

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2022

Co-operative and Community Benefit Society: 7528
Regulator of Social Housing: L4472

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 March 2022

CONTENTS

| | |
|---|-----------|
| THE BOARD, SENIOR EXECUTIVES AND ADVISORS | 1 |
| REPORT OF THE BOARD..... | 2 |
| STRATEGIC REPORT | 8 |
| INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHESHIRE PEAKS & PLAINS HOUSING GROUP | 23 |
| STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021 – GROUP..... | 26 |
| STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021 – TRUST | 27 |
| STATEMENT OF CHANGES IN RESERVES AS AT 31 MARCH 2021 | 28 |
| STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021 - GROUP..... | 29 |
| STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021 - TRUST | 30 |
| STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021 - GROUP | 31 |
| STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021 - TRUST | 31 |
| NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 | 33 |

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
FOR THE YEAR ENDED 31 MARCH 2022**

THE BOARD, SENIOR EXECUTIVES AND ADVISORS

THE BOARD

| | |
|----------------------|---|
| Jane McCall, Chair | |
| Kate Lindley | Resigned 30 September 2021 |
| Tom Agar | Resigned 30 June 2021 |
| Gordon Richardson | Resigned 30 September 2021 |
| Simon Leighton | |
| Anthony Read | |
| Brian Puddicombe | Resigned 31 October 2021 |
| Guy Johnson | |
| Allison Hadden | |
| Fiona McAuley | Appointed 1 October 2021 (previously Co-optee to Board) |
| Zahir Yasin | Appointed 1 October 2021 |
| David Blanchard | Appointed 1 October 2021 |
| Shahida Latif-Haider | Co-optee to Audit Committee |

Executive Management Team

Mark Howden
Emma Richman
Julie Booker

Secretary and registered office

Jennifer Hayball

Ropewalks
Newton Street
Macclesfield
Cheshire
SK11 6QJ

Auditor

BDO LLP
3 Hardman Street
Spinningfields
Manchester
M3 3AT

Bankers

Barclays Bank plc
1st Floor, 3 Hardman Street
Spinningfields
Manchester
M3 3HF

Principal Solicitors

Devonshires
First Floor
No 1 Whitehall Riverside
Whitehall Road
Leeds
LS1 4BN

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
FOR THE YEAR ENDED 31 MARCH 2022
REPORT OF THE BOARD

The Board of Cheshire Peaks & Plains Housing Trust Limited is pleased to present its report together with the audited financial statements of the Trust and its subsidiaries, "the Group", for the year ended 31 March 2022. Cheshire Peaks & Plains Housing Trust is more usually known as 'Peaks & Plains' and is referred to as The Trust throughout this report. The Group refers to both the Trust and its subsidiaries.

PRINCIPAL ACTIVITIES

We are a housing association, registered with the Regulator of Social Housing to provide housing and other services that benefit the public. The Trust's purpose is to "Help Improve Lives" through this provision. The Trust is an exempt charity, registered with the Financial Conduct Authority under the Cooperative and Community Benefit Societies Act 2014.

The principal activity of the Group is the provision of housing at rents that are affordable to those in need which includes properties let at 'social' and 'affordable' rent. This involves the management and maintenance of an existing portfolio of accommodation and the commissioning and building of new additional homes.

The Group's head office is in Macclesfield and its properties are located in Cheshire and Derbyshire. The Group provides general needs homes for families, single people and older people in self-contained flats, houses and bungalows, where people live independently.

INCORPORATION AND SUBSIDIARIES

The Trust was initially formed on 9 February 2005 and commenced trading on 17 July 2006 with a stock transfer of 5,000 housing properties from Macclesfield Borough Council.

In 2015 two subsidiaries were established: Peaks & Plains Devco Limited, a development company and Peaks & Plains Tradeco Limited, a non-charitable property company. Peaks & Plains Devco commenced trading in October 2019 and has been consolidated into the Group's Financial Statements. Peaks & Plains Tradeco has been dormant throughout the year.

BUSINESS REVIEW

Details of the organisation's performance for the year, and future plans, are set out in the Strategic Report that follows this Directors' report.

GOVERNANCE

The Trust is a Community Benefit Society operating under the National Housing Federation's model rules. Only Board Members may become or remain a shareholder and no shareholder shall hold more than one share and each share carries only one vote.

The Trust is currently rated as G2/V1 by the Regulator of Social Housing (RSH). Following a self-referral in July 2019 on 25 March 2020 the RSH published their Regulatory Judgement for the Trust and the Trust was given a governance downgrade to G3 (non-compliant). A voluntary undertaking was accepted by the RSH on 28 August 2020. The Trust worked hard to deliver this including a full refresh of the Board and on 29 September 2021 the RSH published a regrade to a compliant G2V1, in their publication the RSH noted that they *now have assurance that Peaks and Plains governance arrangements are supporting the organisation to meet its objectives.*

As part of the voluntary undertaking the Trust secured the services of Altair Consultancy and Advisory Services Ltd to undertake a full governance review, this looked beyond the failings identified in the downgrade and also covered key aspects of the Social Housing White Paper. The Trust is on track to deliver all of the actions which came out of this review and anticipate a review of their gradings following an In-Depth Assessment which is anticipated to take place in quarter four of the 2022/2023 financial year.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
FOR THE YEAR ENDED 31 MARCH 2022
REPORT OF THE BOARD (continued)

EMPLOYEES

The strength of the Group lies in the quality and commitment of its employees, and the ability to meet its objectives and commitments to customers depends on them. The Group is committed to equal opportunities for all its employees and continues to invest in staff training and development. During the year the Group reviewed its pension provision and closed all of its defined benefit schemes to future accrual. The Trust has also derecognised the Union arrangement and set up a formal bargaining group including representation that includes Trade Union and Staff Voice (the staff consultation group), this enables all staff to vote on issues such as pay negotiations.

HEALTH & SAFETY

The Board is aware of its responsibilities on all matters relating to health and safety. The Group has prepared detailed health and safety policies and provides Board and staff training and education on health and safety matters, including safeguarding. Health and safety is a key part of the internal audit cycle. During the year the Health and Safety manager has established a Health and Safety Management System, and this is due to be independently audited in the first half of 2022/2023.

THE BOARD, COMMITTEES AND EXECUTIVE

Those Board Members who served during the period and the Group's executive directors are set out on page 1.

The Board comprises up to nine non-executive members and is responsible for the strategy, policy framework and managing the affairs of the Trust. A full Board skills review was undertaken in 2019/2020 and has been refreshed during 2021/22. This review informed changes which were made to the Board's membership to further strengthen it. The Board delegates the day-to-day management and implementation of its strategy to the Chief Executive and other members of the Executive Management Team (EMT).

The Board is supported by the Audit Committee and the Governance Committee. The Audit Committee meets at least four times per year and has responsibility for overseeing the Trust's audit functions and leading on matters of risk; historically this has included health and safety, however, the oversight of health and safety is now the direct responsibility of the Board.

The Governance Committee meets at least three times per year and is responsible for reviewing the skills required by Board Members and ensuring appropriate arrangements for member development and succession, ensuring compliance with the Code of Governance, approving and recommending policies which support good governance and oversight of the Human Resources functions. The Committee also leads on data governance.

The Board of the Trust's trading subsidiary, Peaks & Plains Devco Limited, is made up of Board and Executive members and has met three times during the period and is responsible for the governance of the subsidiary.

The Trust Board, Subsidiary Board and Committees obtain specialist advice as required.

CODE OF GOVERNANCE

The Group has adopted the National Housing Federation (NHF) Code of Governance (2015) as its chosen code of governance. The Board, through its Governance Committee, carries out an annual assessment of the Trust's compliance against the Code. The Trust confirms compliance with its adopted code of governance for the year ended 31 March 2022.

The Board has considered adopting the NHF Code of Governance (2020) and the Trust is currently implementing actions which should enable full compliance with that code in future years, should the Board take the decision to adopt it, however, for 2022/23 the Trust will continue to follow the 2015 NHF code.

STATEMENT OF COMPLIANCE

In preparing this report, a review of the organisation's compliance with the Regulator of Social Housing's Regulatory Standards has taken place. Following this review, it is the opinion of the Board that the Group complies with the latest

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

Governance and Financial Viability Standard.

FOR THE YEAR ENDED 31 MARCH 2022

REPORT OF THE BOARD (continued)

INTERNAL CONTROLS ASSURANCE

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing and has been in place throughout the period commencing 1 April 2021 up to the date of approval of the report and financial statements. The Group has a number of arrangements in place that comprise the overall internal control framework, which are used to provide Board with assurance about the adequacy of this framework.

The Board has ultimate responsibility for the system of internal control but has delegated authority to the Audit Committee to regularly review its effectiveness. The Audit Committee was formed to oversee the internal control framework across the Group. It does this by reviewing the effectiveness of the system of internal control across the spectrum of the framework. This includes considering risk registers, internal audit reports, fraud reports, management assurances, the external management letter and specialist reviews on areas such as treasury and business planning.

The Audit Committee received and considered reports from management on risk management and control arrangements at each meeting during the year and the Board discussed risk and the impact of the decisions that it took at each meeting.

The Audit Committee received, from the Chief Executive, the report on the annual review of the effectiveness of the system of internal control for the Group at their meeting in July 2022, it also received the annual report of the internal auditor at its meeting in May 2022, the Committee will report the findings to the Board.

Key elements of the system of control include:

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Trust's assets.
- Experienced and suitably qualified staff take responsibility for important business functions, and each of those functions maintain an operational risk register, which is reviewed monthly by the Senior Management Team and quarterly by the Executive.
- Forecasts and Budgets are prepared which allow the Board and Management to monitor the key business risks and financial objectives and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up to date financial and other information and significant variances from budgets are investigated as appropriate.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through Board resolutions.
- Regular monitoring of loan covenants and requirements for new loan facilities.
- Board approved whistle-blowing policy.
- Board approved anti-fraud, bribery and corruption policy and anti-money laundering policy, covering prevention, detection and reporting, together with recoverability of assets.

A fraud register is maintained and is regularly reviewed by the Audit Committee. The Group complies with the RSH requirements with regard to fraud. There were 4 reported cases of fraud during the year 2021/2022 3 related to phishing attempts and one related to a tenancy fraud with a loss totalling £2k (2020/2021 - £nil). During the year the Audit Committee has signed off on the fraud response plan and the fraud matrix, which summarises the key fraud risks faced by the Group and the controls in place.

The Group has a comprehensive internal audit programme provided during 2021/2022 by RSM LLP, Chartered Accountants. The internal auditors report to the Group's Director of Resources on each assignment and to each meeting of the Audit Committee on their recent and prospective activity.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
FOR THE YEAR ENDED 31 MARCH 2022
REPORT OF THE BOARD (continued)

INTERNAL CONTROLS ASSURANCE (continued)

The Audit Committee considered the internal audit annual report at its May 2022 meeting. The 2021/2022 annual programme included 7 audits as follows:

- Rent setting (substantial assurance)
- Development (substantial assurance)
- Data quality – Financial Forecasting Return (substantial assurance)
- Shared Ownership Management (substantial assurance)
- Key Financial Controls – Procurement and VFM Governance (substantial assurance)
- General Data Protection Regulation (GDPR) Governance Framework*
- Leaseholders*

* Both of these audits were advisory only and therefore no assurance level was provided by the internal auditors, however, there were no recommendations arising from the GDPR review and only 4 management actions arising from the Leaseholders review.

The Audit plan was devised with discussion with both the Executive Management Team (EMT) and also the Chair of Audit. The Director of Resources was involved in all scoping meetings, and to ensure that the Board could receive greater assurance all audit scopes were reviewed by the Audit Committee, and other Board Members with relevant experience. Based on the results of their internal audits RSM concluded that the Trust *“has an adequate and effective framework for risk management, governance and internal control”*.

In the Regulatory Judgement published in March 2020 the Regulator of Social Housing had identified weaknesses in the Group's Asset and Liability Register (ALR). The ALR has been subject to an ongoing review of continuous improvement. The ALR is reported regularly to the Audit Committee and was the subject of a “Deep Dive” at the committee's July 2021 meeting. The ALR is reviewed regularly by EMT and is due to be subject to a full review in 2022/2023.

Governance arrangements are subject to continuing review and development to ensure they remain fit for purpose. Board and sub-Committee membership is reviewed annually in line with the membership policy terms. Compliance with the chosen code of governance and the Regulatory Framework is reviewed annually. The Board has undertaken a skills review, as part of its appraisal process to ensure that the Board has the right skills mix to effectively manage the Group.

The Group recognises it can make a real difference by working closely with its customers, both tenants and leaseholders, and is committed to co-regulation through its Challenge Group that is formed from a selection of our customers. Board received reports from the scrutiny panel on Repairs and Grounds Maintenance during the year. These reviews were undertaken with support from TPAS, and the arising actions are monitored by both the Challenge Group and Audit Committee.

In addition to internal audit reports and the reports from the scrutiny panel, the audit committee receives a 6 monthly report on the other assurances that are provided throughout the Trust, this includes but is not limited to assurance around gas and electric compliance, treasury advice and pension advice.

External audit provides feedback to the Audit Committee on the operation of the internal financial controls reviewed as part of the annual audit. Annually, a management letter is presented to the Audit Committee after the year end audit and once it has been reviewed it is submitted to the RSH.

The Group has worked hard to address the weaknesses identified in the Regulatory Judgement and this has been recognised by the Regulator of Social Housing when it regraded the Trust to a compliant G2V1 in September 2021. The Trust continues to work on its plan to move to a G1 grading.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
FOR THE YEAR ENDED 31 MARCH 2022
REPORT OF THE BOARD (continued)

GOING CONCERN

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The Group has in place long-term debt facilities (£120.5m) that will provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has a long-term business plan that shows that it can service these debt facilities whilst continuing to comply with lenders' covenants for the next 30 years.

An assessment of the impact on our financial capacity was undertaken as part of the 30 year business plan review. Stress tests were conducted, that were linked to the Trust's Strategic Risk Register – these included multi-variant testing around economic collapse, the test showed that this would break the business plan, but the Trust has mitigations in place that can address the issues. This demonstrated that the financial impact could be managed within the approved business plan and that we have sufficient liquidity to manage the risks. The Group has been compliant with loan covenants throughout the period and remains compliant based on the revised forecasts noted above.

After making enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
FOR THE YEAR ENDED 31 MARCH 2022
REPORT OF THE BOARD (continued)

STATEMENT OF THE RESPONSIBILITIES OF THE BOARD FOR THE REPORT AND FINANCIAL STATEMENTS

Board Members' Responsibilities

The Board Members are responsible for preparing the Report of the Board and the Financial Statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law and social housing legislation require the Board Members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the Board Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

The Board Members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the Group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the Group and Association's website in accordance with legislation in the United Kingdom, governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group and Association's website is the responsibility of the Board Members. The Board Members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The report of the Board was approved by the Board on 26 July 2022 and signed on its behalf by:



JENNIFER HAYBALL
Company Secretary

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
FOR THE YEAR ENDED 31 MARCH 2022
STRATEGIC REPORT**

OBJECTIVES AND STRATEGY

Following the regulatory downgrade and a refresh of the Board, the Trust has reviewed its strategic plan to ensure that it is fit for purpose. The revised strategic plan covers the period 2020-2023.

The Board agreed that the Group's purpose continues to be to "Help improve lives".

The Trust will deliver this by focussing on the following priorities:

| Corporate Objective | Delivered By: |
|------------------------------------|--|
| Be a Great Landlord | <ul style="list-style-type: none"> • Providing safe homes that are well maintained to support healthy lives • Listening to our customers and deliver the services they need • Matching the right customer to the right home to create lasting tenancies • Knowing our customers |
| Build a Resilient Business | <ul style="list-style-type: none"> • Creating a positive culture and be a great place to work • Being a profit-for-purpose organisation • Ensuring full asset compliance • Having strong, effective governance • Using an effective risk and control framework • Delivering value for money in all our services • Ensuring a single version of the truth • Having a finance structure in place to deliver our longer-term ambitions |
| Create Great Places to Live | <ul style="list-style-type: none"> • Delivering or having new homes under construction, as identified within our current development pipeline • Improving the neighbourhoods that we manage • Investing in our existing homes to maintain the Decent Homes Standard • Having a better understanding of the energy performance of our homes, and improving it where we can • Developing a long-term carbon reduction strategy, one which doesn't impact adversely on fuel poverty • Working with local stakeholders and residents to play an active role in placemaking |

Our objectives are delivered by inspiring and engaging our staff to deliver great services and exhibiting the Group's values:

- **Transparent** – We are open, honest and clear; with ourselves and others
- **Restless** – We're better tomorrow by challenging what we're doing today
- **Upfront** – We're bold, confident and direct – we say it as it is
- **Skilled** – We invest in our people and attract talent so that the Trust thrives
- **Together** – We support and talk to each other across teams to help improve lives

The values are used together with our 'behaviours' to demonstrate how we will go about delivering the objectives in our strategic plan. Our staff recruitment and accountability systems are structured around the values and behaviours, making them a fundamental part of working at the Group.

