

PLATFORM HG FINANCING PLC
FINANCIAL STATEMENTS
FOR THE PERIOD 15 JULY 2020 TO 31 MARCH 2021

Company Number: 12743517

PLATFORM HG FINANCING PLC

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PLATFORM HG FINANCING PLC

COMPANY INFORMATION

Board of Directors

John Weguelin	Appointed 15 July 2020	Chair
Elizabeth Froude	15 July 2020	Board Member
Rosemary Farrar	15 July 2020	Board Member
Anthony King	24 November 2020	Board Member

Company Secretary

Andrew Bush	15 July 2020
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Registered Office

1700 Solihull Parkway
Birmingham Business Park
Solihull
B37 7YD

External Auditors

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Registered under the Companies Act: Company No: 12743517

PLATFORM HG FINANCING PLC

STRATEGIC REPORT

For the Period 15 July 2020 to 31 March 2021

The Directors are pleased to present the strategic report of Platform HG Financing Plc (“The Company”) for the period 15 July 2020 to 31 March 2021.

Principal activity

The Company was set up in July 2020 with the principal activity to act as the capital markets issuance vehicle for Platform Housing Group Limited.

On 10 August 2020, the Company successfully implemented the next stage of its debt capital markets strategy, completing a very successful inaugural own name bond issue – a £350m (with £50m retained, meaning £300m was raised upfront) 35-year issue. The 1.625% coupon and 1.706% yield achieved represent all time record lows for both the social housing sector and all single A rated issuance by corporates in the long-dated sterling bond market.

The company now has long term facilities of £350m in the form of secured bonds issued on the London Stock Exchange International Securities Market (ISM). £50m of which were immediately retained for future issue. The £350m 35 year fixed rate bond were issued at a marketing leading coupon rate of 1.625% of which £300m were at a discount of £6.4m and are due to be repaid in 2055.

Platform HG Financing plc on-lends all of its proceeds from capital market transactions to Platform Housing Limited, a fellow subsidiary of Platform Housing Group Limited, under a separate loan agreement. The underlying assets relating to the issuance therefore belong to Platform Housing Limited and are held through a security trust arrangement with the Prudential Trustee Company Limited.

All loans held by the Company and all notes issued are secured against properties owned by Platform Housing Limited under a security trust deed.

All of the Company costs relating to providing funding services are recharged to Platform Housing Limited.

Financial Review

During the period the company incurred interest charges of £3.982m which were recharged in full to Platform Housing Limited in accordance with the group funding agreement.

The company does not employ any staff and the company does not levy management fees as it has no operating costs. All financing costs are fully funded in line with the terms of the on-lending agreement.

Financial Instruments and Risks

- **Credit Risk**

The only credit risk to the Company is the on-lending to Platform Housing Limited. The credit risk is mitigated through the housing assets used as security for the loan, this is supported by the contractual protection of the loan agreement as well as the overall credit worthiness of the Group.

- **Liquidity Risk**

The Company lends the full amount of the proceeds of the bond; thus, the entity has assets to fully offset liabilities and interest receivable to offset interest payable.

- **Cash flow Risk**

In order to ensure the stability of cash outflows the Company has a policy of matching interest payable on its borrowing with interest receivable on loan debtors. At 31 March 2021, 100% of the Company's debt was on fixed rate terms. The Company does not use derivative financial instruments to manage interest rate costs.

- **Financial risk management objectives and policies**

The Group operates a risk management policy that aims to limit the potentially adverse impact of changes in the wider economy as well as sector specific risks. The risk management policy includes the activities of the Company.

Health and Safety

The ultimate parent company, Platform Housing Group Limited, ensures the responsibilities of the Company under Health and Safety legislation are met.

STRATEGIC REPORT

For the Period 15 July 2020 to 31 March 2021

Going Concern

The Directors have prepared cash flow forecasts covering a period of 30 years from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period. In order to settle its own financial obligations and meet the compliance requirements of its external borrowings the Company is dependent on Platform Housing Limited, generating sufficient cashflows to settle the payments of principal and interest on the onward loan of the funding which the Company raised. Those forecasts are dependent on Platform Housing Limited having adequate resources to continue in business for the foreseeable future.

In making this assessment the Directors have considered the potential impact of further outbreaks of the COVID-19 pandemic.

As well as considering the impact of a number of scenarios on the long term financial plan the Board also adopted a stress testing framework to stringently test a number of sensitivities against the main plan. As part of the stress testing process nine sensitivities and three multi-variant scenarios, plus mitigations were conducted over a ten-year period which is consistent with our development planning horizon and is a reasonable period over which to implement an effective mitigation plan and ensure financial viability.

