

# **CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 March 2014**

Homes and Communities Agency: L4472  
Registered Charity Number: 1114633  
Company Number: 5358740

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 March 2014**

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# **CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**

## **THE BOARD, SENIOR EXECUTIVES AND ADVISORS**

### **The Board**

#### **Independent members**

David Gooda, Chairman

Jan Hennessey

Nicholas Mannion

Clare Hayward

Matthew Cunningham

Resigned 21 May 2013

Appointed 14 November 2013

#### **Council nominees**

Diana Thompson

Roger West

#### **Tenant members**

Sheila Coulson

Don Ellis

Joy Bishop

Alison Light

Resigned 15 October 2013

Appointed 15 October 2013

#### **Co-opted member**

Steven Prytherch

Appointed 15 November 2013

### **Executive Management Team**

Tim Pinder

Jacqui Sinnott-Lacey

Greg Bones

Chief Executive

Director of Operations

Director of Resources

### **Secretary and registered office**

Greg Bones

Ropewalks

Newton Street

Macclesfield

Cheshire

SK11 6QJ

### **Auditor**

Deloitte LLP

2 Hardman Street

Manchester

M3 3HF

### **Bankers**

Barclays Bank plc

Midlands Business Banking

PO Box 3333

One Snow Hill

Snow Hill Queensway

Birmingham, B3 2WN

### **Principal solicitors**

Pinsent Masons LLP

3 Colmore Circus

Birmingham

B4 6BH

## **CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**

### **OPERATING AND FINANCIAL REVIEW AND STRATEGIC REPORT**

The Board of Cheshire Peaks & Plains Housing Trust "Peaks & Plains Housing Trust", "Peaks & Plains", "the Trust" is pleased to present its report together with the audited financial statements of the Trust for the year ended 31 March 2014.

In 2011 the Trust rebranded as Peaks & Plains Housing Trust and in this report the Trust is also referred to as Peaks & Plains.

#### **Principle activities**

The primary activity of the Trust is the provision of housing accommodation at rents that are affordable to those in housing need.

The Trust's head office is in Macclesfield and its properties are located throughout a two hundred square mile area, in the northern part of Cheshire East, the Trust has recently acquired some properties in Buxton and Congleton. The Trust provides homes for families, single people and sheltered accommodation tailored to the needs of older people and people with other support needs.

In addition to providing high quality housing services, the Trust also supports the wider community by investing in projects and supporting groups that benefit the people who live in the communities we work in.

As well as managing the housing stock that was transferred from Macclesfield Borough Council in 2006 and supporting the communities that live there, the Trust also continues to build new homes and was successful in securing a contract to build 172 new affordable homes under the Homes and Communities Agency's Framework Development Agreement. The contract enables new homes to be built with a combination of public sector grant and our own private sector loans, in combination with the government's new 'Affordable Rents' model. This funding enables us to build new homes to meet the demand for our product, which is higher than ever in the current economic climate.

The Trust also offers additional support services for vulnerable people, which are delivered in the homes owned by the Trust, in homes owned by other organisations and also in homes that are privately owned or rented. The services include alarm monitoring and floating support services, which the Trust markets under the brand name 'TrustLink' with the aim of building partnerships that enable other organisations to benefit from our expertise in this area and also to attract inward investment for our charitable business.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**OPERATING AND FINANCIAL REVIEW AND STRATEGIC REPORT (CONTINUED)**

**Objectives and strategy**

The year ended 31<sup>st</sup> March 2014 was the first year of the Trust's new five year plan in which the Trust expresses a new purpose 'Helping Improve Lives'. This plan was approved by the Board after extensive consultation with our customers, our staff, our partners and other stakeholders. We appreciate this input and were delighted to discover so many like minded partners that we can work with to Help Improve Lives.

The Trust's objectives and strategy are set out in the plan, which is reviewed and approved by the Board each year. The plan has three high level Corporate Objectives, and sets out sub-objectives that will deliver the objectives:

Corporate Objective	Sub-objectives
<b>We will be a Great Landlord</b>	<ul style="list-style-type: none"> <li>• Invest in new homes to meet a wide range of needs</li> <li>• Ensure that customer satisfaction drives service delivery</li> <li>• Put environmental sustainability at the core of all decisions</li> <li>• Support people through Welfare Reform changes</li> <li>• Maximise the value of our assets</li> <li>• Strive for great performance in service delivery</li> <li>• Engage Staff to deliver a great service</li> </ul>
<b>We will be a valued partner to help improve lives</b>	<ul style="list-style-type: none"> <li>• Increase work and training opportunities</li> <li>• Work with like minded partners to deliver common goals</li> <li>• Bridge the digital divide</li> <li>• Encourage healthy lifestyles</li> <li>• Exploit technology to improve lives and promote independent living</li> <li>• Run employability workshops to up-skill people who live in our community</li> </ul>
<b>We will be innovative and grow our business responsibly</b>	<ul style="list-style-type: none"> <li>• Innovate in our delivery of core services, whilst maintaining our ethos</li> <li>• Sell our services to new customers and businesses</li> <li>• Maximise procurement potential for training opportunities</li> <li>• Generate income to reinvest from commercial development</li> <li>• Maintain our excellent reputation with key stakeholders &amp; the sector</li> </ul>

