditure required to settle the present obligation at the Statement of Financial Position date.

Severnside sets a provision against rent arrears of current and former tenants based upon historic trends relating to write offs. All other receivables including trade receivables are provided for on a case by case basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

v. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Association or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

The Association does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent liability exists on grant repayment which is dependent on the disposal of the related property.

w. Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds

x. Key estimates and judgements

The preparation of the financial statements requires the use of certain accounting estimates and judgements concerning the future. The 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 are addressed below:

i). Impairment of assets

The Association assesses whether there is any indicator of impairment. Where an indication of impairment exists then an estimate must be made of the recoverable amount of the cash generating unit (CGU). This can require estimation of future cash flows from the CGU or costs of constructing/replacing the CGU if it is not held solely for its cash flows but for its service potential. Estimations are also made in relation to the selection of appropriate discount rates in order to calculate the net present value of those cash flows or costs.

ii). Defined benefit pension scheme

The Association has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including: life expectancy, asset valuations and the discount rate on corporate bonds. Management relies on the estimates made by actuaries and the pension fund in these areas.

During the year ended 31 March 2021, the range of assumptions used by the individual schemes of which the Group is a member are shown in Note 19 of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

iii). Classification of Financial Instruments

The Association must make judgements over the classification of Financial Instruments as either basic or other. The implication of this is that if treated as 'other', the loan would have to be shown at fair value with any movements in fair value reflected in the Statement of Comprehensive Income. All of these adjustments are non-cash and would have no impact on the Association's loan covenants.

The Association's financial instruments are all currently classified as basic and measured at amortised cost.

iv) Leases

Whether leases entered into by the Association either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

v) Development expenditure

The anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale. This judgement is also based on the best estimate of sales value based on economic conditions within the area of development.

vi) Assets

The appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership between current and fixed assets. The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.

y. Other key sources of estimation uncertainty

i) Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, if appropriate. The actual lives of the assets are assessed annually and may vary depending on a number of factors.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

NOTES TO THE FINANCIAL STATEMENTS (continued)

ii) Debtors

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

ii) Revaluation of investment properties

The association carries its investment property at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. The association engaged independent valuation specialists to determine the fair value at the reporting date. The

valuer used a valuation technique based on a discounted cash flow model. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long-term vacancy rate.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus

	Note	Year Ended 31 March 2021				Year Ended 31 March 2020			
		Turnover £'000	Cost of Sales £'000	Operating Expenditure £'000	Operating Surplus/ (Deficit) £'000	Turnover £'000	Cost of Sales £'000	Operating Expenditure £'000	Operating Surplus/ (Deficit) £'000
Social housing lettings									
Income and expenditure from social housing lettings	3a	27,723	-	(14,883)	12,840	27,456	-	(15,278)	12,178
Other social housing activities									
1 st Tranche LCHO sales		1,994	(1,394)	(110)	490	1,149	(749)	(53)	347
Leaseholders		22	-	(109)	(87)	26	-	(89)	(63)
Tenant garages		102	-	-	102	112	-	-	112
Other activities		146	-	-	146	119	-	-	119
Charges for support services		-	-	(3,950)	(3,950)	-	-	(4,225)	(4,225)
		2,264	(1,394)	(4,169)	(3,299)	1,406	(749)	(4,367)	(3,710)
Activities other than social housing activities									
Shops		37	-	-	37	53	-	(3)	50
Private garages		194	-	(2)	192	206	-	-	206
Market and commercial rent		963	-	(109)	854	967	-	(149)	818
		1,194	-	(111)	1,083	1,226	-	(152)	1,074
Total		31,181	(1,394)	(19,163)	10,624	30,088	(749)	(19,797)	9,542

NOTES TO THE FINANCIAL STATEMENTS (continued)