Our Behaviours

- Put Customers First
- Help Others
- Thank People
- Take Responsibility
- Question things to find a better way
- Do what we say we'll do

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
FOR THE YEAR ENDED 31 MARCH 2022
STRATEGIC REPORT (continued)

OBJECTIVES AND STRATEGY (CONTINUED)

The behaviours are reinforced through frequent catch-up conversations between managers and staff, recognising when the behaviours are being demonstrated and when they are not. These catch-ups are formally documented twice in the year at the completion of personal development reviews.

Performance during the Year, by Corporate Priority

Following the Board approving a new strategic plan, they agreed a revised list of KPIs which it would keep under review. In order to ensure that the Board does not lose sight of some key performance areas, triggers have been set for some additional operational performance indicators that are important to the Board. If the trigger is hit, the PI will be escalated and reported to Board as part of our performance pack.

The review below details the key results for the 2021/2022 year

| BE A GREAT LANDLORD | March 2021 Result | March 2022 Result | 2021/2022 Target |
|---|------------------------------|------------------------------|-----------------------------|
| % Asset compliance indicators where targets are met | 81% | 78% | 100% |
| % current tenant rent arrears | 2.12% | 1.07% | 2.5% |
| % first time fix repairs | 94% | 94% | 96.0% |
| % of complaints resolved within agreed timescales | n/a | 96% | 100% |

Source – Year end Board Report

The Board recognises that to be a great landlord we need to build on strong foundations and there are key measures that relate to income, safety and customer service that the Board have chosen to monitor directly going forward.

Following the self-referral to the Regulator the Trust has undertaken a project to address all compliance issues; this was named the foundations project. Initially the Trust delivered against Foundations 1, which was focussed on the fatal risk elements of compliance – gas, electricity, water hygiene, fire and asbestos. Subsequently the project has been rolled out to cover all aspects of compliance (Foundations 2). The project mantra was “Is It safe? Prove Its safe; Make It safe and Keep It safe.” The % compliance indicators met are those indicators where we have proven every component within our stock is safe (i.e. the required checks or servicing has taken place). The Foundations project ensured all relevant documentation is retained by the Trust and is up to date. Although, only 78% of indicators are met of the 12,447 services required to be completed at 31 March 2022 12,351 were done this is a completion rate of 99.2%

Following the publication of the Housing Ombudsman’s complaints handling code, the Group revised its complaints policy. This has led to a greater number of complaints being recognised by the Trust. The Trust has introduced the measure of complaints received within timescale. The Trust is disappointed to report that only 96% were completed within timescale. However, this has been a focus of the Executive Director of Operations who has introduced new monitoring of this measure and the Trust achieved 100% in the last three months of the year. However, this measure had already been impacted by poor performance earlier in the year.

In addition to complaints, the Board has monitored the repairs first time fix, although we are still below the stretching target set the performance in the previous year has been maintained.

The Trust has maintained excellent performance around arrears, despite the challenges that Covid-19 has brought. The Trust did see an increase in high level arrears cases where normally these cases would have got court orders and gone through court process, however, through persistence and resilience the team has managed to minimise the impact of these high value cases on overall collection. This year we have seen a reduction in the rent arrears and have undertaken only one eviction in respect of rent arrears.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
FOR THE YEAR ENDED 31 MARCH 2022
STRATEGIC REPORT (continued)

OBJECTIVES AND STRATEGY (CONTINUED)

| BE A RESILIENT BUSINESS | March 2021 Result | March 2022 Result | 2021/2022 Target |
|-------------------------------------|------------------------------|------------------------------|-----------------------------|
| % of Foundations 2 project complete | 77.5% | 100% | 100% |
| EBITDA – Finance Covenant | 2.01 | 1.67 | 1.41 |
| Overdue Audit actions | 12 | 4 | 0 |

Source – Year end Board Report

The Board recognise that in order to be able to “Help Improve Lives” it must ensure that the underlying business model is resilient to change. The key measures identified around this are the delivery of the Foundations Project and ensuring any audit recommendations are delivered within agreed timescales; both of which will help the Trust to achieve its compliant governance grading. This is then coupled with ensuring the Trust has financial security.

The Foundations 2 is the project that was set up to address the Trust’s historic asset compliance issues. Significant progress was made on this project and it was completed during the 2021/2022 year.

Earnings before interest, tax, depreciation and amortisation (EBITDA) is the tightest of the Trust’s loan covenants. This measure is set as one of the Trust’s Golden Rules. The result for 2022 is significantly better than the target. This is because there has been less spend in some areas and delays in development also meant funding was not needed to be drawn as early as anticipated.

The Trust has 4 overdue audit actions at the year end. Two of these actions relate to commercial properties and Customer Voice both of which are classed as medium priority. The actions around commercial properties are reliant on third parties to complete, whilst some of the Customer Voice actions have been delayed due to Covid-19, as initially it was difficult to get all of our involved tenants to engage remotely. The other 2 outstanding actions are low priority and relate to repairs and health and safety

| CREATE GREAT PLACES TO LIVE | March 2021 Result | March 2022 Result | March 2022 Target |
|---|----------------------------------|----------------------------------|------------------------------|
| Number of residential properties vacant for over 8 weeks | n/a | 7 | 30 |
| No of properties below required Standard Assessment Procedure (SAP) Score | n/a | 754 | 664 |
| % customer satisfaction with ASB resolution | 85% | 90% | 80% |
| Number of new home completions | 0 | 38 | 78 |
| Number of properties below Decent Home Standard | 3 | 8 | 0 |

Source – Year end Board Report

The Board recognises that “Great Places to Live” means not only providing new homes but ensuring our existing homes are well maintained and do not have a negative impact on the environment. In addition, the Board recognises the Group’s role in ensuring the communities in which our tenants live are safe, therefore they also measure Anti-Social Behaviour (ASB). Two new measures have been introduced for 2021/2022 which were not previously measured: ‘Number of residential properties vacant over 8 weeks’ and ‘Number of properties below required Standard Assessment Procedure (SAP) Score’.

The Group measures customer satisfaction with ASB resolution that shows an improved on the position both on last year’s the result and the target.

The Group will measure how many properties are below the required SAP score, which will initially be a score of D and will then move to a score of C by 2030, on re-let. The number has remained static during the most part of the year as real time information cannot be captured, due to the data sharing agreements of the body our certificates are logged with. The Trust is currently working on a solution until the issue can be resolved.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

FOR THE YEAR ENDED 31 MARCH 2022 STRATEGIC REPORT (continued)

OBJECTIVES AND STRATEGY (CONTINUED)

At the year end the Trust had 7 operational properties that had been vacant for over 8 weeks, of these 2 were with void team for repairs work, 3 are being used for temporary decants and 2 are ready to let. The measure excludes strategic voids, which includes management voids, where the decision has been taken to not re-let or properties that are subject to option appraisal or currently awaiting disposal.

At the year end the Trust had 8 properties that were below the Decent Home Standard. Two of these properties have foundations failures that are currently subject to an Insurance claim and 3 relate to a roof repair which is subject to an on-going NHBC claim. The other three are currently void and subject to structural repairs.

RISKS AND UNCERTAINTIES

Throughout the year the Audit Committee and the Board have continued to work to strengthen the risk and control framework of the Group. This risk appetite statement is reviewed annually by the Board, and this was given a full review at the Board away day in December. At its February meeting the Audit Committee considered the stress testing that needed to be undertaken on the business plan and also the mitigations available to address any future impacts on the finances of the Group. The Board recognises its duty to safeguard the assets of the Group and believes that financial strength is the key to the delivery of other objectives.

The risk register adopted by the Board includes details of directive / preventative controls together with detective / corrective controls in place. Additionally, we have identified assurance that Board can gain from three lines of defence. For each risk these assurances were reviewed by Audit Committee, as part of a "deep dive" in October 2021 to determine if they provide sufficient assurance, going forward this assurance will be determined on a risk by risk basis through the deep dive process. A strategic risk register is maintained that details the key risks that impact the Group. This is annually reviewed against the sector risk profile. In addition, operational risk registers are maintained across the Group and specific risk assessments undertaken. Risk training has been delivered to all staff in the year. Risks are assessed to establish the most significant items by reference to both their impact on the organisation and their likelihood of occurrence. The risk register is included on all Board meeting agendas so the Board can assess any changes arising from papers presented to it.

Risk Appetite Statement

The Board accepts that the Group cannot achieve its objectives or purpose without taking some risks. The risk appetite has been revisited in the year and the Board has identified its appetite against eleven separate risk drivers. The most recent review of risk appetite saw a shift away from the previous cautious approach to risk. Each appetite has been defined as follows:

| Risk Driver | Appetite (Averse, Minimal, Cautious, Open, Hungry) | What this means to P&P |
|--|---|------------------------|
| Merger | Cautious - Will consider a merger, if approached. As long as it would generate sufficient efficiencies. | <=9 |
| Diversification / Innovation / Investment (Non-core) | Cautious - Preference for safe options that may have some limited risks and rewards. | <=9 |
| Development | Open - Willing to consider all development options and adopt the ones most likely to result in success. | <=12 |
| Financial Viability | Cautious - Prepared to undertake options which may deliver a moderate loss, 0.51% - 1% of rental income. | <=9 |
| Asset Investment / Disinvestment | Open - Willingness to consider all asset investment options adopting those most likely to succeed and provide largest return. | <=12 |

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

| Risk Driver | Appetite (Averse, Minimal, Cautious, Open, Hungry) | What this means to P&P |
|---|---|------------------------|
| Reputation / Customer / Stakeholder | Open - Prepared to face some major adverse publicity as long as rationale outweighs the potential impact to customers or the business. | <=12 |
| Governance and control (Including Data) | Minimal - undertaking "safe" options that have low degrees of inherent risk around our governance rating | <=5 |
| Health & Safety and Asset compliance | Minimal - Undertaking "safe" options that have low degrees of inherent risk around H&S and asset compliance. The risk is unlikely but theoretically possible. | <=5 |
| VFM | Open - Willing to consider all options adopting those most likely to deliver success and reasonable VFM savings. | <=12 |
| Environmental | Cautious - Will adopt proven options where it can be evidenced there is some positive impact on the environment. | <=9 |

The appetite will be reviewed on an annual basis.

For key strategic risks, controls will be put in place to reduce, where possible, the likelihood and the impact of each risk occurring, taking into account the costs and benefits of controlling, transferring or reducing those risks. Risks are scored on a scale of 1 to 5 for both likelihood and impact, both before and after controls and the results multiplied together to arrive at a risk score. Where possible the Group will look to reduce its risks to below the appetite identified by the Board.

Currently the Group is aware that there are some areas where the risk is not at an acceptable level. The Board is working with the Executive Team to properly address these issues and further strengthen its risk and control framework. In all cases actions that should help further reduce the risk have been identified and are included on the risk register.

Golden Rules

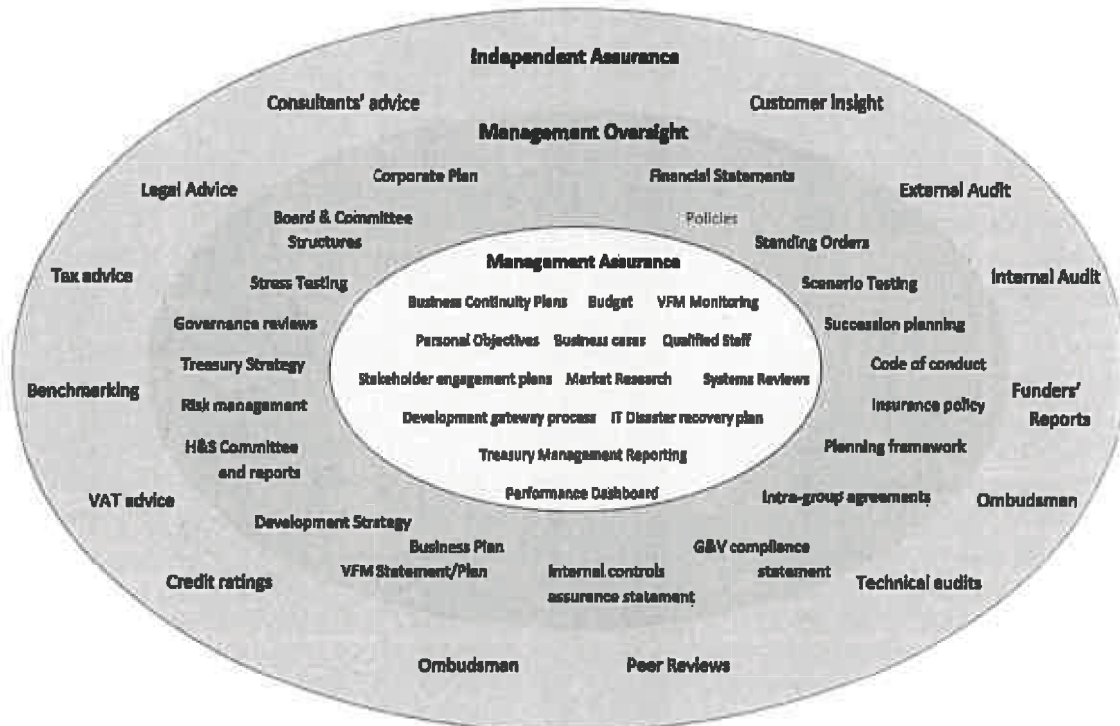
The Group has a number of golden rules that will ensure its financial strength can be maintained. These rules act as early warning indicators for any issues. The rules are noted below:

| Golden Rules | 2021/2022 Actual |
|---|---|
| 1. Forecast interest cover (EBITDA-MRI/Interest) will be 1.20 or more for all years of the financial plan. | 1.67 |
| 2. Floating/variable interest rate debt will not exceed 30% of the total outstanding debt for the first two years of the financial forecast plan. | 19.4% |
| 3. Funding will be arranged 18 months in advance of need forecast by the approved financial plan. | Yes (30 year fully funded plan, RCF expires Aug 2023) |
| 4. Debt per unit will not exceed £22,500. | £14,884 |
| 5. The total drawn plus accessible funding will be at least 5% higher than the peak debt. | Yes |
| 6. There will be sufficient liquidity to cover the next 3 months forecast operating costs. | Yes |

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
FOR THE YEAR ENDED 31 MARCH 2022
STRATEGIC REPORT (continued)

RISKS AND UNCERTAINTIES (continued)

We have identified the full range of assurance available to the Board in managing risks and the graphic below shows these grouped into Management Assurance methods, Management Oversight and a range of Independent Assurance.



