



HALF YEAR ACCOUNTS 20/21

September 2020



RHP UNAUDITED HALF YEAR ACCOUNTS 2020/21

We are pleased to present our results for the half year to 30 September 2020. We are very proud of the work we have done as an organisation both during the year and also in response to the worldwide pandemic and continue our focus on ensuring we look after our customers, our employees and our financial strength as we enter a further period of uncertainty.

We have delivered a strong set of financial results for the half year ended 30 September 2020. Key highlights include delivering an overall surplus of £8.0m compared to our budget of £7.6m, and an operating margin of 41.1% compared to budget of 36.9%. This is despite spending more on fire safety work and Covid-19 related cleaning to keep our customers safe. We are also pleased that our rental income collection has reduced by less than 1% compared to the same period the previous year despite the difficulties faced by many of our customers.

Our key income and expenditure (unaudited) half year highlights are as follows:

- ▶ Turnover was £27.3m (half year 19/20: £27.2m).
- ▶ Social housing lettings turnover contributed 90% of total turnover (half year 19/20: 90%).
- ▶ Operating surplus (including asset sales) was £14.6m (half year 19/20: £12.0m).
- ▶ Operating margin was 41% (half year 19/20: 42%).
- ▶ Surplus after tax for the period was £8.1m (half year 19/20: £7.8m).



Unaudited Statement of Comprehensive Income for half year to 30 September 2020

£'000	30.09.2020	30.09.2019	31.03.2020
Turnover	27,345	27,166	58,079
Operating costs and cost of sales	(16,784)	(16,309)	(38,489)
Gain on sale of fixed assets	400	1,153	2,905
Operating surplus	10,961	12,010	22,495
Net interest charge	(2,910)	(4,199)	(18,612)
Movements in fair value of investment properties	-	-	4
Surplus for the year	8,051	7,811	3,887
Actuarial gain on pensions	-	-	3,427
Total comprehensive income	8,051	7,811	7,314

This strong financial performance supported the completion of two major funding transactions which has given us a significant liquidity boost. The successful issue of a £100m tap of our existing bonds on 08 September 2020 was designed to increase the size of the existing bond and re-establish RHP's position as one of the sector leaders in the housing association bond market. RHP priced the £100m tap of its outstanding 2048 bond at Gilts+105bps, at an all-in yield of 1.787%, which is the tightest new issue spread on a long-dated housing association bond since lock down began.

This will contribute significantly to our development programme, making good on our purpose to help provide affordable homes to people within our local communities who need them most. We are proud to have delivered 52 new homes so far this year, and we remain focused on continual modernisation of our service and improving efficiency whilst maintaining strong margins and financial performance.



THE NEXT SIX MONTHS: WHAT TO EXPECT

We are optimistic about the second half of the year, where we expect to deliver a surplus of £14.1m despite the challenges brought about by the uncertainty in the economy as a result of Brexit and the pandemic.

These external factors have resulted in a high level of uncertainty throughout this year, making forward-looking assessments and estimates particularly difficult. This uncertainty will impact on the activity that we are able to undertake in our properties and we are working closely with suppliers to be able to deliver planned programmes and keep our customers safe.

In the second half of the year we forecast delivery of a further 32 homes. We do note a slow down in shared ownership sales activity in 20/21 and are considering options in relation to c. 50 unsold shared ownership units in the second half of the year including tenure change. We continue to proactively review our forecasts and financial strength to ensure we are robustly testing potential consequences of economic uncertainty and Brexit. We remain confident about our financial strength and ability to withstand the current uncertainties.

By the end of the year, we will have invested c£10.0m in improving our existing properties with great focus on improving the fire safety of our residents. In addition, c£1.2m will have been invested in IT programmes as part of our ongoing drive for digital systems that improve both the customer experience and also our operating efficiency.

Unaudited Statement of Financial Position as at 30 September 2020

£'000	30.09.2020	30.09.2019	31.03.2020
Housing Properties at cost less depreciation	373,612	352,872	387,451
Investment properties, other tangible and intangible fixed assets	15,893	15,163	15,498
Net current assets	67,091	19,176	4,950
Total assets less current liabilities	456,596	387,211	407,899
Creditors: amounts due after 1 year	334,034	265,036	281,613
Provision for liabilities	-	-	97
Net pension liability	2,999	8,459	5,680
Total net assets	119,563	113,716	120,509

If you have any further questions please email investor.relations@rhp.org.uk.