# **CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**

## **OPERATING AND FINANCIAL REVIEW AND STRATEGIC REPORT (CONTINUED)**

### **Objectives and strategy (continued)**

#### **How the strategy is delivered**

We will realise our purpose and deliver our objectives through the behaviours of our staff. The behaviours that we have identified as crucial to our success are:

- **Putting customers first**
- **Taking responsibility**
- **Doing what we say we do**
- **Helping others**
- **Questioning what we do to find a better way**
- **Thanking people**

The behaviours are reinforced through frequent conversations between managers and staff, recognising when the behaviours are being demonstrated and when they are not. In this way we will support staff not only to do the right things, but to do those things in the right way.

#### **Service plans and personal objectives**

Service plans have been developed for each service area within the Trust to detail the specific initiatives to deliver the objectives and targets that the Board have set.

These service plans are recorded and monitored through the IT system we developed called 'Peak Performance'. Peak Performance is designed to enable us to monitor our plans and improve management accountability. Each manager responsible for the delivery of their service plan accounts for progress at half yearly review meetings attended by staff and managers from across the business.

Through the 'Peak Performance' system responsibilities are allocated to individuals and together with the Performance Management framework this ensures that all staff know their role in delivering the Trust's objectives.

#### **Performance and activities during the year, by corporate objective**

##### **Objective 1: 'We will be a great landlord'**

Our New Tenancy Survey Results showed that Overall Satisfaction has increased from 97.53% in March 2013 to 99.2% by the end of the year, against our target of 97%.

Customer Satisfaction for Responsive Repairs did not achieve our target of 95.5%, ending the year at 93.85% (March 2013 95.18%). This had dipped below target at the end of the year due to expectations about our ability to complete repairs in one visit not being met. The average monthly customer satisfaction for repairs in 2013-2014 was 96.6%, a small increase from the average month in 2012-2013 of 96.3%.

Tenancy Turnover ended the year within our target of 10% with 8.96% of our properties changing tenants. This was managed within an increased target, due to the expected impact of the under occupation deduction to housing benefit (the bedroom tax).

Because of our proactive approach to tackling the impact of the bedroom tax, during the year we found the need to monitor the cost of empty properties more closely as we saw costs increasing as a result of our efforts to encourage and support people to move to properties that were the best size for their needs.

The measure we devised was the weekly empty property cost per tenant, so that we could see how much our tenants were paying through their rent each week because of the cost of empty properties. We set a target to beat our budgets by more than 10% and were successful in lowering the cost from £8.41 per tenant per week at the start of the year to £7.24 by the end of the year, exceeding the 10% improvement target of £7.55.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**OPERATING AND FINANCIAL REVIEW AND STRATEGIC REPORT (CONTINUED)**

**Objective 2: We will be a valued partner to Help Improve Lives**

At the end of the year 80% of our stakeholders who responded to a quarterly survey agreed that the Trust is a valued partner, exceeding our target for the year of 75%.

During the year we supported up to 14 families at a time, who had been involved in antisocial behaviour, experienced worklessness and educational issues. At the end of the year we were formally supporting 10 families against our target of 12, with many more families impacted by our Bridges project in the wider communities.

We set a new target under this objective to measure how we are helping people to get online, access services on the internet and benefit from the improved services and prices that can be achieved.

The Number of Homes with Connections to Digital Services increased by 306 against our annual target of 300. This included customers accessing services through our iPhone App, which we developed inhouse, and the number of customers accessing their customer information through our website. In March 2014 we fell slightly short of our connections target with 24 homes getting connected against our target of 25.

**Objective 3: We will be Innovative and Grow our Business Responsibly**

We measure the Number of Income Generated Opportunities Identified in the year and achieved our target of 8 opportunities that were viable enough to result in us submitting proposals – all of which were successful.

Another important measure of our growth was our target to exceed our budgeted operating surplus for the year by 5%. We narrowly missed this by generating an operating surplus of £5.67m against a budget of £5.43m, making a 4.42% favourable variance on our budget.

Under this objective we set out to maintain our good reputation and here we have been successful in winning and retaining a number of awards and accreditations during the year.

The Trust was listed in the Sunday Times 100 Best Not-For-Profit organisations to work for, ranking 21<sup>st</sup> in the top 100 list, improving on last year's 38<sup>th</sup> Place. This is measured by a survey from an external organisation called Best Companies.

**Risks and uncertainties**

Key features of the Trust's processes for managing risks and uncertainties are:

*Risk identification and assessment*

As the Trust's corporate planning processes establish and update the organisation's objectives, the risks that may prevent their achievement are identified. They are assessed to establish the most significant items by reference to both their impact on the organisation and their likelihood of occurrence. This activity is carried out at appropriate levels throughout the Trust including at operational level. Reports to the Board highlight the risks of the individual issues under consideration.