The Audit Committee receives an annual assurance plan that details the assurance provided by third parties, some of this takes the form of advice and support, whilst others provide specific outputs which are reported and monitored across the Trust. The assurance plan also details if there is an output from the review and where it will be reported. Audit Committee is asked to confirm that it is happy with the level of scrutiny given to each assurance report. Any actions arising from any of the assurance reports is managed through the 4Action system, which has been introduced to better manage internal audit actions.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

FOR THE YEAR ENDED 31 MARCH 2022
STRATEGIC REPORT (continued)

RISKS AND UNCERTAINTIES (continued)

The Strategic Risk Register risks are rated for their likelihood and impact before and after controls and mitigations are put in place. The risks identified in the Strategic Risk Register are listed below ordered by the risk score before controls:

| STRATEGIC RISK REGISTER | Inherent Risk | Mitigation overview | Residual Risk |
|--|---------------|---|---------------|
| Health & Safety - Staff and Customers. The risk that an individual is injured as a result of insufficient H&S at any Peaks & Plains site - Offices, stock or development. Or a breach in compliance relating to a downgrade. | | The Group has ongoing monitoring of all asset compliance and H&S KPIs, along with strong policies and procedures. Training is provided at all levels. The Group has an ongoing Foundations project that is addressing issues in this area. Once this is completed and the Group has fully implemented its H&S management system the residual risk should be brought to a more acceptable level. | |
| Data Integrity & accuracy undermining confidence in internal reports & Regulatory returns accuracy, potentially leading to a downgrade in our Governance rating. Also impacting on decision making. | | The Group's data is held in a central data hub. There are a number of policies and procedures in place. Control processes are in place to monitor data quality and all new team members are aware of their responsibilities around data. | |
| Poor Governance leads to a regulatory downgrade impacting our ability to obtain funding and impacting our reputation across the sector | | The Group has a suite of policies in place which comply with the regulatory standards and annual self-assessments are completed against the standards. The Group maintains a full risk management framework and a detailed asset and liabilities register. Regular reports go to Governance Committee around the main themes arising from any published regulatory judgements. | |
| Environmental, risk that the business is not minimising its impact on the environment and has not set targets to reduce its carbon footprint and will fail to meet government targets. | | During the recent stock condition survey the Group has now obtained SAP ratings for 98% of its stock. The Board has approved an environmental strategy during the year. | |
| Covid-19, risk that the business cannot function as a result of the spread of the virus. | | The Group was able to quickly mobilise and have its staff working from home. Weekly KPIs are monitored in respect of rent collection, no access for asset compliance, supplier performance, staff absence, ASB and repairs. (Further details are noted below) | |
| Safeguarding - Failure to meet legislative requirements around safeguarding. Putting our staff and customers at risk of harm. | | The Group provides all staff with training, both at induction and annual refresher training. Clear policies and procedures are in place and there are strong links to partnership working. | |
| Economic Changes - Brexit or other key changes to the economy, such as changes to rent charging legislation, or interest rates. Leading to breaches in loan covenants. | | The Group use their Golden Rules as an early warning, and a significant amount of funding is fixed reducing the impact of any changes in interest. The potential impact has been stress tested in the business plan and a mitigation plan established. | |

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
FOR THE YEAR ENDED 31 MARCH 2022
STRATEGIC REPORT (continued)

RISKS AND UNCERTAINTIES (continued)

| STRATEGIC RISK REGISTER | Inherent Risk | Mitigation overview | Residual Risk |
|--|----------------------|--|----------------------|
| Risk that stock is not managed and maintained, and housing quality is not maintained leading to a breach of decency standards; high voids and reputational damage. Also increased disrepair claims. | | The Group has completed a 94% stock condition survey during the year and its staff are trained to detect issues. The Group has effective procurement and contract management, and the annual programme of investment is mapped against a decent homes report to ensure any properties coming out of decency are included in the programme of work. | |
| Loan covenant breaches - leading to either a repricing or foreclosure of the facility. Leading also to a downgrade in our governance and viability rating. | | The asset and liabilities register is linked to the loan covenants. All board reports also include an assessment of loan covenants; the Group is also supported by treasury advisors. | |
| Poor data governance leads to a loss or disclosure of essential or sensitive data | | Training is provided to all staff around GDPR, internet security and phishing, the business case process includes data protection impact. Data sharing agreements with suppliers indemnify the Group from external breaches. In addition the Group has policies for GDPR and security. | |
| Universal Credit - Risk of significantly reduced income caused by the continued roll out of universal credit. Impact on loan covenants income is reduced, also long term impact on Trust's cash flow and ability to deliver both investment and development. | | The Group risk assesses prospective new tenants, it has trusted partner status with DWP, there are clear policies and processes for rent arrears collection. It also utilises early intervention income management. | |
| Customer Voice - If there are no appropriate opportunities for customer views to be heard leading to failure to comply with regulation and we miss opportunities to improve services. | | The Board has approved the Customer Voice Strategy, which includes the review of the Group's residential involvement groups. New Groups have been established in the year. | |
| Availability and Cost control of material supply chain. Due to a number of external factors (Brexit and pandemic being main contributors), challenges with securing materials at budgeted cost. | | The Group closely monitor their development contracts and to date have agreed fixed price costs. Strong contract management is in place across all areas of the business and a regular report is submitted to EMT on cost increases across different material lines. In addition, stress testing is undertaken on both development appraisals and the wider business plan. | |
| That we are unable to maintain or increase property numbers, causing issues with refinancing and the building of communities. | | Debt per unit has been set as a golden rule and is monitored by the board. We have a fully funded development plan and we sensitivity test the number of Right to Buys in our business plan. | |

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
FOR THE YEAR ENDED 31 MARCH 2022
STRATEGIC REPORT (continued)

RISKS AND UNCERTAINTIES (continued)

The risks comprise the Board's assessment of risks that could affect the business, which has been informed by the Regulator's 2021 Sector Risk Profile report. There is a new risk on the register around the availability and cost control of the material supply chain, and our ability to maintain or increase property numbers.

In response to Covid-19 the Trust undertook a separate risk assessment, which has periodically been updated, and was previously published on the Group's website. An operational risk register is also maintained which looks at each of the potential areas of impact including rental income, health and safety of customers and staff, impact of delays in repairs and planned works and increased cyber fraud risk. An incident management team was established, meeting frequently to review the situation and the KPIs to mitigate the impact as far as possible. The Group has carried out stress testing on its business plan to consider these potential impacts from Covid-19.

Currently the Group is aware that there are some areas on its Strategic Risk Register where the risk is not within its appetite level. The Board is working with the Executive team to properly address these issues and further strengthen its risk and control framework. All risks where the residual risk is above the risk appetite have had actions identified and these are included on all reports to Board and Audit Committee.

FINANCIAL PERFORMANCE

We are pleased to report a surplus for the year of £3.5m (2020/2021: £2.2m). Our financial performance has exceeded our lenders' covenants and is in line with our in-year reforecast after reporting our findings to the Regulator.

The table below summarises the overall results of the Group:

| | 2022 | 2021 |
|--|--------------|--------------|
| | £000s | £000s |
| Turnover | 27,743 | 28,419 |
| Operating costs and cost of sales | (20,384) | (22,140) |
| Operating surplus | 7,359 | 6,279 |
| Operating surplus % of Turnover | 26.5% | 22.1% |
| Net interest charges | (3,813) | (4,033) |
| Surplus for the year before tax | 3,546 | 2,246 |
| Taxation | (14) | (7) |
| Total Surplus for the Year | 3,532 | 2,239 |

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
FOR THE YEAR ENDED 31 MARCH 2022
STRATEGIC REPORT (continued)

FINANCIAL PERFORMANCE (Continued)

Income from rents has increased marginally year on year. The rental increase applied of 1.5% has been offset by the reduction in units as detailed in note 4 during the year. Operating costs reduced year-on-year partly due to major repair spend on fire prevention works reducing by 500k compared to the previous year. In addition, there were decant costs incurred in 2020/2021 for moving tenants out of properties to allow for redevelopment and also there were no shared ownership purchases made during the 2021/2022 year (impacting both income and expenditure).

The detailed results for the year are set out in the financial statements on pages 26 - 70.

Capital structure

Borrowings at year-end were £76.00m (2020/2021: £74.00m). The debt is sourced from Barclays Bank Plc and Warrington Borough Council.

| | 2022 | | 2021 | |
|---------------------------------|--------------------------|--------------|--------------------------|--------------|
| | Available facility £m | Drawn £m | Available facility £m | Drawn £m |
| Barclays Loan Facility | 95.0 | 72.00 | 95.0 | 70.00 |
| Barclays Overdraft Facility | 0.5 | 0 | 0.5 | 0 |
| Warrington Borough Council loan | 25.0 | 4.00 | 25.0 | 4.00 |
| Total facilities | 120.5 | 76.00 | 120.5 | 74.00 |

The Barclays housing loan facility of £70.00m is fully drawn with the loan being repaid by instalments from 2023/2024 until end of loan term in 2039/2040. The £4m loan drawn from Warrington Borough Council to fund new developments is on a fixed rate basis over a 30 year term. The overdraft facility is used to manage very short term cash flow and was not used during the year.

A £25m revolving credit facility (RCF) is in place with Barclays Bank to support the future development ambitions set out in the Group's strategic plan. During the year £2m was drawn from the RCF. £64m of the total £76m borrowings at 31 March 2022 have interest rates fixed for longer than 12 months. This means only 19.4% (2020/2021: 13.5%) of the debt is exposed to short term interest rate increases, meeting our Golden Rule standard of less than 30% being exposed.

In the financial statements, debt is an amortised cost adjusted to take account of known future increases in interest costs. As at 31 March 2022 this adjustment increases the value of the debt drawn to £78.9m (2020/2021: £77.1m).

Cash flows

Cash inflows and outflows for the year under review are set out in the Statement of Cash Flows on page 31.

During the year net cash of £10.7m (2020/2021: £11.7m) was generated from operating activities. The reduction from 2020/2021 is due to a lower number of properties being sold through shared ownership and right to buy along with costs incurred on the properties taken out of management. During the year £2m was drawn from the Revolving Credit Facility.

Future Developments

The Board have approved the business plan for 2021/2022 onwards and the development programme included in the plan provides for a mix of tenures and types of properties. The base plan includes committed sites, proposed sites that are known and have been appraised and some indicative schemes with no current sites identified. The only committed developments that are currently in the plan are those which are on site, Crossings, Beelow and Bridgemont. Overall we are planning to invest £85m by the end of 2028 in the development of new homes.

We invested £8.3m in new homes during the year, split between rented and shared ownership, with grants received from Homes England of £481k and High Peak Borough Council of £110k. The remaining costs were funded through surpluses.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
FOR THE YEAR ENDED 31 MARCH 2022
STRATEGIC REPORT (continued)

FINANCIAL PERFORMANCE (Continued)

Liquidity

The Group's long term policy is not to hold significant cash balances but to have loan facilities in place to fund future requirements. The Group has a revolving credit facility to complement its fixed loans and enable more flexibility in liquidity to follow the preferred policy of keeping cash balances low.

Loan covenants

The Group is required to comply with a number of covenants set by its lenders. Covenants are primarily based on interest cover and gearing. The covenants are all based on the operating surplus adjusted for depreciation and impairment.

Pension arrangements

During the year, the Trust participated in four pension schemes; the Cheshire Pension Fund and three schemes with the Social Housing Pension Scheme (SHPS).

The Cheshire Pension Fund is in deficit by £386k (2020/2021: £3.3m deficit) under Section 28 FRS 102 in the balance sheet. The decrease in liability was principally driven by changes in financial assumptions used to calculate the value of the pension fund based on information from the Administering Authority. Note 27 refers.

The SHPS schemes are in deficit by £499k (2020/2021: £2.3m deficit) under Section 28 FRS 102 in the balance sheet. Note 27 refers.

Two of the SHPS schemes are defined benefit schemes, which are a multi-employer schemes and the Trust accounts for its obligation on a defined benefit basis.

The Cheshire Pension Fund and SHPS 60th Defined Benefit schemes were no longer offered to staff joining the Trust after July 2019. Colleagues who joined before this date were given 12 months to join these schemes.

From July 2019 a new Social Housing Pension Scheme defined benefits CARE 80th scheme was opened to all staff.

The other SHPS scheme is a Defined Contribution scheme that is used as the auto enrolment option when no other option is selected.

At the end of March 2021, the Trust closed all of its defined benefit schemes to future accrual. The Trust has entered into a deferred debt agreement with Cheshire Pension Fund.

The Trust currently has 90% of the eligible staff enrolled in its pension scheme.

TREASURY POLICIES AND OBJECTIVES

The Trust has a formal Treasury Management Policy, which is reviewed and agreed by the Board every year. The purpose and role of the policy is to establish the framework within which the Trust seeks to protect and control risk and exposure in respect of its borrowings and cash holdings.

The Trust only uses hedging instruments, embedded within the loan agreement, to fix variable rate debt.

The Trust borrows in Sterling and so does not have any currency risk.

Surpluses are invested in financial institutions according to rules that have been approved by the Board. During 2018/2019 the Trust entered into a deposit agreement with Link Treasury Services to receive and facilitate the placement of surplus funds with a deposit bank as instructed by the Trust. This service is still in place but has not been utilised during 2021/2022.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
FOR THE YEAR ENDED 31 MARCH 2022
STRATEGIC REPORT (continued)

VALUE FOR MONEY STATEMENT

In November 2020 the Board approved a revised 2020-2023 plan that clearly articulates the Group's objectives:

1. To be a great landlord
2. To be a resilient business
3. To create great places to live

The Value for Money (VfM) test in relation to these objectives is how many homes we can build whilst delivering great services at costs that are optimum for our agreed level of service.

We also have a clear understanding that continuing to invest in our homes and making our services more efficient, while also maintaining quality, is essential to protecting our financial returns. Protecting our financial position enables us to deliver more new homes.

The Board monitors a range of Value for Money targets that are linked to the delivery of our Corporate Objectives. Some of these are monitored on a regular basis against a target, whilst others are reported annually as part of the sector scorecard results.

| BOARD MEASURED VFM INDICATORS | 2020/21 Result | 2021/22 Result | 2021/22 Target |
|---|---------------------------|---------------------------|---------------------------|
| Rent Collection % | 100.18% | 99.6% | 97.8% |
| Unpaid rent represents lost value and impacts surpluses, only by maintaining high levels of rent collection can the Group deliver against its corporate plan. | | | |
| Re-Investment % | 8.2% | 9.4% | 10.1% |
| Part of the Regulator's VfM metric this shows how much we are putting back into our current homes. | | | |
| New Home Completions | 0 | 38 | 78 |
| Other ways we measure to make sure we are delivering new homes to help improve more lives. | | | |
| Average responsive repair costs | £118 | £129 | £105 |
| Average planned repair costs | £277 | £333 | £500 |
| Average void cost | £1,963 | £2,208 | £2,100 |
| The Group has introduced measures to understand the cost of the repairs and maintenance functions, ensuring we deliver a value for money service this enables us to deliver against all of our strategic objectives. | | | |
| Asset performance against NPV | £11,338 | £10,417 | £13,000 |
| The Group use the Social Housing Asset Performance Evaluation (SHAPE) model to measure the average asset performance for the Trust, to ensure optimal benefit is derived from its assets. | | | |
| Occupancy % | 98.9% | 98.3% | 98% |
| Occupancy rates demonstrate how efficient the Group is at turning around void (untenanted or empty) properties and at sustaining existing tenancies. Traditionally, landlords have measured this activity through vacancy rates and void rent loss. This measure provides a more positive perspective; looking at the number of homes occupied. | | | |

Our approach to VfM

The Board has an approved approach to VfM, as detailed in its Value for Money Strategy, reflecting the requirements of the revised Value for Money Standard issued by the Regulator of Social Housing. In its Strategy the Board has agreed a strategic goal to 'improve value for money throughout the organisation, in order that we can continue to build homes, whilst delivering great services at costs that are optimum to our agreed level of service'.

For the Group, VfM is about being effective in how we plan, manage and operate our business. It means making the best use of the resources available to us to provide quality homes in our communities backed by high quality services and support.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
FOR THE YEAR ENDED 31 MARCH 2022
STRATEGIC REPORT (continued)

VALUE FOR MONEY STATEMENT (Continued)

Taking account of the Group's current regulatory position and the Vfm strategic goal, the Vfm objectives of the Group are to:

- Deliver more affordable homes and help to create sustainable communities.
- Ensure that the value of our assets and costs relating to them are well understood and that decisions for investment take both into account.
- Develop a new procurement strategy to ensure procurement is planned and used effectively to secure cost savings and/or better services.
- Introduce a rolling plan of service reviews, to identify Vfm efficiencies. These reviews will also generate Vfm performance indicators so that the effectiveness of the reviews can be measured.
- Direct resources to the right balance between frontline services, maintaining existing assets and providing new homes.
- Embed a Vfm culture throughout the organisation.
- Maintain customer satisfaction levels.
- Benchmark effectively with the rest of the sector

The Group's 2020-2023 strategic plan clearly articulates the Group's strategic objectives. As part of the review of its governance a number of key strategies have been reviewed and value for money runs through each of these strategies like a golden thread.

In November 2020 the Board signed off the Development Strategy. This clearly outlines what development means to the Group, the development priorities and the approval process for development. This means specific cost controls are in place to monitor outturn predictability and sales margins. Development hurdle rates and assumptions have been set to ensure all developments generate a sufficient return for the Group. In addition Peaks & Plains Devco Limited has been put into operation to enable the Group to maximise Vfm in its development activity.

In May 2020, the Board approved the revised Asset Management Strategy. Included in the strategy is the implementation of the Social Housing Asset Performance Evaluation (SHAPE) model, which will ensure that we can understand how all of our different asset groups are performing. The strategy also included a review of the cost and quality of delivering repairs, improvements and compliance activities to identify the best delivery model (external contractors or in-house operatives). During the year 3 properties have been identified for disposal by using the SHAPE model.

The Procurement Strategy was refreshed and approved in November 2020. The purpose of this strategy includes the delivery of quality goods and services with value for money outcomes. This strategy and the supporting policy and procedures has driven strong behaviours around procurement allowing us to achieve Vfm. Through a combination of direct procurement and the use of frameworks we have reviewed and procured new contracts to obtain external support to provide control and assurance that we are compliant with regulation and legislation and have outsourced some finance activity to optimise Vfm in relation to cost and quality. Work has been ongoing across the Group to strengthen contract management to drive value for money from contractors and optimise performance in this key regulatory area.

The adoption of the Board suite of KPIs is the tool used by the Board to monitor delivery of these objectives. These, together with the Vfm metrics required by the Regulator, provides the evidence base as to the delivery or otherwise of Vfm. The metrics are regularly reported to Board as part of the Group's financial reporting.

In agreeing the Board's suite of KPIs, the Board ensures that the KPIs chosen indicate delivery of Vfm. In part this may be achieved with the help of benchmarked information from benchmarking groups and other housing associations. Good Vfm outcomes are achieved by a combination of top quartile results for outcomes and lowest quartile for costs. The ambition of the targets being set, the rigour in which performance against them is monitored and the way they compare with others will all impact on our Vfm delivery.