The single variant assumptions applied were inclusive but not limited to rent decreases, increase in voids and bad debts, increasing repairs and maintenance costs, changes in house prices, significant reduction in development grant as well as increases in interest rates. The multi-variant scenarios included a combination of adverse events such as another major environmental shock (new pandemic), political and economic event as well as governance, control and IT. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

The board, after reviewing the group and company budgets for 2021/22 and the group's medium term financial position, as detailed in the 30-year long term financial plan, is of the opinion that, taking account of severe but plausible downsides, the group and company have adequate resources to continue in business for the foreseeable future.

The board believe the group and company has sufficient funds in place and expect the group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Long Term Viability

The directors have also considered the long-term viability of the company, its current position and principal risks.

The principal objective and activities of the company, as set out on page 2 of this report, are to ensure that funds are raised through the capital markets in accordance with the requirements of the parent company and then on lend all of the proceeds from capital market transactions to Platform Housing Limited, a fellow subsidiary of Platform Housing Group Limited, under separate loan agreement. The underlying assets used to secure the issuance belong to Platform Housing Limited and are secure through a Security Trust arrangement with Prudential Trustee Company Limited.

The principal credit, liquidity, cash flow and financial risks to the company are set out on page 2 of this report along with the management policies undertaken to mitigate these risks.

Given these conditions the key consideration of the long-term viability of the company is the long term financial forecasts of the Group and in particular Platform Housing Limited. Detailed 30-year financial plans are prepared and considered by the group and subsidiary boards. These plans demonstrate the ability of the group to service the debt over the period of the forecasts and have been stress tested for various scenarios.

The directors therefore have reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the long term.

STRATEGIC REPORT

For the Period 15 July 2020 to 31 March 2021

Statement of Internal Controls Assurance

The Group Board is the ultimate governing body for the Group and is committed to the highest standards of business ethics and conduct across all the operating businesses. The Group has a robust culture of internal controls. The Group's risk management and control culture is further supported by the adoption of the National Housing Federation's Code of Governance.

The Group Board has overall responsibility for ensuring that a sound and comprehensive system of internal controls exist across the group and for reviewing its effectiveness. Control systems have been designed to proactively manage, rather than eliminate the risks of failure to achieve business objectives and provide reasonable, but not absolute assurance against misstatement or loss.

The Group Chief Executive and Directors have reviewed the effectiveness of the internal control and assurance arrangements and have confirmed to the Board that all relevant regulations, policies and procedures have been complied with during the year. The Group Risk and Audit Committee has also expressed its satisfaction with these arrangements in its review of the effectiveness of internal control systems.

The Strategic Report was approved by the Directors on 28 July 2021 and signed on their behalf by:



Andrew Bush
Company Secretary

AUDIT AND RISK COMMITTEE STATEMENT

For the period 15 July 2020 to 31 March 2021

The Audit and Risk Committee works at a Group level and discharges its responsibilities across the group for all subsidiary companies through regular meeting and consideration of risks and mitigation.

The audit committee is responsible for assessing the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor. KPMG LLP were appointed in February 2021 to provide external audit services for an initial period of 3 years following a successful tendering exercise.

Significant issues considered by the committee

The committee is responsible for considering significant issues in relation to the financial statements and in addressing these issues through their regular meetings and through discussions with the external auditor. The only significant issue for the company, considered by the committee is:

The Recoverability of Long-Term Debtors

As detailed in the Strategic Report the principal objective and activities of the company are to ensure that funds are raised through the capital markets in accordance with the requirements of the parent company and then on lend all of the proceeds from capital market transactions to Platform Housing Limited. This creates significant long-term inter-company debtors for the company.

In addressing the recoverability of this long-term debt, the committee considered the long-term viability of the Group and in particular Platform Housing Limited. As also detailed in the Strategic Report financial plans demonstrate the ability of the Group to service the debt over the period of the forecasts and the committee therefore believes the debts are recoverable. The Audit and Risk Committee has reviewed the financial plan and have not identified any issues with the long-term recoverability of the debtors.



Sebastian Bull
Chair – Group Audit and Risk Committee
28 July 2021

PLATFORM HG FINANCING PLC

DIRECTORS' REPORT

For the period 15 July 2020 to 31 March 2021

The Directors present their report and audited financial statements of Platform HG Financing plc ("The Company") for the period 15 July 2020 to 31 March 2021.

Registration Details

Platform HG Financing plc is a company limited by shares under the Companies Act 2006 (Company No: 12743517). The company was incorporated on 15 July 2020 and is a subsidiary of Platform Housing Group Limited ("The Group").