3a. Income and expenditure from social housing activities

	Year Ended 31 March 2021					Year Ended 31 March 2020
	General Housing	Supported Housing	Low Cost Home Ownership	Care Housing	Total	
	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	20,744	2,473	484	2,880	26,581	26,350
Service charges income	156	710	33	33	932	905
Amortised government grants	164	-	10	12	186	182
Other Income	20	4	-	-	24	20
Turnover from social housing lettings	21,084	3,187	527	2,925	27,723	27,457
Management	(2,388)	(805)	(88)	(332)	(3,613)	(3,801)
Service charge costs	(94)	(185)	-	(4)	(283)	(277)
Routine maintenance	(1,688)	(24)	-	(62)	(1,774)	(1,751)
Planned maintenance	(4,344)	(189)	-	(159)	(4,692)	(4,999)
Bad debts	(81)	(2)	-	(11)	(94)	(87)
Depreciation of housing properties	(3,946)	(375)	(106)	-	(4,427)	(4,364)
Operating expenditure on social housing lettings	(12,541)	(1,580)	(194)	(568)	(14,883)	(15,279)
Operating surplus on social housing lettings	8,543	1,607	333	2,457	12,840	12,178
Void losses	(39)	(41)	(1)	(15)	(96)	(97)

NOTES TO THE FINANCIAL STATEMENTS (continued)

3b. Classes of accommodation in management and development

	Year Ended 31 March 2021	Year Ended 31 March 2020
	Units	Units
General housing		
- Social rent	4,408	4,548
- Affordable rent	653	464
Supported housing and housing for older people	573	573
Low cost home ownership	188	171
Total social housing units	5,822	5,756
Market rent	122	122
Other	1	1
Leasehold	189	189
Total social housing owned	6,134	6,068
Non Social Leasehold	23	23
Total owned and managed	6,157	6,091
Accommodation in development at the year end	176	251

4. Surplus on disposal of housing properties

	Year Ended 31 March 2021				Year Ended 31 March 2020
	LCHO £'000	Other £'000	RTB £'000	Total £'000	£'000
Disposal proceeds	-	223	420	643	2,736
Cost of sales	-	(58)	(51)	(109)	(543)
Selling costs	-	(3)	(1)	(4)	(9)
Net surplus on disposal of housing properties	-	162	368	530	2,184

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Interest receivable and similar income

	Year Ended 31 March 2021	Year Ended 31 March 2020
	£'000	£'000
Interest received from current asset investments	1	6
Interest received from group undertakings	151	123
Interest receivable and similar income	152	15

6. Interest payable and financing costs

	Year Ended 31 March 2021	Year Ended 31 March 2020
	£'000	£'000
Intragroup loans	(6,583)	(4,120)
Bank loans	(288)	(3,308)
Loan commission and commitment fees	-	(13)
Renegotiation fees	(123)	(467)
Capitalised interest	82	-
Net interest on pension liability	(229)	(319)
Interest and financing costs	(7,141)	(8,227)

Interest was capitalised at an average rate of 5% (2020: 5%)

7. Surplus on ordinary activities before taxation

	Note	Year Ended 31 March 2021	Year Ended 31 March 2020
		£'000	£'000
Depreciation:			
Housing assets		4,426	4,364
Other fixed assets		144	184
Impairment:			
Other tangible fixed assets		188	-
Amortisation:			
Grant		(185)	(182)
Operating lease rentals		12	12
External auditors' remuneration (incl. expenses):			
Fees for the audit of the financial statements		19	17
Fees for other services		6	3

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Tax on surplus on ordinary activities

The differences between the total tax charge and the amount calculated by applying the standard rate of UK corporation tax to surplus before tax is as follows:

	Year Ended 31 March 2021	Year Ended 31 March 2020
	£'000	£'000
Surplus on ordinary activities before tax	4,853	3,680
Tax on surplus on ordinary activities at standard UK corporation tax rate of 19% (2020: 19%)	922	699
Effects of: Income not taxable in determining taxable surplus	(922)	(699)
Total	-	-