Key Board decisions with Vfm implications are informed by an impact summary included in each Board report. The Board is encouraged to challenge that there has been a rigorous option appraisal taking sufficient account of costs and outcomes. This has been evidenced by the Pension review which was undertaken by the Group during the year.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
FOR THE YEAR ENDED 31 MARCH 2022
STRATEGIC REPORT (continued)

VALUE FOR MONEY STATEMENT (Continued)

At the end of 2020/2021 the Trust introduced a rolling programme of service reviews, in order to seek continuous improvement in its value for money. Due in part to Covid-19 the roll out was slow and only a few of the service reviews were undertaken in the year including a review of income recovery. Where a new role of former tenant income collector was introduced, this has seen a significant increase in arrears recovered from former tenants and more than covers its costs. There was also a service review undertaken of the in-house repairs team. In March 2022 the Group agreed a new process for the service reviews, which the Senior Management Team have all agreed to implement.

To help the Group deliver further VFM savings a VFM steering group has been set up, the terms of reference for the group include, but are not be limited to:

- Responsibility for the review and update of the VFM Strategy.
- Oversight of service reviews and monitoring of resulting savings or performance indicators.
- Review of regular benchmarking reports.
- Deliver training and embed a VFM Culture.
- Undertake the annual assessment of the Trust against the VFM Standard

At the end of January 2021 the VFM steering group rolled out a staff suggestion scheme to encourage all staff to work more efficiently, effectively and economically. The steering group continue to monitor these suggestions, and report on savings that may crystallise. Some suggestions can be implemented easily whilst others are added to our project programme for future delivery.

Part of the Group's approach to VFM is our culture of financial prudence; whether that be our salary structure based on median benchmarked spot salaries or modest salary increases or rigorous challenge to minimising our office floor take.

VfM Metrics - performance

| | 2021 Sector (>1,000 units) | 2021 Peer Group | 2021 Group | 2022 Group |
|--|--|------------------------|-------------------|-------------------|
| | Median | Median | Actual | Actual |
| Metric 1 – Reinvestment % | 5.8% | 7.8% | 8.2% | 9.4% |
| Metric 2 – New supply delivered % | | | | |
| A. New supply delivered (Social housing units) | 1.3% | 1.2% | 0% | 0.23% |
| B. New supply delivered (Non-social housing units) | | | n/a | 0.50% |
| Metric 3 – Gearing % | 43.9% | 43.4% | 50.1% | 52.2% |
| Metric 4 – Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover % | 182% | 298.6% | 156% | 167% |
| Metric 5 – Headline social housing cost per unit (£'000) | 3.73 | 3.65 | 3.87 | 3.72 |
| Metric 6 – Operating Margin % | | | | |
| A. Operating Margin (social housing lettings only) | 26.3% | 25.2% | 24.9% | 27.3% |
| B. Operating Margin (overall) | 23.9% | 24.2% | 21.8% | 25.0% |
| Metric 7 – Return on capital employed (ROCE) | 3.3% | 3.6% | 4.2% | 4.9% |

The Group is pleased to report our results against the Regulator's VfM Metrics. We have compared our performance for the year with our performance last year and also with the housing sector average and a peer group of 16 similar sized North West registered providers; the figures have been calculated from the 'Global Accounts' published on the Regulator's website.

Metric 1: 'Reinvestment %' this measure looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties held. This helps to demonstrate that the Group is putting its finances to good use by maintaining and improving stock as well as adding to the asset base. The Group has a much higher percentage than both the average for the sector and the peer group; this represents the increase in stock investment spend and also the current development programme.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

FOR THE YEAR ENDED 31 MARCH 2022 STRATEGIC REPORT (continued)

VALUE FOR MONEY STATEMENT (Continued)

Metric 2: 'New supply delivered' The Group delivered no new units last year and so was behind the sector average. This was due to where the Group is in its development cycle..

Metric 3: 'Gearing' measures the ratio of debt to assets using a concept that is similar to mortgage lenders' loan to value ratio. If the result is low, this could indicate that the Group has capacity to leverage its existing assets to provide funds for development or new services. A high ratio could indicate that the Group has taken on too much borrowing, which could put its assets at risk. The Group has a gearing ratio which is higher than both the sector and peer averages; this reflects the borrowing which has been entered into in order to increase its development programme.

Metric 4: 'EBITDA MRI Interest cover %' is an approximation of cash generated. The fact that the peer group median is higher than the sector median, although they are lower on operating margin, suggests that either their interest payments are significantly lower or that they are spending less on major repairs. The amount spent by any association on major repairs will depend on where it is in its investment cycle

Metric 5: 'Headline social housing cost per unit' this measure uses components from the Group's financial statements to create a social housing cost figure. This is divided by the number of properties owned and/or managed by the Group for a cost per unit figure that is comparable between different organisations. The cost per unit is in line with the last year peer and sector medians.

Metric 7: 'ROCE' shows how well the Group is using both its capital and debt to generate a financial return. It is a commonly used ratio to assess the efficient investment of capital resources. It can be influenced by the nature of the organisation's property portfolio (e.g. balance between market and social rent, age of stock, historic debt, basis of valuation). The Group's ROCE last year was in line with the sector and peer medians; the current year forecast is higher than both.

Overall our performance has again improved in the last 12 months

Statement of compliance

In preparing this Strategic Report, the Board has followed the principles set out in the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers 2018.

The strategic report was approved by the Board on 26 July 2022 and signed on its behalf by:



ALISON HADDEN
Deputy Chair

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2022 and of the Group's and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

We have audited the financial statements of Cheshire Peaks & Plains Housing Trust Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2022 which comprise the Group Statement of Comprehensive Income, the Trust Statement of Comprehensive Income, the Group Statement of Financial Position, the Trust Statement of Financial Position, the Statement of Changes in Equity, the Group Statement of Cash Flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the board members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and of the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the board with respect to going concern are described in the relevant sections of this report.

Other information

The board are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information including the Strategic Report, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED - CONTINUED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent Association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of the Responsibilities of the Board set out on page 7 the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board are responsible for assessing the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to their registration with the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Accounting Direction for Private Registered Providers of Social Housing and tax legislation.

In addition the Group 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. We identified the following areas as those most likely to have such an effect: data protection and health and safety legislation. In order to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, we made enquiries of management and those charged with Governance about whether the entity is in compliance with such laws and regulations and we inspected any relevant regulatory and legal correspondence.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED - CONTINUED

Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading minutes of meetings of those charged with governance, reviewing correspondence with HMRC and the other regulators;
- Reviewing items included in the fraud register;
- Addressing the risk of fraud through management override of controls; testing the appropriateness of journal entries and other adjustments;
- Challenging assumptions made by management in their significant accounting estimates and judgements in particular in relation to the following:
 - Whether indicators of impairment exist
 - Recoverable amount of housing properties
 - Capitalisation of development costs
 - UELs of housing property components
 - Assumptions used in pension and investment property valuations
 - Depreciated replacement cost of properties with impairment indicators
- We also performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

BDO LLP

BDO LLP
Statutory Auditor
Manchester

Date: 1 August 2022

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

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022 – GROUP

| | Note | 2022 £'000s | 2021 £'000s |
|---|------|----------------|----------------|
| TURNOVER | 3 | 27,743 | 28,419 |
| Cost of sales | 3 | 1 | (608) |
| Operating costs | 3 | (20,385) | (21,532) |
| OPERATING SURPLUS | | <u>7,359</u> | <u>6,279</u> |
| Interest receivable | 7 | 2 | 6 |
| Interest payable and other financing costs | 8 | (3,815) | (4,039) |
| SURPLUS BEFORE TAX | | <u>3,546</u> | <u>2,246</u> |
| Taxation | 11 | (14) | (7) |
| SURPLUS FOR THE YEAR | | <u>3,532</u> | <u>2,239</u> |
| Actuarial gain / (loss) in respect of pension schemes | 27 | 4,723 | (4,697) |
| TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR | | <u>8,255</u> | <u>(2,458)</u> |

The consolidated results relate wholly to continuing activities. The accompanying notes form part of these financial statements.

The financial statements were authorised and approved by the Board on 26 July 2022



ALISON HADDEN
Deputy Chair



SIMON LEIGHTON
Board Member



JENNIFER HAYBALL
Secretary

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022 – TRUST

| | Note | 2022 £'000s | 2021 £'000s |
|---|------|----------------|----------------|
| TURNOVER | 3 | 27,743 | 28,436 |
| Cost of sales | 3 | 1 | (608) |
| Operating costs | 3 | (20,354) | (21,532) |
| OPERATING SURPLUS | | 7,390 | 6,296 |
| Interest receivable | 7 | 2 | 6 |
| Interest payable and other financing costs | 8 | (3,815) | (4,039) |
| SURPLUS BEFORE TAX | | 3,577 | 2,263 |
| Taxation | 11 | (14) | (7) |
| SURPLUS FOR THE YEAR | | 3,563 | 2,256 |
| Actuarial gain / (loss) in respect of pension schemes | 27 | 4,723 | (4,697) |
| TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR | | 8,286 | (2,441) |

The association's results relate wholly to continuing activities. The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 26 July 2022.



ALISON HADDEN
Deputy Chair



SIMON LEIGHTON
Board Member



JENNIFER HAYBALL
Secretary

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
STATEMENT OF CHANGES IN RESERVES AS AT 31 MARCH 2022

| | Note | GROUP Income and expenditure reserve £'000s | TRUST Income and expenditure reserve £'000s |
|--|------|---|---|
| Balance at 31 March 2020 | 28 | 58,598 | 58,596 |
| Surplus for the year | | 2,239 | 2,256 |
| Actuarial (losses) on defined benefit pension scheme | 27 | (4,697) | (4,697) |
| Balance at 31 March 2021 | 28 | <u>56,140</u> | <u>56,155</u> |
| Valuation of Honford Hall | | 100 | 100 |
| Balance 31 March 2021 re-stated¹ | | <u>56,240</u> | <u>56,255</u> |
| Surplus for the year | | 3,532 | 3,563 |
| Actuarial gains on defined benefit pension scheme | | 4,723 | 4,723 |
| Balance at 31 March 2022 | | <u>64,495</u> | <u>64,541</u> |

The accompanying notes form part of these financial statements.

¹ Restated balance includes £100k valuation for Honford Hall.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
COMMUNITY BENEFIT SOCIETY REGISTRATION NO: 7528
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022 - GROUP

| | Note | 2022 £'000s | 2021 £'000s |
|--|------|-----------------|-----------------|
| FIXED ASSETS | | | |
| Tangible fixed assets – housing properties | 12 | 144,923 | 142,642 |
| Other tangible fixed assets | 13 | 2,871 | 3,076 |
| Intangible fixed assets | 14 | - | - |
| Investment properties | 15 | 7,429 | 3,190 |
| Investment | 16 | 7 | 7 |
| | | <u>155,230</u> | <u>148,915</u> |
| CURRENT ASSETS | | | |
| Properties held for sale | 19 | 2,446 | 1,412 |
| Trade and other debtors | 20 | 2,359 | 1,537 |
| Cash and cash equivalents | 18 | 3,301 | 5,589 |
| | | <u>8,106</u> | <u>8,538</u> |
| CREDITORS: Amounts falling due within one year | 21 | (12,821) | (7,220) |
| NET CURRENT ASSETS | | (4,715) | 1,318 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 150,515 | 150,233 |
| CREDITORS: Amounts falling due after more than one year | 22 | (85,135) | (88,558) |
| PROVISIONS FOR LIABILITIES | | | |
| Defined benefit pension liability | 27 | (885) | (5,535) |
| TOTAL NET ASSETS | | 64,495 | 56,140 |
| RESERVES | | | |
| Income and expenditure reserve | 28 | 64,495 | 56,140 |
| TOTAL RESERVES | | 64,495 | 56,140 |

The accompanying notes form part of these financial statements.

The financial statements were issued and approved by the Board on 26 July 2022



ALISON HADDEN
Deputy Chair



SIMON LEIGHTON
Board Member



JENNIFER HAYBALL
Secretary

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
COMMUNITY BENEFIT SOCIETY REGISTRATION NO: 7528
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022 - TRUST

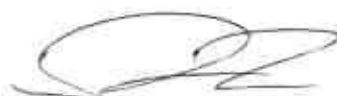
| | Note | 2022 £'000s | 2021 £'000s |
|--|------|-----------------|-----------------|
| FIXED ASSETS | | | |
| Tangible fixed assets – housing properties | 12 | 144,966 | 142,675 |
| Other tangible fixed assets | 13 | 2,871 | 3,076 |
| Intangible fixed assets | 14 | - | - |
| Investment properties | 15 | 7,429 | 3,190 |
| Investment | 16 | 7 | 7 |
| | | 155,273 | 148,948 |
| CURRENT ASSETS | | | |
| Properties held for sale | 19 | 2,446 | 1,412 |
| Trade and other debtors | 20 | 2,358 | 1,550 |
| Cash and cash equivalents | 18 | 3,260 | 5,032 |
| | | 8,064 | 7,994 |
| CREDITORS: Amounts falling due within one year | 21 | (12,776) | (6,694) |
| NET CURRENT ASSETS | | (4,712) | 1,300 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 150,561 | 150,248 |
| CREDITORS: Amounts falling due after more than one year | 22 | (85,135) | (88,558) |
| PROVISIONS FOR LIABILITIES | | | |
| Defined benefit pension liability | 27 | (885) | (5,535) |
| TOTAL NET ASSETS | | 64,541 | 56,155 |
| RESERVES | | | |
| Income and expenditure reserve | 28 | 64,541 | 56,155 |
| TOTAL RESERVES | | 64,541 | 56,155 |

The accompanying notes form part of these financial statements.

The financial statements were issued and approved by the Board on 26 July 2022



ALISON HADDEN
Deputy Chair



SIMON LEIGHTON
Board Member



JENNIFER HAYBALL
Secretary

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022 - GROUP

| | Note | 2022 £'000s | 2021 £'000s |
|--|------|----------------|-----------------|
| Net cash generated from operating activities | 29 | 10,715 | 11,655 |
| Cash flow from investing activities | | | |
| Purchase and refurbishment of tangible fixed assets – housing properties | | (12,020) | (11,372) |
| Purchase of other tangible fixed assets | | – | (277) |
| Proceeds on sale of fixed assets | | 1,874 | 511 |
| Grants received | | 677 | 190 |
| Interest received | | – | 6 |
| Net cash from investing activities | | (9,469) | (10,942) |
| Cash flow from financing activities | | | |
| Interest paid | | (5,535) | (3,799) |
| New secured loans | | 2,000 | |
| Repayment of borrowings | | | |
| Net cash used in financing activities | | (3,535) | (3,799) |
| Net change in cash and cash equivalents | | (2,289) | (3,086) |
| Cash and cash equivalents at beginning of the year | | 5,589 | 8,675 |
| Cash and cash equivalents at end of the year | 18 | 3,301 | 5,589 |

The accompanying notes form part of these financial statements

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022 - TRUST

| | Note | 2022 £'000s | 2021 £'000s |
|--|-----------|----------------|-----------------|
| Net cash generated from operating activities | 29 | 11,241 | 11,136 |
| Cash flow from investing activities | | | |
| Purchase and refurbishment of tangible fixed assets – housing properties | | (12,029) | (11,405) |
| Purchase of other tangible fixed assets | | - | (277) |
| Proceeds on sale of fixed assets | | 1,874 | 511 |
| Grants received | | 677 | 190 |
| Interest received | | - | 6 |
| Net cash from investing activities | | (9,478) | (10,975) |
| Cash flow from financing activities | | | |
| Interest paid | | (5,535) | (3,799) |
| New secured loans | | 2,000 | |
| Repayment of borrowings | | | |
| Net cash used in financing activities | | (3,535) | (3,799) |
| Net change in cash and cash equivalents | | (1,772) | (3,638) |
| Cash and cash equivalents at beginning of the year | | 5,032 | 8,670 |
| Cash and cash equivalents at end of the year | 18 | 3,260 | 5,032 |

The accompanying notes form part of these financial statements

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. LEGAL STATUS

The Trust is registered under the Co-operative and Community Benefits Society Act 2014 and is a Registered Provider of Social Housing. The registered office is Ropewalks, Newton Street, Macclesfield, Cheshire SK11 6QJ.

The Trust has an investment of one share in Peaks & Plains Devco Limited and one share in Peaks & Plains Tradeco Limited, which are both 100% subsidiaries of the Trust at 31 March 2022. Peaks & Plains Devco commenced trading in October 2019 and is a registered company which develops new housing for sale to the group. Separate accounts have been produced for this subsidiary. Peaks & Plains Tradeco has remained dormant during the financial year, and accounts have been produced to reflect this.

2. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Cheshire Peaks & Plains Housing Trust Limited includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland," the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

The accounts are prepared under the historical cost basis except for the modification to a fair value basis for certain financial instruments and investment properties as specified in the accounting policies below. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

The financial statements are presented in Sterling (£).

The Trust is a public benefit entity in accordance with FRS102.

The Trust prepares consolidated accounts since Peaks & Plains Devco Ltd began trading in October 2019. The other subsidiary, Peaks & Plains Tradeco Ltd, remains dormant.