Directors

The Directors who held office during the period are disclosed on page 1 of the financial statements.

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Annual General Meeting

The Company's annual general meeting will be held on 28 July 2021

Auditors

A resolution to re-appoint KPMG LLP as external auditors will be proposed at the annual general meeting.

Approval

The report of the Directors was approved by the Board on 28 July 2021 and signed on its behalf by:



Andrew Bush
Company Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLATFORM HG FINANCING PLC

1 Our opinion is unmodified

We have audited the financial statements of Platform HG Financing Plc ("the Company") for the period 15 July 2020 to 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Movements in Equity, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its result for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows:

Recoverability of Long Term Debtors

Debtors (amounts falling due in more than one year) £292m

Refer to page 5 (Audit Committee's Report), pages 15 to 16 (accounting policy) and pages 16 to 19 (financial disclosures)

The risk – low risk high value

The Company's primary activity is to issue bonds, source investor financing and on-lend to Platform Housing Limited, a fellow subsidiary of Platform Housing Group Limited (the ultimate parent). It therefore has long term liabilities which relate to the bonds issued and long term intercompany debtors which relate to the loans provided to the Platform Housing Limited.

The carrying amount of the long term intercompany debtor balance represents 100% of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Company financial statements, this is considered to be the area that had the greatest effect on our overall Company audit.

Whilst there are small amounts of financial income and financial expense during the loan period, the risk mainly stems from the expectation of the ability of the Platform Housing Limited to repay the loan in 34 years.

Our response

We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our procedures included:

- Tests of detail:** Assessing 100% of intercompany long term debtors owed by the Platform Housing Limited to identify, with reference to the Platform Housing Limited's financial draft balance sheet, whether it has a positive net asset value and therefore coverage of the debt owed.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLATFORM HG FINANCING PLC
(CONTINUED)**

ii. **Assessment of Platform Housing Limited:** Assessing the work performed by the Group audit team, and considering the results of that work, on those net assets.

This included assessment of the fair value headroom available on those net assets, and therefore the ability of the Parent to fund repayment of the receivable. We critically assessed the directors' going concern assessment, including the reasonableness of the key assumptions used by the Parent in their cash flow forecasts and the level of downside sensitivities applied using our knowledge of Covid-19 scenarios being applied by other entities.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £2.45m, determined with reference to a benchmark of gross assets, of which it represents 0.7%.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% of materiality for the financial statements as a whole, which equates to £1.55m.

We applied this percentage in our determination of performance materiality based on this being a first year audit and therefore there is an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £122.5k, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single audit team.

4 Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources over this period were:

- Recoverability of long term debtors

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the Directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Company's financial forecasts taking account of severe, but plausible adverse effects that could arise from this risk.

Our procedures are also inherently linked with our key audit matter in relation to the recoverability of the long term debtor; as Platform Housing Limited's inability to meet its obligation to the Company would result in the inability of the Company to meet its own obligations as they fall due. Consequently, our considerations noted above took into account the financial forecasts of the Group, incorporating the forecasts of Platform Housing Limited. We assessed the completeness of the going concern disclosure.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLATFORM HG FINANCING PLC
(CONTINUED)**

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 2 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

5 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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 directors, the audit and risk committee and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Finance Committee meeting minutes.
- Using analytical procedures to identify any usual or unexpected relationships.

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 our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company does not generate revenue as part of its activities.

We did not identify any additional fraud risks.

- We performed procedures including the identification of journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted to unusual and seldom used accounts.

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 and other management (as required by auditing standards) and from inspection of the Company's regulatory and legal correspondence; and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

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 Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLATFORM HG FINANCING PLC
(CONTINUED)**

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, 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 our work on the other information:

- we have not identified material misstatements in those reports;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, 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.

We have nothing to report in these respects.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have 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.

PLATFORM HG FINANCING PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLATFORM HG FINANCING PLC (CONTINUED)

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

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.



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

3 August 2021

PLATFORM HG FINANCING PLC

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 15 JULY 2020 TO 31 MARCH 2021

	Note	2021 £000
Interest Receivable	5	3,294
Interest Payable	5	(3,294)
Profit on ordinary activities before taxation		-
Tax on profit on ordinary activities		-
Total Comprehensive income for the period		

The notes on pages 15 to 20 form an integral part of these Financial Statements.

The company commenced trading in the period and all activities are continuing.