9. Employees

The average number of persons employed during the financial year expressed as full-time equivalents (37 hours) was:

	Year Ended 31 March 2021	Year Ended 31 March 2020
	Number	Number
Administration & management	73	75
Property services	36	38
Housing support and care	1	1
Total	110	114

Employees' costs:

	Note	Year Ended 31 March 2021	Year Ended 31 March 2020
		£'000	£'000
Wages and salaries		3,461	3,847
Social security costs		330	368
Other pension costs	19	482	498
Total		4,273	4,713

NOTES TO THE FINANCIAL STATEMENTS (continued)

Staff who received remuneration (including benefits in kind) in excess of £60k are summarised in the following bands:

	Year Ended 31 March 2021	Year Ended 31 March 2020
	Number	Number
More than £60,000 but not more than £70,000	3	3
More than £70,000 but not more than £80,000	3	-

10. Directors' emoluments

The Directors of the Association are its Board Members. Board Members are not members of any Sevenside pension scheme.

Board members sit on a co-terminus Homes board responsible for Sevenside Housing, South Staffordshire Housing Association and Stafford and Rural Homes. Board members are paid by The Housing Plus Group Limited for their duties and amounts are disclosed in the accounts of that entity.

The Executive Directors did not receive any emoluments in respect of their services to the Association (2020: £nil) and none (2020: none) of the Executive Directors were a member of the Association's pension schemes. The Executive Directors are all employed and remunerated through the ultimate controlling party, The Housing Plus Group Limited.

NOTES TO THE FINANCIAL STATEMENTS

11. Housing properties at cost

	Houses for Letting		As at 31 March 2021 Low Cost Home Ownership		Total
	Complete for Letting	Under Construction	Complete for Letting	Under Construction	
	£'000	£'000	£'000	£'000	£'000
COST					
At 1 April	198,992	5,778	12,232	1,662	218,664
Additions	1,726	4,989	-	2,085	8,800
Disposals	(643)	-	(389)	-	(1,032)
Transfers (note 12a)	6,143	(6,143)	1,698	(1,996)	(298)
At 31 March	206,218	4,624	13,541	1,751	226,134
LESS ACCUMULATED DEPRECIATION					
At 1 April	(38,518)	-	(429)	-	(39,947)
Depreciation charge for year	(4,247)	-	(106)	-	(4,353)
Eliminated in respect of disposals	459	-	-	-	459
At 31 March	(42,306)	-	(535)	-	(42,841)
Net book value					
At 31 March	163,912	4,624	13,006	1,751	183,293
At 1 April	160,474	5,778	11,803	1,662	179,717

Note: Included within 'Eliminated in respect of disposals' is accelerated depreciation of £74k (2020: £168k). Of the total additions, £1,535k relate to component replacements (2020: £3,524k).

NOTES TO THE FINANCIAL STATEMENTS

11a Housing properties at cost (continued)

Transfers	As at					As at 31 March 2020
	31 March 2021		Low Cost Home Ownership		Total	
	Complete for Letting	Under Construction	Complete for Letting	Under Construction		
£'000	£'000	£'000	£'000	£'000	Total £'000	
Complete properties Transfer to current assets	6,143	(6,143)	1,698	(1,511)	187	-
	-	-	-	(485)	(485)	(1,027)
Transfers	6,143	(6,143)	1,698	(1,996)	(298)	(1,027)

Charges against properties

	As at 31 March 2021	As at 31 March 2020
Number of properties on which there is a fixed charge	4,664	4,669
Number of properties not charged	1,161	1,087
Total number of properties	5,825	5,756

Capitalised interest

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
Interest capitalised during the year	82	-
Interest capitalised to date	408	408
Total interest capitalised	490	408
Rate used for capitalisation	5%	5%

NOTES TO THE FINANCIAL STATEMENTS

11a Housing properties at cost (continued)