Disclosure exemptions

In preparing the separate financial statements of the Trust, advantage has been taken of the following disclosure exemptions available in FRS 102:

- only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the Trust would be identical;
- disclosures in respect of the Trust's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- no disclosure has been given for the aggregate remuneration of the key management personnel of the Trust as their remuneration is included in the totals for the Group as a whole.

Going concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The Group has in place long-term debt facilities (£120.5m) that will provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has a long-term business plan that shows that it can service these debt facilities whilst continuing to comply with lenders' covenants for the next 30 years.

An assessment of the impact on our financial capacity was undertaken as part of the 30 year business plan review. Stress tests were conducted, that were linked to the Trusts Strategic Risk Register – these included multi-variant testing around economic collapse, the test broke the business plan, but the Trust has mitigations in place that can address the issues. This demonstrated that the financial impact could be managed within the approved business plan and that we have sufficient liquidity to manage the risks. The Group has been compliant with loan covenants throughout the period and remains compliant based on the revised forecasts noted above.

On this basis, the Board has reasonable expectation that the Group has adequate resources to continue in operational

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

2. ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The following are the significant management judgements made in applying the accounting policies of the Trust that have the most significant effect on the financial statements.

Impairment

With regard to development sites the Trust has estimated the recoverable amount of our housing properties and compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred. Based on this assessment, we calculated the Depreciated Replacement Cost (DRC) of each social housing property scheme, using appropriate construction costs and land prices. Comparing this to the carrying amount of each scheme, there was no impairment of social housing properties.

For sites where development work has not commenced and schemes are still being devised that may or may not be for social housing purposes an independent valuation of each site was undertaken and compared to the value held on the balance sheet. Four sites were valued at less than the current Net Book Value (NBV). As part of the impairment review the Board agreed to reduce the NBV for these sites to the independent valuation leading to a reduction of £326k.

The office block is held partly as an investment property. The independent valuation was lower than the previous valuation and as such this has created an impairment on the investment of £91k.

Classification of loans as basic

The Group has a number of loans with Barclays Bank which have a 'two-way break clause' which is applicable where the loan is repaid early and could result in a break cost or a break gain. The loans in question are fixed rate loans. In a prepayment scenario that results in a break gain, the loan agreement provides for the repayment of the capital at par. Any break gain payable by the lender would be in relation to future interest periods only.

Management have considered the terms of the loan agreements and concluded that they meet the definition of a basic financial instrument, as defined by the SORP, therefore are held at amortised cost.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenditure is provided below. Actual results may be substantially different.

Revaluation of investment properties

The Group carries its investment property at fair value, with changes in fair value being recognised in the statement of comprehensive income. The Trust engages independent valuation specialists to determine the fair value at each year-end. The valuer uses a valuation technique based on an open market basis. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in note 15.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

2. ACCOUNTING POLICIES (CONTINUED)

Significant Judgements and estimates (Continued)

Useful lives of depreciable assets

The Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components. Accumulated depreciation at 31 March 2022 was £59.1m. The carrying amount of the housing properties was £149.1m.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 27). At 31 March 2022 there was a DBO of £31.7m and an accounting deficit of £386k for the Cheshire Pension Fund. In making their estimate of the DBO, management have also considered the impact of the McCloud judgement on the LGPS liability and the impact is included as at 31 March 2022.

A similar estimation of the DBO also applies to the Social Housing Pension Scheme (SHPS) for which a DBO of £6.9m has been recognised and an accounting deficit of £499k.

Basis of consolidation

The Group accounts consolidate the accounts of the association and all its subsidiaries at 31 March 2022 using the purchase method.

The consolidated financial statements incorporate the financial statements of the association and entities controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate, using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Turnover and Revenue recognition

Income is measured at the fair value of the consideration received or receivable. Turnover represents rental and service charge income receivable in year (net of void losses), income from shared ownership first tranche sales and other services included at the invoiced value (excluding VAT where recoverable) of goods and services supplied in the year and grants receivable in the year.

Development Rental Income

Rental income is recognised from the point when properties under development reach practical completion and are formally let.

First tranche sales

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

Service Charges

Service charge income is recognised in the period to which it relates, net of losses from voids. The Group adopts the variable method for calculating and charging service charges to its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account. Income is recorded based on the estimated amounts chargeable.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

2. ACCOUNTING POLICIES (CONTINUED)

Turnover and Revenue recognition (continued)

Sinking Funds

Sinking funds are monies held on behalf of leaseholders for future major repairs; they are recorded in creditors in the balance sheet and the monies are held in separate bank accounts

Management of units owned by others.

Management fees receivable and reimbursed expenses are shown as income and included in management fees receivable. Costs of carrying out the management contracts and rechargeable expenses are included in operating costs.

Other income is recognised as receivable on the delivery of services provided.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Current and deferred taxation (continued)

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Value Added Tax

The Group charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end date is included as a current liability or asset.

Interest payable

Interest payable on borrowings is charged to the statement of comprehensive income net of any interest capitalised to development schemes in the year in which it is incurred.

Interest is capitalised on borrowings to finance the development of qualifying assets to the extent that it accrues in respect of the period of development if it represents:

- a) interest on borrowings specifically financing the development programme after deduction of related grants received in advance; or
- b) a fair amount of interest on borrowings of the association as a whole after deduction of grant received in advance to the extent that they can be deemed to be financing the development programme

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

2. ACCOUNTING POLICIES (CONTINUED)

Loans, investments and short term deposits

All loans, investments and short term deposits held by the Group meet the definition of basic financial instruments as described in FRS102. These instruments are initially recorded at transaction price less any transaction costs (historical cost).

They are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. Loans and investments that are payable or receivable within one year are not discounted.

Pension costs

The Group participates in the Cheshire Pension Fund and both the defined benefit and defined contribution sections of the Social Housing Pension Scheme (SHPS):

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are shown as an operating expense in the surplus for the year during which the services are rendered by employees.

The difference between the fair value of the assets held and the scheme's defined benefit obligation (DBO) measured on an actuarial basis using the projected unit method are recognised in the Group's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the Group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Current service cost and costs from settlements and curtailments and past service costs are charged against operating profit. Past service costs are spread over the period until the benefit increases. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs. Actuarial gains and losses are reported in other comprehensive income.

The Group's employees ceased to accrue new benefits in the Cheshire Pension Fund from 31 March 2022. Instead, these employees were able to join the defined contributions section of SHPS. The Group has agreed a Deferred Debt Agreement with the Fund and remains responsible for funding benefits accrued until 31 March 2022. As no new benefits are accruing, the service cost from 2022/23 onwards will be zero (except any Fund expenses not accounted for elsewhere). A curtailment credit was accounted for as at 31 March 2022.

The Group's employees ceased to accrue new benefits in the defined benefit section of SHPS from 31 March 2022. Instead, these employees were able to join the defined contributions section of SHPS. The Group remains responsible for funding benefits accrued until 31 March 2022. In addition, some employees maintain a link to final pensionable salary for accrued benefits while employed by the Group. As no new benefits are accruing, the service cost from 2022/23 onwards will be zero (except any scheme expenses not accounted for elsewhere).

Employee Benefits

Short term employee benefits and contributions to defined contribution plans are recognised as an expense in the period to which they are incurred.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement that has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal to a formal detailed plan to terminate employment.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

2. ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill relates to the excess of the fair value of the consideration paid to Macclesfield Borough Council (MBC) over the fair value of the identifiable assets and liabilities acquired, including the net defined benefit scheme deficit, at the date of transfer from MBC. The consideration paid to MBC equated to the value of the net assets acquired excluding the net defined benefit scheme deficit. As a result, goodwill arose that was equal to the present value of the defined benefit scheme assets compared to the fair value of the defined benefit scheme deficit as at the date of transfer from MBC.

Goodwill is amortised on a straight-line basis over the period calculated by reference to the difference between the average age of employees in the scheme and their expected retirement age that equated to 14 years and completed its amortisation in July 2020. Therefore no charge has been applied for 2021/2022. The available transitional relief has been taken not to restate goodwill on conversion to FRS102.

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit.

Housing properties constructed or acquired (including land) on the open market since the date of transition to FRS 102 are stated at cost less depreciation and impairment (where applicable).

The cost of housing land and property includes the cost of acquiring land and buildings, development costs, interest capitalised during the development period and, directly attributable administration costs.

Interest payable on borrowing that has been drawn in order to finance the relevant construction or acquisition is capitalised. Where housing properties are in the course of construction, finance costs are only capitalised where construction is ongoing and has not been interrupted or terminated.

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

Mixed developments are held within fixed assets – housing properties and accounted for at cost less depreciation.

Housing properties in the course of construction, excluding the estimated cost of the element of shared ownership properties expected to be sold in first tranche, are included in Fixed Assets: Housing Properties and held at cost less any impairment, and are transferred to completed properties when ready for letting.

Gains and losses on disposals of housing properties are determined by comparing the proceeds with the carrying amount and incidental costs of sales and recognised within gain/loss on disposal of fixed assets, which is included in the operating surplus for the year in the statement of comprehensive income.

Depreciation of housing properties

Housing land and property is split between land, structure and other major components that are expected to require replacement over time with substantially different economic lives.

Land is not depreciated on account of its indefinite useful economic life.

The portion of shared ownership property retained or expected to be retained is not depreciated on account of the high residual value. Neither the depreciable amount nor the expected annual depreciation charge for such assets is considered material, individually or in aggregate.

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

2. ACCOUNTING POLICIES (CONTINUED)

Depreciation of Housing Properties (Continued)

Housing properties are split between the structure and the major components that require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life on a straight-line basis as follows:

Housing Properties

| | | | |
|-----------------------|-----------|-----------------------------------|----------|
| Structure - New Build | 100 years | Structure - Transfer Stock | 60 years |
| Lifts | 30 years | Roofs | 50 years |
| Electrical systems | 30 years | Windows & Doors | 30 years |
| Kitchen | 20 years | Bathroom | 30 years |
| Heating & Boilers | 15 years | Energy Efficiency | 20 years |
| Programme Fees | 10 years | Environmental | 10 years |
| Other | 5 years | Freehold land is not depreciated. | |

Any difference between the historical annual depreciation charge and the annual depreciation charge on assets carried at deemed cost is transferred to the revaluation reserve for the asset concerned until that reserve is depleted

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last reporting date in the pattern by which the group expects to consume an asset's future economic benefit.

Shared ownership properties and staircasing

Under low cost home ownership arrangements, the Group disposes of a long lease on low cost home ownership housing units for a share ranging between 25% and 75% of value. The Buyer has the right to purchase further proportions up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Low cost home ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover. The remaining element, "staircasing element", is classed as Fixed Assets – Housing Properties and included in completed housing property at cost less depreciation and any provision for impairment. Sales of subsequent tranches are treated as a part disposal of property and included in operating surplus. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

For shared ownership accommodation that the Group is responsible for, it is the Group's policy to maintain them in a continuous state of sound repair. Maintenance of other shared ownership properties is the responsibility of the shared owner. Any impairment in the value of such properties is charged to the Statement of Comprehensive Income.

Allocation of costs for mixed tenure and shared ownership developments

Costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure costs are allocated on a floor area or unit basis depending on the appropriateness for each scheme.

Other tangible fixed assets

Other tangible fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

2. ACCOUNTING POLICIES (CONTINUED)

Depreciation of other tangible fixed assets

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The principal estimated useful economic lives used for other fixed assets are:

| | | | |
|-------------------------------|----------|-------------------------------|----------|
| Fixtures & Fittings | 15 years | Computer and office equipment | 3 years |
| Plant, Machinery and Vehicles | 3 years | Freehold/leasehold properties | 40 years |

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

Impairment

The housing property portfolio for the Group is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts.

An option appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return or potential sale proceeds are obtained and used to inform the options.

The Group looks at the net realisable value, under the options available, when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the higher of the fair value less costs to sell or value in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use. No properties have been valued at VIU-SP. The Group defines cash generating units as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value, an impairment is recorded through a charge to income and expenditure.

Investment properties

Investment properties consist of commercial properties and other properties not held for the social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in income and expenditure.

Investments

Investments in unlisted company shares, which have been classified as fixed asset investments as the Group intends to hold them on a continuing basis, are re-measured to market value at each balance sheet date. Gains and losses on re-measurement are recognised in the statement of comprehensive income for the period. The Group holds shares in the Gawsworth Community shop, which is classed as a community investment.

Government grants

Government grants include grants receivable from Homes England (and its predecessor bodies), local authorities and other government organisations. Government grants received for housing properties are carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received using the accrual model set out in FRS 102 and the Housing SORP 2018.

For shared ownership properties the UEL is determined by reference to the average time period for shared ownership properties to be fully staircased.

Where a social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the income and expenditure account.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

2. ACCOUNTING POLICIES (CONTINUED)

Government Grants (Continued)

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met. Grants due from government organisations or received in advance are included as current assets or liabilities.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the Group is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as deferred income.

Recycled Capital Grant Fund

The RCGF is an internal fund within the accounts used to recycle historic grant following relevant events outlined in the Recovery Determination, a legal document setting out Homes England's principles for the recovery of grant. Balances accrued within this fund will have interest applied and be spent in accordance with Homes England Guidance. The existing balance at year end will be carried forward as a liability until spent or repaid if not spent within a three-year period.

Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Stock (Properties held for Sale)

Stock represents work in progress and completed shared ownership properties where the value held as stock is the estimated cost to be sold as a first tranche.

Stock is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour, capitalised interest and direct development overheads. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

An assessment of net realisable value is made at each reporting date. When a write-down is required it is immediately recognised in the statement of consolidated income.

On disposal, sales proceeds are included in turnover and the cost of sales including costs incurred in the development of the properties, marketing and other incidental costs are included in cost of sales.

Debtors

Short term debtors, including tenant arrears, are measured at transaction price less a provision for amounts considered unlikely to be received.

Where deferral of payment terms have been agreed at below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction cost, and are measured subsequently at amortised costs using the effective interest method.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty upon notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Loans

As of 1 January 2022 most LIBOR rate setting has been terminated. Any loans indexed to LIBOR previously should for future periods be indexed to SONIA. PPHT amended all loans from LIBOR to SONIA in the current financial year

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

2. ACCOUNTING POLICIES (CONTINUED)

Leased Assets Lessee

Where assets are financed by leasing agreements that give rights approximately to ownership (finance leases), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Rentals payable under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Trust recognises annual rent expense equal to amounts owed to the lessor.

Any lease incentives received are recognised over the term of the lease as an integral part of the total lease expense.

Leasehold Sinking Funds

Unexpended amounts collected from leaseholders for major repairs on leasehold schemes and any interest received are included in creditors.

Provisions for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in profit or loss in the period it arises.