Company Number 12743517

PLATFORM HG FINANCING PLC

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	<u>Note</u>	<u>2021</u> £000
Debtors: amounts falling due after more than one year	6	292,016
Current Assets		
Debtors: Amounts falling due within one year	6	688
Creditors: Amounts falling due within one year	7	(688)
Net Current Assets		
Creditors: Amounts falling due after more than one year	8	(291,966)
Net Assets		50
Called up share capital	9	50
Revenue reserves		
Total Reserves		50

The notes on pages 15 to 20 are an integral part of these financial statements.

These financial statements were approved by the Board on 28 July 2021 and signed on its behalf by:


J Weguelin
Chairman


A Bush
Company Secretary

PLATFORM HG FINANCING PLC

STATEMENT OF CHANGE IN EQUITY

For the Period 15 July 2020 to 31 March 2021

	Called up Share Capital £000	Retained Earnings £000	Total £000
As at incorporation 15 July 2020	-	-	-
Profit for the period	-	-	-
Share Capital Issued	50	-	50
Balance at 31 March 2021	50	-	50

The notes on pages 15 to 20 are an integral part of these financial statements.

PLATFORM HG FINANCING PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 15 JULY 2020 TO 31 MARCH 2021

1 Legal Status

Platform HG Financing PLC is incorporated in England under the Companies Act 2006 (registration number: 12743517) and is limited by shares. The registered office is 1700 Solihull Parkway, Birmingham Business Park, Solihull, B37 7YD.

2 Principal Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) and the Companies Act 2006. A summary of all material accounting policies, which have been consistently applied, are set out below:

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention.

(b) Disclosure exemptions

The Company's ultimate parent undertaking, Platform Housing Group Limited includes the company in its consolidated financial statements. The consolidated financial statements of Platform Housing Group are available to the public and may be obtained at www.platformhg.com. In these financial statements, the company is considered to be a qualifying entity and has applies the exemptions available under FRS102 in respect of the following disclosure:

Cash Flow Statement and related notes;

And

Related Parties note.

As the consolidated financial statements of Platform Housing Group Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS102 available in respect of the disclosures required by FRS102.11 Basic Financial Instruments and FRS102.12 Other Financial Instruments, in respect of financial instruments not falling within the fair value accounting rules of paragraph 36(4) of Schedule 1.

(c) Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts covering a period of at least 12 months from the date of approval of these financial statements (the going concern period) which indicate that, taking account of severe but plausible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

In order to settle its own financial obligations and meet the compliance requirements of its external borrowings the Company is dependent on the fellow subsidiary, Platform Housing Limited generating sufficient cashflows to settle the payments of principal and interest on the onward loan of the funding which the Company raised. Those forecasts are dependent on Platform Housing Limited having adequate resources to continue in business over the going concern assessment period.

In making this assessment the directors have considered the potential impact of the emergence and spread of COVID-19 on the Group's business plan. As well as considering the impact of a number of scenarios on the business plan the Group also adopted a stress-testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure. Following the outbreak of Covid-19 the Group has undertaken a series of further scenario testing including severe but plausible downsides in the worst case assessment.

The directors, after reviewing the group and company budgets for 2021/22 and the group's medium term financial position as detailed in the 30-year business plan, including changes arising from the Covid-19 pandemic, are of the opinion that, taking account of severe but plausible downsides, the company will have sufficient funds to meet its liabilities as they fall due over the going concern period. In reaching this conclusion, the directors have considered the following factors:

- The property market – budget and long term financial plan scenarios have taken account of delays in handovers and significant reductions in sales values;

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 15 JULY 2020 TO 31 MARCH 2021

- Maintenance costs – budget and long term financial plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years;
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and long term financial plan scenarios to take account of potential future reductions in rents;
- Liquidity – current available cash and unutilised loan facilities across the group of £768.6m which gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period;
- The Group's ability to withstand other adverse scenarios such as higher interest rates, increases in the number of void properties and significant reductions in Social Housing Grant.

The directors believe the group has sufficient funding in place and expect the group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

(d) Bond issue costs

The Company has a contractual agreement in place with Platform Homes Limited whereby, Platform Homes Limited will meet any costs associated with issuing bonds. Issue costs are therefore not recognised as a deduction to the carrying amount of the debt financial instruments where they are not incurred by the Company.

(e) Turnover

Platform HG Financing PLC is a non-trading subsidiary of Platform Housing Group Limited. Its sole purpose is to raise finance on behalf of the Group and as such has no trading activities.

(f) Interest Receivable and Payable

Interest receivable and payable is accrued over the term of the related borrowing or loan so as to recognise the total income or cost evenly over the life of the loan or deposit.

(g) Taxation

Tax expenses comprises current and deferred tax. Current tax and deferred tax is recognised in profit, and is the expected tax payable or receivable on the taxable income or loss for the period.