Social Housing Grant and other grants

The Association has received government grants in order to acquire and develop its housing properties. Grants are amortised through the Statement of Comprehensive Income over the useful economic life of the structure of the property. Any unamortised grant is held as deferred income. A breakdown of this grant is shown below:

	Year Ended 31 March 2021	Year Ended 31 March 2020
	£'000	£'000
Deferred capital grant at 1 April	16,830	16,422
Grants received during the year	362	140
Transfers from reserves	30	450
Released to income during the year	(185)	(182)
Deferred capital grant at 31 March	17,037	16,830

Housing properties book value, net of depreciation

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
Freehold land and buildings	183,295	179,717
Total	183,295	179,717

NOTES TO THE FINANCIAL STATEMENTS (continued)

11b Other tangible fixed assets

	31 March 2021				
	Fixtures, Fittings, Tools & Equipment				
	Furniture & Equipment	Computer Equipment & Telephones	Vehicles	Land & Buildings	Total
	£000	£000	£000	£000	£000
COST					
At 1 April	988	2,560	59	2,876	6,483
Additions	5	-	-	-	5
At 31 March	<u>993</u>	<u>2,560</u>	<u>59</u>	<u>2,876</u>	<u>6,488</u>
Accumulated depreciation & impairment					
Depreciation at 1 April	(823)	(2,522)	(47)	(516)	(3,908)
Depreciation charge for year	(59)	(36)	(4)	(45)	(144)
Impairment	-	-	-	(188)	(188)
At 31 March	<u>(882)</u>	<u>(2,558)</u>	<u>(51)</u>	<u>(749)</u>	<u>(4,240)</u>
Net book value					
At 31 March	<u>111</u>	<u>2</u>	<u>8</u>	<u>2,127</u>	<u>2,248</u>
At 1 April	165	38	12	2,360	2,575

There is no charge on any of these assets. All land held for other property, plant and equipment is owned freehold.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11c. Investment properties

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
Balance at 1 April	14,155	14,162
Net gain/ (loss) from fair value adjustments	689	(7)
Balance at 31 March	14,844	14,155
Historical net book value	15,495	15,495

All investment properties were valued as at 31st March 2021 using the valuation methodology – market value subject to tenancies (MV-STT). The valuations were performed by independent valuers with recognised and relevant qualifications (Jones Lang LaSalle). There are no restrictions on the investment property and there are no contractual obligations to purchase, construct or develop investment property.

11d. Investment in group undertakings

The Association has investments in the following subsidiary undertakings, both incorporated in England and Wales, which principally affected the surpluses or net assets of the Association.

	Principal activity	Holding	%	Profit/(loss) for the year ended 31 March 2021	Capital and reserves at 31 March 2021
				£'000	£'000
Severn Homes Ltd	Developing and selling properties for outright sale	Equity shares	100%	(531)	(1,076)

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Stocks

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
LCHO completed properties	294	1,001
LCHO properties under construction	132	544
Total low cost home ownership	426	1,545

Stock is held at the lower of actual cost and estimated selling price less costs to complete and sell. There have been no impairments in the year (2020: none).

13. Trade and other debtors

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
Due within one year		
Rent receivable	440	576
Less: Provision for bad and doubtful debts	(121)	(102)
	319	474
Amounts due from group undertakings	613	321
Other debtors	612	422
	1,544	1,217
Prepayments & accrued income	315	186
Total due within one year	1,859	1,403
Due after more than one year	5,000	4,350
Total debtors	6,859	5,753

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Creditors: Amounts falling due within one year

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
Loans and borrowings	325	317
Intra group loans	1,650	-
Trade creditors	-	87
Rents and service charges received in advance	1,168	1,007
Amounts owed to group undertakings	1,321	1,536
Taxation and social security	11	121
Other creditors	30	22
Deferred grant income	186	633
Accruals and deferred income	1,244	925
Accrued loan interest	46	-
Employees	-	58
Total Creditors: Amounts falling due within one year	5,981	4,706