Contingent liabilities

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

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

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

3. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUSES - GROUP

| | Turnover 2022 £'000s | Cost of sales 2022 £'000s | Operating costs 2022 £'000s | Operating surplus/(deficit) 31 March 2022 £'000s |
|---|----------------------------|---------------------------------|-----------------------------------|---|
| Social housing lettings | 26,754 | | (19,695) | 7,059 |
| Other social housing activities | | | | |
| First tranche low cost home ownership sales | | 1 | | 1 |
| Support Services | 45 | | (28) | 17 |
| Gain on disposal of housing properties (note 6) | | | 453 | 453 |
| Other | 319 | | (735) | (416) |
| | 27,118 | 1 | (20,005) | 7,114 |
| Activities other than social housing | 625 | | (380) | 245 |
| | 27,743 | 1 | (20,385) | 7,359 |

| | Turnover 2021 £'000s | Cost of sales 2021 £'000s | Operating costs 2021 £'000s | Operating surplus/(deficit) 31 March 2021 £'000s |
|---|----------------------------|---------------------------------|-----------------------------------|---|
| Social housing lettings | 26,662 | - | (20,014) | 6,648 |
| Other social housing activities | | | | |
| First tranche low cost home ownership sales | 882 | (608) | - | 274 |
| Charges for Support Services | 51 | - | (36) | 15 |
| Gain on disposal of housing properties (note 6) | - | - | 94 | 94 |
| Other | 289 | - | (1,250) | (961) |
| | 27,884 | (608) | (21,206) | 6,068 |
| Activities other than social housing | 536 | - | (326) | 210 |
| | 28,419 | (608) | (21,532) | 6,279 |

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS – TRUST (continued)

| | Turnover 2022 £'000s | Cost of sales 2022 £'000s | Operating costs 2022 £'000s | Operating surplus/(deficit) 31 March 2022 £'000s |
|---|----------------------------|---------------------------------|-----------------------------------|---|
| Social housing lettings | 26,754 | | (19,695) | 7,059 |
| <u>Other social housing activities</u> | | | | |
| First tranche low cost home ownership sales | | 1 | | 1 |
| Support Services | 45 | | (28) | 17 |
| Gain on disposal of housing properties (note 6) | | | 453 | 453 |
| Other | 319 | | (735) | (385) |
| | 27,118 | 1 | (19,984) | 7,145 |
| Activities other than social housing | 620 | | (381) | 240 |
| Market Rent Properties | 5 | | - | 5 |
| | 27,743 | 1 | (20,354) | 7,390 |
| | | | | |
| | Turnover 2021 £'000s | Cost of sales 2021 £'000s | Operating costs 2021 £'000s | Operating surplus/(deficit) 31 March 2021 £'000s |
| Social housing lettings | 26,662 | - | (20,014) | 6,648 |
| <u>Other social housing activities</u> | | | | |
| First tranche low cost home ownership sales | 882 | (608) | - | 274 |
| Charges for Support Services | 51 | - | (36) | 15 |
| Gain on disposal of housing properties (note 6) | - | - | 94 | 94 |
| Other | 305 | - | (1,250) | (945) |
| | 27,900 | (608) | (21,206) | 6,086 |
| Activities other than social housing | 536 | - | (326) | 210 |
| | 28,436 | (608) | (21,532) | 6,296 |

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)
3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS – GROUP (continued)

| | General needs 2022 £'000s | Supported housing & housing for older people 2022 £'000s | Low cost home ownership 2022 £'000s | 31 March 2022 £'000s | 31 March 2021 £'000s |
|---|---------------------------------|--|--|----------------------------|----------------------------|
| Rent receivable net of identifiable service charges | 20,460 | 5,336 | 323 | 26,119 | 25,857 |
| Service charge income | 243 | 273 | 1 | 517 | 573 |
| Amortised government grants | 118 | | | 118 | 117 |
| Government grants taken to income | | | | | 115 |
| Net rental income from social housing lettings | 20,821 | 5,609 | 324 | 26,754 | 26,662 |
| Management | (5,536) | (1,444) | (87) | (7,067) | (7,231) |
| Service costs | (350) | (394) | (1) | (745) | (421) |
| Routine maintenance | (2,265) | (685) | | (2,950) | (2,984) |
| Planned maintenance | (2,065) | (625) | | (2,690) | (2,296) |
| Major Repairs | (656) | (198) | | (854) | (1,360) |
| Bad debts | (54) | (14) | (1) | (69) | (75) |
| Accelerated depreciation of housing properties | - | - | - | - | - |
| Depreciation of housing properties | (4,015) | (1,214) | (91) | (5,320) | (5,619) |
| Amortisation of goodwill | - | - | - | - | (28) |
| Operating costs on social housing lettings | (14,941) | (4,574) | (180) | (19,695) | (20,014) |
| Operating surplus on social housing lettings | 5,880 | 1,035 | 144 | 7,059 | 6,648 |
| Void losses | 342 | 110 | 1 | 453 | 320 |

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS – TRUST (continued)

| | General needs 2022 £'000s | Supported housing & housing for older people 2022 £'000s | Low cost home ownership 2022 £'000s | 31 March 2022 £'000s | 31 March 2021 £'000s |
|---|---------------------------------|--|--|----------------------------|----------------------------|
| Rent receivable net of identifiable service charges | 20,460 | 5,336 | 323 | 26,119 | 25,857 |
| Service charge income | 243 | 273 | 1 | 517 | 573 |
| Amortised government grants | 118 | | | 118 | 117 |
| Government grants taken to income | | | | | 115 |
| Net rental income from social housing lettings | 20,821 | 5,609 | 324 | 26,754 | 26,662 |
| Management | (5,536) | (1,444) | (87) | (7,067) | (7,231) |
| Service costs | (350) | (394) | (1) | (745) | (421) |
| Routine maintenance | (2,265) | (685) | - | (2,950) | (2,984) |
| Planned maintenance | (2,065) | (625) | - | (2,690) | (2,296) |
| Major Repairs | (656) | (198) | - | (854) | (1,360) |
| Bad debts | (54) | (14) | (1) | (69) | (75) |
| Accelerated depreciation of housing properties | | | | | - |
| Depreciation of housing properties | (4,015) | (1,214) | (91) | (5,320) | (5,619) |
| Amortisation of goodwill | | | | - | (28) |
| Operating costs on social housing lettings | (14,941) | (4,574) | (180) | (19,695) | (20,014) |
| Operating surplus on social housing lettings | 5,880 | 1,035 | 144 | 7,059 | 6,648 |
| Void losses | 342 | 110 | 1 | 453 | 320 |

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

4. ACCOMODATION IN MANAGEMENT AND DEVELOPMENT

At the end of the year accommodation in management was as follows:

| | GROUP | | TRUST | |
|---|-------------------------|--------------|-------------------------|--------------|
| | No of properties | | No of properties | |
| | 2022 | 2021 | 2022 | 2021 |
| Social Housing | | | | |
| General Needs - social | 2,944 | 2,958 | 2,944 | 2,958 |
| General Needs - affordable | 980 | 970 | 980 | 970 |
| Supported Housing - social | 5 | 4 | 5 | 4 |
| Supported Housing - affordable | 0 | - | 0 | - |
| Housing for older people - social | 1,074 | 1,166 | 1,074 | 1,166 |
| Housing for older people - affordable | 108 | 108 | 108 | 108 |
| Low cost home ownership | 89 | 89 | 89 | 89 |
| Total Social Housing Units | 5,200 | 5,295 | 5,200 | 5,295 |
| | | | | |
| Market Rent | 28 | 2 | 28 | 2 |
| Total units owned | 5,228 | 5,297 | 5,228 | 5,297 |
| | | | | |
| Accommodation managed for others | 11 | 12 | 11 | 12 |
| Total units owned and managed | 5,239 | 5,309 | 5,239 | 5,309 |
| | | | | |
| Accommodation in development at the year end | 66 | 92 | 66 | 92 |

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)
5. OPERATING SURPLUS

| | GROUP | | TRUST | |
|---|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Surplus on ordinary activities is stated after charging: | | | | |
| Depreciation: | | | | |
| Housing properties (note 12) | 5,320 | 5,619 | 5,320 | 5,619 |
| Accelerated depreciation on disposal of components | - | - | - | - |
| Amortisation of grants | (117) | (117) | (117) | (117) |
| Other tangible fixed assets | 356 | 386 | 356 | 386 |
| Impairment of housing properties | - | - | - | - |
| Amortisation: | | | | |
| Goodwill | - | 28 | - | 28 |
| Operating leases: | | | | |
| Other equipment | 16 | 16 | 16 | 16 |
| Auditor's remuneration (excluding VAT): | | | | |
| Fees payable to the Association's auditor for the audit of the parent and Group annual financial statements | 40 | 38 | 40 | 38 |
| Fees payable to the Association's auditors for other services: | | | | |
| Audit of the accounts of subsidiaries | | - | | - |
| All other assurance services | | - | | - |
| Taxation compliance fees | | - | | - |
| All other taxation advisory services | 25 | 36 | 25 | 36 |

6. SURPLUS ON SALE OF FIXED ASSETS

| | GROUP | | TRUST | |
|--|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Housing Properties | | | | |
| Sale proceeds | 1,618 | 812 | 1,618 | 812 |
| Carrying value of fixed assets | (288) | (126) | (288) | (126) |
| Incidental sale expenses | (27) | (5) | (27) | (5) |
| Right to Buy re-imburement | (850) | (587) | (850) | (587) |
| Total surplus on sale of housing properties | 453 | 94 | 453 | 94 |
| Other fixed assets | | | | |
| Sale proceeds | - | - | - | - |
| Carrying value of fixed assets | - | - | - | - |
| Incidental sale expenses | - | - | - | - |
| Total surplus on sale of other fixed assets | - | - | - | - |

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

7. INTEREST RECEIVABLE AND OTHER INCOME

| | GROUP | | TRUST | |
|---------------------------|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Income from bank deposits | 2 | 6 | 2 | 6 |

8. INTEREST PAYABLE AND FINANCIAL COSTS

| | GROUP | | TRUST | |
|--|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Defined benefit pension charge | 120 | (4) | 120 | (4) |
| Loans and bank overdraft | 4,375 | 4,023 | 4,375 | 4,023 |
| SHPS Interest expense | - | 20 | - | 20 |
| | 4,495 | 4,039 | 4,495 | 4,039 |
| Interest capitalised on construction of housing properties | (680) | (272) | (680) | (272) |
| | 3,815 | 3,767 | 3,815 | 3,767 |

9. EMPLOYEES

The average monthly number of persons (including the executive directors but excluding the Board), expressed in full time equivalents (calculated based on a standard working week of 37 hrs):

| | GROUP | | TRUST | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 2022 No. | 2021 No. | 2022 No. | 2021 No. |
| Administration | 45 | 50 | 45 | 50 |
| Housing | 31 | 33 | 31 | 33 |
| Development and maintenance | 80 | 91 | 80 | 91 |
| | 156 | 174 | 156 | 174 |
| Employee Costs: | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Wages and salaries | 5,339 | 5,836 | 5,339 | 5,836 |
| Social security costs | 495 | 532 | 495 | 532 |
| Other Pension costs (Included In operating costs) | 894 | 967 | 894 | 967 |
| | 6,728 | 7,335 | 6,728 | 7,335 |
| Restructuring Costs | 12 | 48 | 12 | 48 |

The Trust's employees are members of the Cheshire Pension Fund or the Social Housing Pension Fund (SHPS).

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

10. DIRECTORS AND SENIOR EXECUTIVE REMUNERATION

The full time equivalent number of staff (including executive directors) whose remuneration payable in relation to the period of account fell within each band of £10,000 from £60,000 upwards. Remuneration includes compensation for loss of office.

| | GROUP | | TRUST | |
|----------------------|-------------|-------------|-------------|-------------|
| | 2022 No. | 2021 No. | 2022 No. | 2021 No. |
| £60,001 to £70,000 | 1 | 1 | 1 | 1 |
| £70,001 to £80,000 | 1 | 1 | 1 | 1 |
| £80,001 to £90,000 | 3 | 3 | 3 | 3 |
| £90,001 to £100,000 | 2 | 3 | 2 | 3 |
| £100,001 to £110,000 | 1 | 1 | 1 | 1 |
| £110,001 to £120,000 | - | - | - | - |
| £120,001 to £130,000 | - | - | - | - |
| £130,001 to £140,000 | 1 | 1 | 1 | 1 |
| £140,001 to £150,000 | - | 1 | - | 1 |
| £150,001 to £160,000 | 1 | - | 1 | - |
| £160,001 to £170,000 | - | - | - | - |
| £170,001 to £180,000 | - | - | - | - |
| £180,000 to £190,000 | - | - | - | - |
| £190,000 to £200,000 | 1 | 1 | 1 | 1 |
| £200,000 to £210,000 | - | - | - | - |
| £210,000 to £220,000 | - | - | - | - |
| £220,000 to £230,000 | - | - | - | - |
| | 11 | 12 | 11 | 12 |

Key Management Personnel

The aggregate remuneration for the Executive Management team who are considered to be the key management personnel charged in the year is:

| | GROUP | | TRUST | |
|---|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Basic Salary | 371 | 369 | 371 | 369 |
| Compensation for loss of office | - | - | - | - |
| Benefits in kind | - | - | - | - |
| Total Remuneration | 371 | 369 | 371 | 369 |
| Social security costs | 45 | 45 | 45 | 45 |
| Pension contributions | 63 | 63 | 63 | 63 |
| Total cost of key management personnel | 480 | 477 | 480 | 477 |

The emoluments of the highest paid employee, excluding pension contributions were £145,875.

The Chief Executive (CX) was the highest paid employee in 2021/2022. The emoluments of the CX, the highest paid employee in 2021/2022, excluding pension contributions were £145,875 (2020: £145,031). The Trust's CX is a member of the Social Housing Pension Scheme. He is an ordinary member and no enhanced or special terms apply. The Trust does not make any further contributions to an individual pension arrangement for the CX.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

10. DIRECTORS AND SENIOR EXECUTIVE REMUNERATION (continued)

The Chair and non-executive board members received an annual emolument. £61,578 was incurred in the year (2020: £62,650). The total board expenses for the year are £581 (2020: £176).

| Non-Executive Directors | Remuneration (£) | Audit Committee | Governance Committee | Board |
|---|------------------|-----------------|----------------------|-------|
| Jane McCall, Chair | 12,497 | | | Chair |
| Anthony Read | 8,150 | Chair | | ✓ |
| Simon Leighton | 6,575 | | Chair | ✓ |
| Allson Hadden | 6,575 | | ✓ | ✓ |
| Brian Puddicombe (Resigned 31 October 2021) | 2,916 | ✓ | | ✓ |
| Gordon Richardson (Resigned 30 September 2021) | 3,075 | | ✓ | ✓ |
| Guy Johnson | 5,000 | ✓ | | ✓ |
| Kate Lindley (Resigned 30 September 2021) | 2,499 | | ✓ | ✓ |
| Tom Agar (Resigned 30 June 2021) | 1,250 | ✓ | | ✓ |
| Shahida Latif-Haider (Co-optee not board Member) | 2,793 | ✓ | | |
| Fiona McAuley | 5,249 | | ✓ | ✓ |
| David Blanchard | 2,500 | ✓ | | |
| Zahir Yasir | 2,500 | | ✓ | |

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)****11. TAX ON SURPLUS ORDINARY ACTIVITIES**

The taxation charge which arises in the Trust included within these financial statements comprises:

| | GROUP | | TRUST | |
|--|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Current tax | | | | |
| UK corporation tax on surplus for year | 14 | 16 | 14 | 16 |
| Adjustments in respect of prior years | - | (9) | - | (9) |
| Total current tax | 14 | 7 | 14 | 7 |
| | | | | |
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Total tax reconciliation | | | | |
| Surplus on ordinary activities before tax | 3,733 | 2,246 | 3,764 | 2,263 |
| Theoretical tax at UK corporation tax rate 19% (2020: 19%) | 709 | 427 | 715 | 430 |
| - Non-taxable income | (692) | (408) | (698) | (411) |
| - Capital allowances | (3) | (3) | (3) | (3) |
| Total taxation charge | 14 | 16 | 14 | 16 |

Cheshire Peaks & Plains Housing Trust Limited is an exempt charity with charitable status for tax purposes. As such its main sources of income and gains, received under Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, are exempt from taxation to the extent that they are applied exclusively to its charitable objectives. Non primary trading includes Feed-in-Tariff income received as part of the Trust's renewable energy project. The aggregate current tax relating to items that are recognised as items of other comprehensive income is £14k (2021: £7k).

Peaks & Plains Devco Ltd commenced trading during 2019 - 2020, with taxation due on the surpluses generated during 2021-2022. The aggregate current tax recognised for the period is £nil (2021: £nil) as a Gift Aid payment will be made to Cheshire Peaks & Plains Housing Trust.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)
12. FIXED ASSETS: HOUSING PROPERTIES – GROUP

| | Housing properties held for letting £'000s | Housing properties under construction £'000s | Completed Shared Ownership Properties £'000s | Under Construction Shared Ownership Properties £'000s | Total Housing properties £'000s |
|-----------------------------------|---|---|---|--|------------------------------------|
| Cost | | | | | |
| At 1 April 2021 | 180,479 | 8,257 | 5,877 | 2,609 | 197,222 |
| New development schemes | | 6,355 | | 221 | 6,576 |
| Works to existing properties | 5,278 | | 17 | | 5,295 |
| Impairment | | (326) | | | (326) |
| Interest capitalised | | 577 | | 103 | 680 |
| Schemes completed | 1,237 | (1,237) | | | 0 |
| Transfer to Investment Properties | (164) | (4,091) | | | (4,255) |
| Transfer to Properties for Sale | (65) | | | | (65) |
| Disposals | (1,100) | | (16) | | (1,116) |
| At 31 March 2022 | 185,665 | 9,535 | 5,878 | 2,933 | 204,011 |
| Depreciation | | | | | |
| At 1 April 2021 | 54,402 | - | 178 | - | 54,580 |
| Depreciation charged in year | 5,005 | | 108 | | 5,113 |
| Replaced components | (447) | | | | (447) |
| Transfer to Properties for Sale | (25) | | | | (25) |
| Released on disposal | (132) | | | | (132) |
| At 31 March 2022 | 58,803 | 0 | 286 | 0 | 59,089 |
| Net book value | | | | | |
| As at 31 March 2022 | 126,862 | 9,535 | 5,592 | 2,933 | 144,922 |
| At 31 March 2021 | 126,077 | 8,257 | 5,699 | 2,609 | 142,642 |