3 Directors Emoluments and Staff Costs

None of the Directors received remuneration for their services as Directors of Platform HG Financing plc. Those Directors who also serve on the Platform Housing Group Board are remunerated for their services by Platform Housing Group Limited.

Platform HG Financing plc has no direct employees. Those employees who perform duties for Platform HG Financing plc are remunerated by Platform Housing Limited.

4 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with the next financial year are addressed below.

Recoverability of loans to other group entities

The Company makes an assessment on the recoverability of loans to Platform Homes Limited. The management considers factors including the going concern status of the Group, its credit rating and its credit and liquidity risks. See note 1 for the going concern status.

5 Interest receivable and Interest Payable

	2021 £'000
Interest receivable from group companies	3,294
Interest and financing costs payable	(3,294)

6 Debtors

	2021 £'000
Amounts owed by group companies	292,704
Due within one year	688
Due after more than one year	292,016
	292,704

The terms of the on-lending agreement underlying the intra-group debtor mirror those of the company liability shown under creditors (note 7).

7 Creditors: amounts falling due within one year

	2021 £'000
Amounts owed to group companies	688
	688

8 Creditors: amounts falling due after more than one year

	2021 £000
Bond	300,000
Less: arrangement fees	(1,767)
Less: issue price discount	(6,267)
	<u>291,966</u>

The bond issue is repayable on 10 August 2055.

Platform HG Financing PLC can on-lend all of its proceeds from capital market transactions to Platform Housing Limited. The underlying assets relating to this issuance therefore belong to Platform Housing Limited which are held through a security trust arrangement with the Prudential Trustee Company Limited.

The drawn down elements of the Bond are secured by fixed charges over property security of Platform Housing Limited.

All of Platform HG Financing PLC's costs relating to providing funding services will be met by Platform Housing Limited.

All of the Company's financing proceeds will be available to be on-lent to Platform Housing Limited, which represents the only credit risk to the Company. This credit risk is mitigated through a number of factors, including the housing asset security which stands behind the loan, the Group's financial viability and the contractual protection of the loan agreement between the Company and Platform Housing Limited.

9 Share Capital

	2021 £000
Called up share capital	
Authorised, allotted and fully paid 50,000 ordinary shares of £1 each	<u>50</u>

10 Significance of financial instruments

Financial instruments have been classed as follows:

	Carrying Amount £000	Fair Value £000
<u>Financial liabilities</u>		
Bond measured at amortised cost	300,000	264,459

Platform HG Financing plc has no financial instruments measured at fair value so fair value hierarchy disclosure requirements do not apply. All financial assets held by the Company (loans and receivables) qualify to be held at amortised cost, therefore the requirement to disclose the effect of changing the inputs in calculation of fair values is not considered applicable.

Financial risk management

Risk management objectives and policies

The Treasury team is responsible for the management of funds and control of associated risks. Its activities are governed by the Group Board and the Finance Committee which is responsible for all treasury issues in all group companies including Platform HG Financing plc. The Group maintains a risk-aware approach to its loan portfolio and seeks to ensure that sufficient liquidity is available to meet foreseeable needs, whilst minimising interest on borrowings.

Credit risk

The only credit risk to the company is the on-lending to Platform Housing Limited. The credit risk is mitigated through the housing assets used as security for the loan, this is supported by the contractual protection of the loan agreement as well as the overall credit worthiness of the Group.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

The company lends the full amount of the proceeds of the bond; this, the entity has assets to fully offset liabilities and interest receivable to offset interest payable.

The contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements, are in 34 years.

The debt is repayable as a lump sum on 10 August 2055. Interest is charged at a fixed rate of 1.625%. The loan is secured upon housing properties owned by Platform Housing Limited.

Currency risk

The Group only trades in sterling, and holds no foreign currency denominated assets or liabilities, and is therefore not exposed to any currency risks. It has no overseas subsidiaries.

Interest rate risk

The Company currently borrows on a fixed rate basis from the capital market and then on-lends these funds to Platform Housing Limited on a similar fixed rate basis. As such the Company does not bear any interest rate risk. The Company does not have any hedging activities and it does not have any derivatives. The interest rate on all borrowings is fixed at 1.625% until 2055.

11 Contingent liabilities

There are no contingent liabilities at 31 March 2021.

12 Ultimate Parent Company

The company is a wholly owned subsidiary of Platform Housing Group Limited which is the ultimate parent company and is registered under the Co-operative and Community Benefit Societies Act 2014 (registration number 32239R). The registered office address is 1700 Solihull Parkway, Birmingham Business Park, Solihull. B37 7YD.

The consolidated accounts of the Group are available from the Group website: www.platformhg.com