15. Creditors: Amounts falling due after more than one year

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
Loans and borrowings	8,208	8,533
Loans and borrowings - intragroup	143,950	145,500
Capitalised loan arrangement fees	(121)	(134)
Deferred capital grants	16,851	16,197
Other designated funds	279	277
Total Creditors: Amounts falling due after one year	169,167	170,373

NOTES TO THE FINANCIAL STATEMENTS (continued)

Maturity of debt

	Intragroup Bank Loans 2021	Other Loans 2021	Total 2021
	£'000	£'000	£'000
In one year or less	1,650	325	1,975
In more than one year but not more than two years	5,900	335	6,235
In more than one year but not more than five years	21,000	1,059	22,059
In more than five years	117,050	6,814	123,864
	145,600	8,533	154,133

	Bank Loans 2020	Other Loans 2020	Total 2020
	£'000	£'000	£'000
In one year or less	-	317	317
In more than one year but not more than two years	1,650	325	1,975
In more than one year but not more than five years	26,850	1,031	27,881
In more than five years	117,000	7,177	124,177
	145,500	8,850	154,350

The amounts repayable in relation to the bank loans are inter-company creditors with the amounts owed to fellow subsidiary Housing Plus Group Finance Limited. Housing Plus Group Finance Limited recognises equivalent inter-company debtors within its accounts and the third party liabilities to repay the loans when they fall due.

Housing Plus Group Finance Limited holds a £146 million (2020: £146 million) loan portfolio in relation to Sevenside. During the year Sevenside repaid £1.9 million of its loans with Housing Plus Group Finance Limited, transferred £1 million to SSHA which was ultimately on-lent to Care Plus for the purchase of The Sandford care home and received new loans totalling £3 million from Housing Plus Group Finance Limited.

The final scheduled inter-company loan repayment is due in September 2048 with £117 million of the loan facility repayable after 5 years. As at 31 March 2021, Housing Plus Group Finance Limited held £103 million of fixed rate loans in relation to Sevenside with a weighted average rate of 5.52%. Housing Plus Group Finance Limited also held £43 million of variable rate loans in relation to Sevenside with a weighted average rate of 1.39%.

At 31 March 2021 Sevenside had undrawn loan facilities of £nil (2020: nil).

Sevenside has access to £45.5 million of undrawn loan facilities within Housing Plus Group Finance Limited.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Creditors: Amounts falling due after more than one year (continued)

Maturity of debt (continued)

The amounts repayable in relation to other loans is a £6.6 million and a £1.9 million loan facility held with Shropshire Council. These loans are repayable in instalments, with the final scheduled loan payments due in August 2041 and June 2039 respectively.

The Shropshire Council loans are secured against properties that Sevenside owns. The interest rates are fixed at 4.32% and 2.3%.

16. Financial instruments

	Note	Year Ended 31 March 2021	Year Ended 31 March 2020
		£'000	£'000
Financial assets that are debt instruments measured at amortised cost			
Rent & service charges receivable	13	319	474
Amounts owed to group undertakings	13	613	321
Other debtors	13	612	422
Investments		-	-
Cash and cash equivalents		4,005	2,757
TOTAL FINANCIAL ASSETS		5,549	3,974
Financial liabilities measured at amortised cost			
Loans	14,15	(154,133)	(154,350)
Trade creditors	14	-	(87)
Amounts due to group undertakings		(1,321)	(1,536)
Accruals	14	(1,244)	(924)
Other creditors	14	(87)	(201)
TOTAL FINANCIAL LIABILITIES		(156,785)	(157,098)

Sevenside's financial instruments are all currently classified as basic and measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Capital commitments

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
Expenditure contracted but not provided in the financial statements	17,315	25,951
Expenditure authorised by the Board but not contracted	19,628	20,400
Total capital commitments	36,943	46,351