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)
12. FIXED ASSETS: HOUSING PROPERTIES – Trust (continued)

| | Housing properties held for letting £'000s | Housing properties under construction £'000s | Completed Shared Ownership Properties £'000s | Under Construction Shared Ownership Properties £'000s | Total Housing properties £'000s |
|-----------------------------------|---|---|--|--|---------------------------------------|
| Cost | | | | | |
| At 1 April 2021 | 180,479 | 8,277 | 5,877 | 2,622 | 197,255 |
| New development schemes | | 6,364 | | 223 | 6,587 |
| Works to existing properties | 5,278 | | 17 | | 5,295 |
| Impairment | - | (326) | | - | (326) |
| Interest capitalised | | 577 | | 103 | 680 |
| Schemes completed | 1,237 | (1,237) | | | 0 |
| Transfer to Investment Properties | (164) | (4,091) | | | (4,255) |
| Transfer to Properties for Sale | (65) | | | | (65) |
| Disposals | (1,100) | | (16) | | (1,116) |
| At 31 March 2022 | 185,665 | 9,564 | 5,878 | 2,948 | 204,055 |
| Depreciation | | | | | |
| At 1 April 2021 | 54,402 | - | 178 | - | 54,580 |
| Depreciation charged in year | 5,005 | | 108 | | 5,113 |
| Impairment charged in year | | | | | |
| Replaced components | (447) | | | | (447) |
| Transfer to Properties for Sale | (25) | | | | (25) |
| Released on disposal | (132) | | | | (132) |
| At 31 March 2022 | 58,803 | 0 | 286 | 0 | 59,089 |
| Net book value | | | | | |
| As at 31 March 2022 | 126,862 | 9,564 | 5,592 | 2,948 | 144,966 |
| At 31 March 2021 | 126,077 | 8,277 | 5,699 | 2,622 | 142,675 |

Expenditure on works to existing properties

| | GROUP | | TRUST | |
|---|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Amounts capitalised | 5,295 | 4,933 | 5,295 | 4,933 |
| Amounts charged to income and expenditure account | 6,494 | 6,640 | 6,494 | 6,640 |
| | 11,789 | 11,573 | 11,789 | 11,573 |

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)****12. FIXED ASSETS: HOUSING PROPERTIES – Trust (continued)****Social Housing Assistance**

| | GROUP | | TRUST | |
|--|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Total accumulated social housing grant received or receivable as 31 March: | | | | |
| Recognised In the Statement of Comprehensive Income | 1,823 | 1,706 | 1,823 | 1,706 |
| Held as deferred Income | 12,047 | 11,574 | 12,047 | 11,574 |
| Total | 13,871 | 13,280 | 13,871 | 13,280 |

Housing properties book value net of depreciation

| | GROUP | | TRUST | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Freehold land and buildings | 144,479 | 142,273 | 144,523 | 142,273 |
| Leasehold land and buildings | 443 | 402 | 443 | 402 |
| | 144,922 | 142,675 | 144,966 | 142,675 |

Impairment

The Group considers individual schemes to be separate Cash Generating Units (CGUs) when assessing for impairment, in accordance with the requirements of Financial Reporting 102 and SORP 2018. CGUs were assessed for changes to the operating environment or the asset and as a result no social housing properties were impaired.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

13. TANGIBLE FIXED ASSETS – OTHER – GROUP

| | Freehold and Leasehold properties £'000s | Fixture and fittings £'000s | Computers & Office Equipment £'000s | Total £'000s |
|-----------------------------------|---|-----------------------------------|---|-----------------|
| Cost | | | | |
| At 1 April 2021 | 1,794 | 1,440 | 2,402 | 5,636 |
| Additions | - | - | 151 | 151 |
| Transfer to Investment Properties | | | | |
| Disposals | | | | |
| At 31 March 2022 | 1,794 | 1,440 | 2,553 | 5,787 |
| Depreciation | | | | |
| At 1 April 2021 | 243 | 359 | 1,958 | 2,560 |
| Charged in year | 44 | 90 | 222 | 356 |
| Transfer to Investment Properties | | | | |
| Released on disposal | | | | |
| At 31 March 2022 | 287 | 449 | 2,180 | 2,916 |
| At 31 March 2022 | 1,507 | 991 | 373 | 2,871 |
| At 31 March 2021 | 1,551 | 1,081 | 444 | 3,076 |

Freehold and leasehold properties consists of Ropewalks Office. The Group secured the office to Cheshire Pension Fund in 2018/2019.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

13. TANGIBLE FIXED ASSETS – OTHER – TRUST (continued)

| | Freehold and Leasehold properties £'000s | Fixture and fittings £'000s | Computers & Office Equipment £'000s | Total £'000s |
|-----------------------------------|---|-----------------------------------|---|-----------------|
| Cost | | | | |
| At 1 April 2021 | 1,794 | 1,440 | 2,402 | 5,636 |
| Additions | - | - | 151 | 151 |
| Transfer to Investment Properties | | | | |
| Disposals | | | | |
| At 31 March 2022 | 1,794 | 1,440 | 2,553 | 5,787 |
| Depreciation | | | | |
| At 1 April 2021 | 243 | 359 | 1,958 | 2,560 |
| Charged in year | 44 | 90 | 222 | 356 |
| Transfer to Investment Properties | | | | |
| Released on disposal | | | | |
| At 31 March 2022 | 287 | 449 | 2,180 | 2,916 |
| At 31 March 2022 | 1,507 | 991 | 373 | 2,871 |
| At 31 March 2021 | 1,551 | 1,081 | 444 | 3,076 |

Freehold and leasehold properties consists of Ropewalks Office. The Group secured the office to Cheshire Pension Fund in 2018/2019.

14. INTANGIBLE FIXED ASSETS: GOODWILL

| | GROUP Goodwill £'000s | TRUST Goodwill £'000s |
|--------------------------------------|-----------------------------|-----------------------------|
| Cost | | |
| As at 1 April 2021 and 31 March 2022 | 1,331 | 1,331 |
| Amortisation | | |
| At 1 April 2021 | 1,331 | 1,331 |
| Charge for year | - | - |
| At 31 March 2022 | 1,331 | 1,331 |
| Net book value | | |
| At 31 March 2022 | - | - |
| At 31 March 2021 | - | - |

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)****14. INTANGIBLE FIXED ASSETS: GOODWILL CONTINUED**

Goodwill of £1,331,000 arose on the stock transfer from Macclesfield Borough Council on 17 July 2006. The Trust applied the transactional relief on adoption of FRS 102, as it took place prior to transition date of 1 April 2014 and therefore has not been restated.

15. INVESTMENT PROPERTIES – COMMERCIAL PROPERTY

| | GROUP | TRUST |
|-----------------------------------|---------------|---------------|
| | 2022 | 2022 |
| | £'000s | £'000s |
| At 1 st April 2020 | 3,255 | 3,255 |
| Additions | - | - |
| Impairment | (65) | (65) |
| | <hr/> | <hr/> |
| As at 31 st March 2021 | 3,190 | 3,190 |
| At 1 April 2021 | 3,190 | 3,190 |
| Additions | 4,354 | 4,354 |
| Impairment | (114) | (114) |
| | <hr/> | <hr/> |
| At 31 March 2022 | 7,429 | 7,429 |
| | <hr/> <hr/> | <hr/> <hr/> |

The valuation for Ropewalks as at 31 March 2022 is an independent valuation carried out by Colliers International professional external valuers. The full valuation of properties was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors.

In valuing investment properties, an investment methodology was adopted with key assumptions:

| | |
|------------------|-------|
| Initial yield | 3.83% |
| Equivalent yield | 8.50% |

There have been 3 additions to investment property in the year. In March 2022 the Trust took back Honford Hall from the Council to whom it was leased. The Hall is used as a community centre and rented out. 40 Sunderland Street is a property acquired as part of the Sunderland Street regeneration. It has been re-fitted and is being marketed commercially. Finally, the 26 PRS units at Crossings handed over in March 2022. An independent valuation of each site was carried out by Thompson Associates for each property.

16. INVESTMENT

| | GROUP | TRUST |
|-------------------------|--------------|---------------|
| | 2022 | 2022 |
| | £'000 | £'000s |
| At 1 April 2021 | 7 | 7 |
| Addition in year | - | - |
| | <hr/> | <hr/> |
| At 31 March 2022 | 7 | 7 |
| | <hr/> <hr/> | <hr/> <hr/> |

The Group holds 650 fully paid shares of £10 each in the Gawsworth Community Shop.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)****17. INVESTMENT IN SUBSIDIARIES**

The Trust has an investment of one share (£1) in Peaks & Plains Devco Limited and one share (£1) in Peaks & Plains Tradeco Limited, which are both subsidiaries of the Trust at the end of the year. Peaks & Plains Tradeco is classed as dormant i.e. not trading at the end of the year. Peaks & Plains Devco Limited began trading in 2019. There were transactions between the Trust and Peaks & Plains Devco Limited during the year. The Trust has the right to appoint members to the boards of the two subsidiaries and therefore exercise control over them.

The Trust is the ultimate parent undertaking. The registered office is the same for all of the group entities.

18. CASH & CASH EQUIVALENTS

| | GROUP | | TRUST | |
|--------------------------|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Cash at bank and in hand | 3,183 | 3,971 | 3,142 | 3,414 |
| Cash equivalents | 118 | 1,618 | 118 | 1,618 |
| Bank overdraft | - | - | - | - |
| | <u>3,301</u> | <u>5,589</u> | <u>3,260</u> | <u>5,032</u> |

19. PROPERTIES FOR SALE

| | GROUP | | TRUST | |
|--|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Shared Ownership Properties: Completed Properties | - | - | - | - |
| Work in Progress | 2,105 | 1,412 | 2,105 | 1,412 |
| Land and properties held for sale | 341 | - | 341 | - |
| | <u>2,446</u> | <u>1,412</u> | <u>2,446</u> | <u>1,412</u> |

20. DEBTORS

| | GROUP | | TRUST | |
|--|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Arrears of rent and service charges | 999 | 976 | 999 | 976 |
| Less: provision for bad and doubtful debts | (454) | (479) | (454) | (479) |
| | <u>545</u> | <u>497</u> | <u>545</u> | <u>497</u> |
| Other debtors | 692 | 409 | 691 | 406 |
| Prepayments and accrued income | 1,122 | 631 | 1,122 | 631 |
| Amounts owed by group undertakings | - | - | - | 16 |
| | <u>2,359</u> | <u>1,537</u> | <u>2,358</u> | <u>1,550</u> |

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | GROUP | | TRUST | |
|--|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Trade creditors | 2,080 | 1,508 | 2,052 | 973 |
| Other creditors | 1,343 | 865 | 1,343 | 865 |
| Bank Loans | 5,720 | - | 5,720 | - |
| Rent and service charges received in advance | 896 | 830 | 896 | 830 |
| Amounts owed to group undertakings | - | - | 30 | 683 |
| Other taxation and social security creditors | - | - | - | - |
| Accruals and deferred income | 2,664 | 3,900 | 2,618 | 3,226 |
| Deferred grant income (Note 23) | 117 | 117 | 117 | 117 |
| Social housing grants in advance of costs | - | - | - | - |
| | 12,820 | 7,220 | 12,776 | 6,694 |

22. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | GROUP | | TRUST | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Loans | 73,096 | 77,085 | 73,096 | 77,085 |
| Debt (Note 26) | 73,096 | 77,085 | 73,096 | 77,085 |
| Deferred grant income (Note 23) | 11,930 | 11,457 | 11,930 | 11,457 |
| Disposal Proceeds Fund | - | - | - | - |
| Recycled Capital Grant Fund (Note 25) | 103 | 16 | 103 | 16 |
| Sinking fund (Note 24) | 6 | - | 6 | - |
| | 85,135 | 88,558 | 85,135 | 88,558 |

23. DEFERRED GRANT INCOME

| | GROUP | | TRUST | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| At 1 April 2021 | 11,574 | 11,501 | 11,574 | 11,501 |
| Grant received in the year | 591 | 190 | 591 | 190 |
| Released to income in the year | (117) | (117) | (117) | (117) |
| At 31 March 2022 | 12,047 | 11,574 | 12,047 | 11,574 |
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Amounts to be released within one year | 117 | 117 | 117 | 117 |
| Amounts to be released in more than one year | 11,930 | 11,457 | 11,930 | 11,457 |
| At 31 March 2022 | 12,047 | 11,574 | 12,047 | 11,574 |

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

24. SINKING FUND

| | GROUP | | TRUST | |
|----------------------------|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| At 1 April 2021 | - | - | - | - |
| Sinking Fund Contributions | 6 | - | 6 | - |
| Interest accrued | - | - | - | - |
| | - | - | - | - |
| At 31 March 2022 | 6 | - | 6 | - |

25. RECYCLED CAPITAL GRANT FUND

| | GROUP | | TRUST | |
|------------------|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| At 1 April 2021 | 16 | 16 | 16 | 16 |
| Deposits | 87 | - | 87 | - |
| Interest accrued | - | - | - | - |
| Withdrawals | - | - | - | - |
| At 31 March 2022 | 103 | 16 | 103 | 16 |

As at 31 March 2022, 2 Right to Acquire claims were made (2021: £nil).

26. DEBT ANALYSIS

Borrowings

| | GROUP | | TRUST | |
|-------------------------------------|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Due within one year | | | | |
| Bank Loans | 5,720 | - | 5,720 | - |
| Due after more than one year | | | | |
| Bank Loans | 73,096 | 77,085 | 73,096 | 77,085 |
| | 78,816 | 77,085 | 78,816 | 77,085 |

Security

The bank loans are secured by a floating charge over the assets of the Group and by fixed charges on individual properties.

Terms of repayment and interest rates

The principal amount of the housing loans outstanding was £76m at 31 March 2022. £60m is charged interest at a fixed rate with final repayment in the period 2036 to 2040 on rates of interest ranging from 5.72% to 6.73%. £4m was drawn down from the Local Authority loan facility on 13 March 2018 at a fixed rate of 4.06%. This rate comprises of the Public Works Loan Board (PWLb) rate at issue of 2.91% plus a margin of 1.15% and is repayable on 13 March 2048. The revolving Credit facility was £2m at the year end. The variable loan of £10m is charged interest at a margin on the variable rate linked to 3 month SONIA. The difference between the outstanding loan of £76m and the carrying value of £78.9m is an adjustment in accordance with FRS 102 to recognise the loans at amortised cost and reflect an effective interest rate over the life of the facilities. The loans are classified as basic and measured at amortised cost using the effective interest rate method.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

26. DEBT ANALYSIS (continued)

Based on the lender's earliest repayment date, borrowings are repayable as follows:

| | GROUP | | TRUST | |
|--|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Within one year or on demand | 5,720 | - | 5,720 | - |
| One year or more but less than two years | 4,126 | 3,720 | 4,126 | 3,720 |
| Two years or more but less than five years | 5,000 | 4,126 | 5,000 | 4,126 |
| Five years or more | 61,154 | 66,154 | 61,154 | 66,154 |
| Total Loans | 76,000 | 74,000 | 76,000 | 74,000 |

Since year end, the Trust has secured a new funding through a private placement with Aviva. This funding comprises of 3 tranches:

- Tranche A £25m senior secured notes, coupon rate 4.2% settlement rate 7 July 2022 due 2042,
- Tranche B £20m senior secured notes, coupon rate 4.81% settlement date 7 July 2023 due 2048
- Tranche C £27.5m senior secured notes, coupon rate 4.72% settlement date 7 July 2022 due 2052

The Trust intends to repay £35m of the fixed rate Barclays facility once this new funding is in place. A revised RCF facility with Barclays for £30m has been agreed and is due to complete in July 2022.

27. PENSION SCHEMES

The Trust participates in two defined benefit pension schemes that were no longer offered to staff from June 2019 and were closed to future accrual by existing staff on 1st April 2022. These two schemes, 'The Cheshire Fund' (Local Government Pension Scheme) defined benefit scheme, 'The Cheshire Fund', and 'The Social Housing Pension Scheme (SHPS)', both provide benefits based on final pensionable pay. The assets of these schemes are held separately from those of the Trust.

From July 2019 a new Social Housing Pension Scheme defined benefits CARE 80th scheme was opened to all staff. This scheme was closed to both new staff and future accrual by existing staff from 1st April 2022

A SHPS defined contribution scheme is used as the auto enrolment option when no other option is selected. From 1st April 2022 the SHPS defined contribution scheme is the only one open to existing and future staff

The Cheshire Fund

The Cheshire Fund (LGPS) is a multi-employer scheme, administered by Cheshire West Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2016 and rolled forward, allowing for the different financial assumptions required under FRS 102, to give the projected net pension cost to 31 March 2022 calculated by a qualified independent actuary.