The following amounts describe the way Severnside funds development:

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
Loans and reserves	28,059	35,654
SHG	2,574	3,096
Other grant funding	-	-
Forecast sales	6,310	7,601
Total gross expenditure	36,943	46,351

18. Leases

Operating leases

The Association held vehicles and lone working safety devices on cancellable operating leases. At 31 March 2021 the total of future minimum lease payments under non cancellable operating leases for each of the following periods:

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
Leases for equipment:		
Not later than one year	12	12
Later than one year and not later than five years	7	7
Total	19	19

The expenditure charged in the Statement of Comprehensive Income during the year in relation to operating lease payments was £12k (2020: £12k).

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Pension

Shropshire County Council Scheme

Severnside participates in the Local Government Pension Scheme which is a multi-employer defined benefit Scheme, is funded and is contracted out of the state scheme.

The disclosures necessary in respect of FRS102 are shown in various tables below. The actuary has estimated that the net pension asset/liability as at 31 March 2021 is a liability of £15,666,000 (2020: £10,187,000).

Assumptions as at	31 Mar 2021 %p.a.	31 Mar 2020 %p.a.
Salary increases	3.3%	2.25%
Pension increases	2.8%	1.75%
Discount Rate	2.0%	2.3%

The life expectancy is based on the Fund's VitaCurves and based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.5 years	24.7 years
Future Pensioners*	23.4 years	26.0 years

* Figures assume members aged 45 as at the last formal valuation date.

Categories of plan assets as a % of total plan assets	Assets at 31 Mar 2021 %	Assets at 31 Mar 2020 %
Equities	50	50
Bonds	21	23
Property	4	4
Alternatives	24	22
Cash	1	1

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Pension (continued)

Net pension liability as at	31 Mar 2021	31 Mar 2020
	£'000	£'000
Fair value of employer assets	42,681	36,477
Present value of funded obligations	(57,017)	(46,402)
Net (under)funding in funded plans	(14,336)	(9,925)
Present value of unfunded liabilities	(289)	(262)
Net pension (liability)	(14,625)	(10,187)

	Year to 31 Mar 2021	Year to 31 Mar 2020
	£'000	£'000
Amount charged to operating surplus		
Current service cost	(529)	(701)
Past service cost	-	(121)
Administration expense	(11)	(13)
Effect of curtailments	-	(7)
Total operating charge	(540)	(842)
Amount charged to financing costs		
Interest income on plan assets	829	916
Interest cost on defined benefit obligation	(1,058)	(1,235)
Losses on curtailments and settlements		
Total net interest	(229)	(319)
Total defined benefit cost recognised in surplus for the year	(769)	(1,161)

Re-measurements recognised in other comprehensive income	Year to 31 Mar 2021	Year to 31 Mar 2020
	£'000	£'000
Change in financial assumptions	(10,507)	3,126
Change in demographic assumptions	70	3,279
Return on assets (excluding amounts included in net interest)	6,280	(2,449)
Total re-measurements recognised in other comprehensive income	(4,157)	3,956

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Pension (continued)

Reconciliation of defined benefit obligation	Year to 31 Mar 2021	Year to 31 Mar 2020
	£'000	£'000
Opening defined benefit obligation	46,664	51,963
Current service cost	529	701
Interest cost	1058	1,235
Contributions from members	128	139
Past service cost	-	121
Actuarial losses/ (gains)	10,437	(6,405)
Result on curtailments	-	7
Estimated benefits paid	(1,510)	(1,097)
Closing defined benefit obligation	57,306	46,664

Reconciliation of fair value of employer assets	Year to 31 Mar 2021	Year to 31 Mar 2020
	£'000	£'000
Opening fair value of employer assets	36,477	38,288
Expected return on assets	6,280	(2,449)
Interest income on plan assets	829	916
Contributions from members	128	139
Contributions from employer	488	693
Administration expenses	(11)	(13)
Benefits paid	(1,510)	(1,097)
Closing fair value of employer assets	42,681	36,477

History of gains and losses	Year to 31 Mar 2021	Year to 31 Mar 2020
	£'000	£'000
Fair value of employer assets	42,681	36,477
Present value of defined benefit obligations	(57,306)	(46,664)
Deficit	(14,625)	(10,187)

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pension liability

The Association had the following liabilities during the year:

	Long term employee benefits - LGPS
	£'000
At 1 April 2020	(10,187)
Additions dealt within surplus	(540)
(Reductions) dealt within other comprehensive income	(5,198)
Employer contributions	488
Interest costs	(229)
At 31 March 2021	(15,666)

Pension liability – LGPS

The LGPS pension scheme is a multi employer defined benefit scheme. Each year the actuary values the assets and liabilities of the scheme using a set of assumptions. Changes in assumptions and performance of the assets/liabilities in the year means that the present value of the defined benefit obligation is subject to uncertainty.

The Association acknowledges that a ruling has been made regarding age discrimination arising from public sector pension scheme transition arrangements. Court of Appeal judgements were made in cases affecting judges pensions (e.g. McCloud) and firefighter pensions (e.g. Sergeant) which had previously been considered by employment tribunals. The rulings have implications for the LGPS, Police and Fire schemes since similar reforms were implemented.

The final situation in terms of employer pension liabilities and financial impact is not clear, since the government may appeal and any remediation process, including cost cap considerations, may affect the resolution and financial impact for entities. Timescales for the resolution of this matter may be lengthy.

The Association has sought advice from the scheme actuary to assess the potential impact the judgement could have upon the scheme should the ruling apply to the scheme. As this figure is not deemed to be material to the financial statements, no adjustment has been made.

21. Restricted reserves

Restricted reserves constitute surpluses accruing from sales of LSVT units under the Right to Buy. The receipts are to be used solely for the provision of new housing, subject to approval by the relevant local authority.

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. Related party transactions

Transactions with non-regulated members of the Group

	2021				
	Property Plus Limited	Severn Homes	Housing Plus Group Finance Limited	Care Plus Limited	Sevenside Community Association
	£'000	£'000	£'000	£'000	£'000
Inflow					
Services provided	3,260	-	-	427	-
Interest receivable	-	151	-	-	-
Loan Finance	-	-	3,000	-	-
Total	3,260	151	100	427	-
Outflow					
Services received	9,155	-	-	430	-
Interest payable	-	-	6,583	-	-
Loan finance	-	650	1,900	-	-
Total	9,155	650	8,483	430	-
2020					
Inflow					
Services provided	2,480	-	-	601	-
Interest receivable	-	123	-	-	-
Loan Finance	-	-	145,500	-	-
Distribution on dissolution	-	-	-	-	59
Total	2,480	123	145,500	601	59
Outflow					
Services received	8,761	-	-	569	523
Interest payable	-	-	4,120	-	-
Loan finance	-	4,350	-	-	-
Total	8,761	4,350	4,120	569	523

At the year end the following net trading and loan balances were due from/ (to) non regulated entities:

	2021 £000	2020 £000
Severn Homes	5,037	4,398
Care Plus	47	37
Property Plus	7	(314)
Housing Plus Group Finance	(146,376)	(146,152)
Total	(141,285)	(142,031)

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Group companies

The ultimate parent undertaking and controlling party is the Housing Plus Group Limited, a registered social landlord (Registered Community Benefit Society No. 30224R). The consolidated financial statements of the Housing Plus Group Limited are available from the Company Secretary, Housing Plus Group Limited, Acton Court, Acton Gate, Stafford, ST18 9AP. The Group exercises control over Sevenside and other subsidiaries through regular Board meetings. The Group Board members include the Chair of each of the subsidiary Boards.