The employer's contribution to the LGPS by the company for the year ended 31 March 2022 were £400,000 (2021: £449,000) at a contribution rate of 29.7% of pensionable salaries.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)
27 PENSION SCHEMES (Cont'd)

The major assumptions used for the actuarial valuation were as follows:

| Principal actuarial assumptions at the balance sheet date (expressed as weighted averages) | GROUP | | TRUST | |
|---|-------|------|-------|------|
| | 2022 | 2021 | 2022 | 2021 |
| | % | % | % | % |
| Inflation/pension increase rate | 3.0% | 2.6% | 3.0% | 2.6% |
| Rate of increase in salaries | 3.5% | 3.1% | 3.5% | 3.1% |
| Expected return on asset | 2.7% | 2.1% | 2.7% | 2.1% |
| Discount rate | 2.7% | 2.1% | 2.7% | 2.1% |

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

| | 2021-2022 | | 2020-2021 | |
|--------------------|------------|------------|------------|------------|
| | Males | Females | Males | Females |
| Current pensioners | 20.4 years | 23.4 years | 20.3 years | 23.4 years |
| Future pensioners | 21.7 years | 24.6 years | 21.7 years | 24.6 years |

The amounts recognised in the Income and expenditure account are as follows:

| | GROUP | | TRUST | |
|---|-------------|------------|-------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £'000s | £'000s | £'000s | £'000s |
| Current service cost | 611 | 473 | 611 | 473 |
| Past service cost | (327) | - | (327) | - |
| Amounts charged to operating costs | 284 | 473 | 284 | 473 |
| Interest income on scheme assets | 613 | 600 | 613 | 600 |
| Interest on defined benefit obligation | (684) | (596) | (684) | (596) |
| Amounts charged to other finance costs | (71) | 4 | (71) | 4 |

The amount included in the balance sheet arising from the Trust's obligations in respect of its defined benefit scheme is as follows:

| | GROUP | | TRUST | |
|--|--------------|----------------|--------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £'000s | £'000s | £'000s | £'000s |
| Fair value of scheme assets | 31,279 | 29,276 | 31,279 | 29,276 |
| Present value of defined benefit obligations | (31,665) | (32,531) | (31,665) | (32,531) |
| (Deficit) / Surplus in the scheme | (386) | (3,255) | (386) | (3,255) |
| Non-recoverable surplus | - | - | - | - |
| Net liability in the balance sheet | (386) | (3,255) | (386) | (3,255) |

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

27. PENSION SCHEMES (continued)

Changes in the present value of the defined benefit obligation are as follows:

| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
|--------------------------------------|----------------|----------------|----------------|----------------|
| Opening defined benefit obligation | 32,531 | 24,870 | 32,531 | 24,870 |
| Current service cost | 284 | 473 | 284 | 473 |
| Past service cost | | - | | - |
| Interest on pension liabilities | 684 | 596 | 684 | 596 |
| Contributions by scheme participants | 99 | 113 | 99 | 113 |
| Actuarial losses / (gains) | (1,328) | 7,073 | (1,328) | 7,073 |
| Benefits paid | (605) | (594) | (605) | (594) |
| Closing defined benefit obligation | <u>31,665</u> | <u>32,531</u> | <u>31,665</u> | <u>32,531</u> |

Changes in the fair value of the scheme assets are as follows:

| | GROUP | | TRUST | |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Opening fair value of scheme assets | 29,276 | 25,033 | 29,276 | 25,033 |
| Expected return on scheme assets | 613 | 600 | 613 | 600 |
| Contributions by scheme participants | 99 | 113 | 99 | 113 |
| Contributions by the employer | 400 | 449 | 400 | 449 |
| Actuarial gains / (losses) | 1,496 | 3,675 | 1,496 | 3,675 |
| Benefits paid | (605) | (594) | (605) | (594) |
| Closing fair value of scheme assets | <u>31,279</u> | <u>29,276</u> | <u>31,279</u> | <u>29,276</u> |

Actual return on scheme assets

| | GROUP | | TRUST | |
|-----------------------|-----------|-----------|-----------|-----------|
| | 2022 % | 2021 % | 2022 % | 2021 % |
| Cheshire Pension Fund | 7.2% | 17.1% | 7.2% | 17.1% |

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

| | GROUP | | TRUST | |
|----------|-----------|-----------|-----------|-----------|
| | 2022 % | 2021 % | 2022 % | 2021 % |
| Equities | 42% | 46% | 42% | 46% |
| Bonds | 41% | 40% | 41% | 40% |
| Property | 11% | 10% | 11% | 10% |
| Cash | 6% | 4% | 6% | 4% |

The Social Housing Pension Scheme

The Trust participates in this multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

For the year ended 31 March 2022, sufficient information is available for the association in respect of SHPS to account for its obligation on a defined benefit basis. The most recent formal actuarial valuation as completed as at 30 September 2017 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2022 by a qualified independent actuary.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

27. PENSION SCHEMES (continued)

Under the defined benefit pension accounting approach, the SHPS net deficit as at 1 April 2021 is £2.28m and £499k as at 31 March 2022.

The major assumptions used for the actuarial valuation were as follows:

| Principal actuarial assumptions at the balance sheet date (expressed as weighted averages) | GROUP | | TRUST | |
|---|-----------|-----------|-----------|-----------|
| | 2022 % | 2021 % | 2022 % | 2021 % |
| Discount rate | 2.70% | 2.10% | 2.70% | 2.10% |
| Inflation (RPI) | 3.60% | 3.20% | 3.60% | 3.20% |
| Inflation (CPI) | 3.00% | 2.60% | 3.00% | 2.60% |
| Salary growth | 3.50% | 3.10% | 3.50% | 3.10% |

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

| | 2021-2022 | | 2020-2021 | |
|--------------------|------------|------------|------------|------------|
| | Males | Females | Males | Females |
| Current pensioners | 20.8 years | 23.4 years | 21.5 years | 23.4 years |
| Future pensioners | 22.1 years | 24.8 years | 22.8 years | 25.0 years |

The amounts recognised in the income and expenditure account are as follows:

| | GROUP | | TRUST | |
|--|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Current service cost | 493 | 403 | 493 | 403 |
| Interest on obligation | 56 | 20 | 56 | 20 |
| Defined benefit costs recognised in statement of comprehensive income | 549 | 423 | 549 | 423 |

Fair values defined benefit obligation, fair values of assets and defined benefit liability:

| | GROUP | | TRUST | |
|--|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Fair value of scheme assets | 6,436 | 4,531 | 6,436 | 4,531 |
| Present value of defined benefit obligations | (6,935) | (6,811) | (6,935) | (6,811) |
| Deficit in the scheme | (499) | (2,280) | (499) | (2,280) |
| Net liability in the balance sheet | (499) | (2,280) | (499) | (2,280) |

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

27. PENSION SCHEMES (continued)

Changes in the present value of the defined benefit obligation are as follows:

| | GROUP | | TRUST | |
|---|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Opening defined benefit obligation | 6,811 | 4,380 | 6,811 | 4,380 |
| Current service cost | 493 | 403 | 493 | 403 |
| Interest on pension liabilities | 148 | 110 | 148 | 110 |
| Contributions by scheme participants | | - | | - |
| Actuarial losses/(gains) | 510 | 1,932 | 510 | 1,932 |
| Benefits paid | (7) | (14) | (7) | (14) |
| Closing defined benefit obligation | 6,935 | 6,811 | 6,935 | 6,811 |

Changes in the fair value of the scheme assets are as follows:

| | GROUP | | TRUST | |
|--|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Opening fair value of scheme assets | 4,531 | 3,534 | 4,531 | 3,534 |
| Expected return on scheme assets | 99 | 90 | 99 | 90 |
| Contributions by scheme participants | | - | | - |
| Contributions by the employer | 431 | 451 | 431 | 451 |
| Actuarial losses/(gains) | 1,389 | 470 | 1,389 | 470 |
| Benefits paid | (14) | (14) | (14) | (14) |
| Closing fair value of scheme assets | 6,436 | 4,531 | 6,436 | 4,531 |

Actual return on scheme assets

| | GROUP | | TRUST | |
|-------------------------------|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Social Housing Pension Scheme | 1,389 | 470 | 1,389 | 470 |

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

| | GROUP | | TRUST | |
|----------|-------|------|-------|------|
| | 2022 | 2021 | 2022 | 2021 |
| Equities | 23% | 19% | 23% | 19% |
| Bonds | 61% | 66% | 61% | 66% |
| Property | 12% | 11% | 12% | 11% |
| Cash | 4% | 4% | 4% | 4% |

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

27. PENSION SCHEMES (continued)

Amounts recognised in the balance sheet

The amounts recognised in the balance sheet are as follows:

| | GROUP | | TRUST | |
|---|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| The Cheshire Fund | | | | |
| Present value of scheme liabilities | 31,279 | 32,531 | 31,279 | 32,531 |
| Fair value of scheme assets | 31,665 | 29,276 | 31,665 | 29,276 |
| Defined benefit scheme liability/(surplus) | 386 | 3,255 | 386 | 3,255 |
| Non-recoverable surplus | | - | | - |
| Net pension liability | 386 | 3,255 | 386 | 3,255 |
| The Social Housing Pension Scheme | | | | |
| Present value of scheme liabilities | 6,935 | 6,811 | 6,935 | 6,811 |
| Fair value of scheme assets | 6,436 | 4,531 | 6,436 | 4,531 |
| Net pension liability | 499 | 2,280 | 499 | 2,280 |

28. RESERVES

Income and expenditure reserve - Includes all current and prior period retained surplus and deficits.

29. CASH FLOW FROM OPERATING ACTIVITIES

| | GROUP | | TRUST | |
|--|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Surplus for the year | 3,531 | 2,239 | 3,562 | 2,256 |
| Adjustments for non-cash items: | | | | |
| Depreciation and impairment of tangible fixed assets | 4,720 | 5,624 | 4,720 | 5,624 |
| Depreciation of other fixed assets | 356 | 386 | 356 | 386 |
| Amortisation of intangible assets | - | 28 | - | 28 |
| Decrease in trade and other debtors | (755) | 88 | (742) | 80 |
| (Decrease)/increase in trade and other creditors | (71) | (275) | 411 | (803) |
| (Increase)/Decrease in properties held for sale | (1,034) | (298) | (1,034) | (298) |
| Pension costs less contributions payable | (47) | (24) | (47) | (24) |
| Net fair value loss recognised in profit | 91 | 65 | 91 | 65 |
| Adjustments for investing or financing activities: | | | | |
| Net gain on sale of fixed assets | (453) | (94) | (453) | (94) |
| Government grants utilised in the year | (117) | (117) | (117) | (117) |
| Interest payable | 4,495 | 4,039 | 4,495 | 4,039 |
| Interest receivable | - | (6) | - | (6) |
| Net cash generated from operating activities | 10,715 | 11,655 | 11,241 | 11,136 |

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

29. CASH FLOW FROM OPERATING ACTIVITIES (Continued)

| Analysis of change in net debt - GROUP | | | | |
|---|----------------------------------|-------------------|-----------------------|----------------------|
| | 1st April 2021 | Cash flows | Other non-cash | 31 March 2022 |
| | £'000s | £'000s | movements | £'000s |
| | | | £'000s | |
| Cash | 5,589 | (2,289) | | 3,301 |
| Bank loans due greater than one year | (77,085) | | 3,989 | (73,096) |
| Total | (71,496) | (2,289) | 269 | (73,516) |

| Analysis of change in net debt - TRUST | | | | |
|---|----------------------------------|-------------------|-----------------------|----------------------|
| | 1st April 2021 | Cash flows | Other non-cash | 31 March 2022 |
| | £'000s | £'000s | movements | £'000s |
| | | | £'000s | |
| Cash | 5,032 | (1,772) | | 3,260 |
| Bank loans due greater than one year | (77,085) | | 3,989 | (73,096) |
| Total | (72,053) | (1,772) | 269 | (73,556) |

30. CAPITAL COMMITMENTS

| | GROUP | | TRUST | |
|---|---------------|---------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £'000s | £'000s | £'000s | £'000s |
| Expenditure contracted for but not provided for in the accounts | 2,759 | 7,923 | 2,759 | 7,923 |
| Expenditure authorised by the Board, but not contracted | 5,995 | 5,268 | 5,995 | 5,268 |
| | 8,754 | 13,191 | 8,754 | 13,191 |

The above commitments will be financed primarily through existing cash surpluses (£3m) and from existing loans already available to draw (£21m). The Trust also has in place a £25m revolving credit facility with Barclays Bank. Social housing grant (£0.5m) and income from future property sales (£2.3m) is expected in the 2021/22 financial year.

31. CONTINGENT ASSETS / LIABILITIES

The Trust had no contingent assets at 31 March 2022 (2021: nil).

The Trust receives capital grant from Homes England (and its predecessor bodies), which is used to fund the acquisition and development of housing properties and their components. In certain circumstances upon disposal of grant funded properties the Trust is required to recycle this grant by crediting the Recycled Capital Grant Fund.

At 31 March 2022, the Trust had not disposed of any components that had received grant funding. As the timing of any future disposal is uncertain, no provision has been recognised in these financial statements.

The Trust had no other contingent liabilities to disclose at 31 March 2022 (2021: nil):

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)****32. LEASING COMMITMENTS**

The future minimum lease payments of leases are as set out below. Leases relate to vehicle fleet and office equipment.

Future minimum operating lease payments

| | GROUP | | TRUST | |
|----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31 March 2022 £'000s | 31 March 2021 £'000s | 31 March 2022 £'000s | 31 March 2021 £'000s |
| Within one year | 241 | 237 | 241 | 237 |
| Between one and five years | 46 | 249 | 46 | 249 |
| | <u>287</u> | <u>486</u> | <u>287</u> | <u>486</u> |

33. RELATED PARTIES

Brian Puddicombe resigned from the Board on 31st October 2021 and was also a councillor with Cheshire East Council.

Disclosures in relation to key management personnel are included in note 10.

Transactions with non-regulated entities

The Trust provides management services to its subsidiary. The intercompany transactions are set out below.

| | Management Charges | | Design and build charges | |
|----------------------------------|-------------------------|-------------------------|--------------------------|-------------------------|
| | 31 March 2022 £'000s | 31 March 2021 £'000s | 31 March 2022 £'000s | 31 March 2021 £'000s |
| Payable to Trust by subsidiaries | | | | |
| Peaks & Plains Devco Ltd | 30 | 16 | - | - |
| Payable by Trust to subsidiaries | | | | |
| Peaks & Plains Devco Ltd | - | - | 6,227 | 4,738 |

34. FINANCIAL ASSETS AND LIABILITIES

The board policy on financial instruments is explained in the Board Report as are references to financial risks.

Categories of financial assets and liabilities

| | GROUP | | TRUST | |
|--|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Financial assets measured at amortised cost | | | | |
| Cash | 3,301 | 5,589 | 3,260 | 5,032 |
| Debtors | 2,638 | 1,757 | 2,608 | 1,753 |
| | <u>5,939</u> | <u>7,346</u> | <u>5,867</u> | <u>6,785</u> |
| Financial liabilities measured at amortised cost | | | | |
| Loans | 78,816 | 77,085 | 78,816 | 77,085 |
| Creditors | 3,440 | 2,360 | 3,412 | 1,826 |
| Accruals | 2,637 | 4,445 | 2,606 | 3,771 |
| | <u>84,893</u> | <u>83,890</u> | <u>84,835</u> | <u>82,682</u> |

The amortised cost of the financial liability is net of the amount at which the liability is measured at initial recognition plus the cumulative amortisation using the effective interest method of any difference between the amount at initial recognition and the maturity amount.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)****34. FINANCIAL ASSETS AND LIABILITIES (continued)****Financial assets**

Other than short-term debtors, financial assets held are cash deposits placed in 95-day notice business accounts and cash at bank. They are Sterling denominated and the interest rate profile at 31 March 2022 was:

| | GROUP | | TRUST | |
|--|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Financial assets held in 95 day notice accounts | 118 | 1,618 | 118 | 1,618 |
| Financial assets held in bank account | 3,182 | 3,971 | 3,141 | 3,414 |
| Financial assets held in 30 day fixed term account | - | - | - | - |
| | <u>3,301</u> | <u>5,589</u> | <u>3,260</u> | <u>5,032</u> |

The financial assets held in 95 day notice accounts attract interest ranging from 0.1% to 0.4%. The balance of £0.118m has no fixed maturity. The remaining financial assets are floating rate, attracting interest at rates that vary with bank rates.

Financial liabilities excluding trade creditors – Interest rate risk profile

The Trust's financial liabilities are Sterling denominated. The interest rate profile of the Trust's financial liabilities at 31 March 2022 was:

| | GROUP | | TRUST | |
|---------------|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Fixed rate | 60,525 | 63,519 | 60,525 | 63,519 |
| Variable rate | 15,475 | 10,481 | 15,475 | 10,481 |
| | <u>76,000</u> | <u>74,000</u> | <u>76,000</u> | <u>74,000</u> |

The fixed rate financial liabilities have a weighted average interest rate of 6.48% (2021: 6.49%) and the weighted average period for which it is fixed is 12.0 years (2021: 13.0 years).

The debt maturity profile is shown in note 26.

Borrowing facilities

The Trust has undrawn committed borrowing facilities. The facilities available at 31 March 2022 in respect of which all conditions precedent had been met were as follows:

| | GROUP | | TRUST | |
|---------------------------------|----------------|----------------|----------------|----------------|
| | 2022 £'000s | 2021 £'000s | 2022 £'000s | 2021 £'000s |
| Expiring in less than 2 years | 23,000 | - | 23,000 | - |
| Expiring in more than two years | 21,000 | 46,000 | 21,000 | 46,000 |
| | <u>44,000</u> | <u>46,000</u> | <u>44,000</u> | <u>46,000</u> |