*Major risks*

Through the above process and by other regular review, those risks, which present the greatest threats to the Trust, are identified and reported to the Board (via our Audit & Risk Committee) at least twice a year. The Board receives information on actions being taken to manage those key risks and the results of those actions.

*Effectiveness of control mechanisms*

For those risks which are identified as being the most significant for any part of the Trust, the existing control environment is assessed to establish ways in which it can be improved. Areas identified for improvement will be regularly followed up until action points are fully addressed. Where a view is formed that the Trust cannot exercise adequate control over the relevant risk (for example due to external influences) then the objective will be revisited to establish whether or not it can be amended to reduce risk. If this proves to be difficult then management at the next level will take a view as to whether the risk is to be accepted.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**OPERATING AND FINANCIAL REVIEW AND STRATEGIC REPORT (CONTINUED)**

The Trust identifies the following major risks groups on the corporate risk map:

Risk Group	Barriers to success
<b>High Impact &amp; High Probability</b>	<p>Support people through Welfare Reform changes</p> <ul style="list-style-type: none"> <li>• Control of arrears is not maintained.</li> <li>• Reduction in resources to support customers.</li> </ul>
<b>High Impact &amp; Medium Probability</b>	<p>Maximise the value of our assets</p> <ul style="list-style-type: none"> <li>• Availability of properties to dispose of or convert to affordable rent.</li> <li>• Legal restrictions on disposals of assets.</li> </ul> <p>Sell our services to new customers and businesses</p> <ul style="list-style-type: none"> <li>• New business opportunities focussed on cost rather than balanced with quality.</li> <li>• Trust does not have the specialist resources required to deliver services.</li> <li>• Over extending resources lost reputation for core services &amp; existing customers.</li> </ul>
<b>High Impact &amp; Low Probability</b>	No barriers listed in this category
<b>Medium Impact &amp; High Probability</b>	No barriers listed in this category
<b>Medium Impact &amp; Medium Probability</b>	<p>Bridge the digital divide</p> <ul style="list-style-type: none"> <li>• Households not having access to broadband as planned.</li> <li>• High costs incurred due to wrong technology implemented (obsolescence).</li> <li>• Access to the Trusts services has had to be limited due to a security threat.</li> <li>• Personal data is not available or cannot be accessed digitally by customers.</li> </ul> <p>Exploit technology to improve lives and promote independent living</p> <ul style="list-style-type: none"> <li>• Connectivity issues across the local area meaning that as new technology becomes more technical and dependent on faster connections, potential customers may be excluded from adopting at this level.</li> <li>• Poor communication between key agencies</li> </ul> <p>Innovate in our delivery of core services, whilst maintaining our ethos</p> <ul style="list-style-type: none"> <li>• Reviews and changes are not thorough and we do not take a fresh look and step back. Lack of implementation.</li> <li>• Ideas are generated that do not fit our ethos.</li> <li>• The balance of having cutting edge technology and reliability of tried and tested systems is not clear impacting the quality of the services we offer.</li> </ul> <p>Generate income to reinvest from commercial development</p> <ul style="list-style-type: none"> <li>• Competitive environment leads to shortage of demand for the price</li> <li>• A lack of commercial skills in the Trust.</li> <li>• Market changes and economic situation</li> </ul>



**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**OPERATING AND FINANCIAL REVIEW AND STRATEGIC REPORT (CONTINUED)**

The Trust identifies the following major risks groups on the corporate risk map: (continued)

<b>Risk Group</b>	<b>Barriers to success</b>
<b>Medium Impact &amp; Low Probability</b>	<ul style="list-style-type: none"> <li>○ Invest in new homes to meet a wide range of needs</li> <li>○ Ensure that customer satisfaction drives service delivery</li> <li>○ Engage Staff to deliver a great service</li> <li>○ Work with like minded partners to deliver common goals</li> <li>○ Maintain our excellent reputation with key stakeholders &amp; the sector</li> </ul>
<b>Low Impact &amp; High Probability</b>	<ul style="list-style-type: none"> <li>○ Strive for great performance in service delivery</li> <li>○ Encourage healthy lifestyles</li> </ul>
<b>Low Impact &amp; Medium Probability</b>	<ul style="list-style-type: none"> <li>○ Invest in social enterprise with surpluses from efficient running</li> <li>○ Put environmental sustainability at the core of all decisions</li> </ul>
<b>Low Impact &amp; Low Probability</b>	<ul style="list-style-type: none"> <li>○ Increase work and training opportunities</li> <li>○ Run employability workshops to up-skill people who live in our community</li> <li>○ Maximise procurement potential for training opportunities</li> </ul>

In addition to the above analysis of risk against our five year plan – we also undertake a gap analysis against the regulators sector risk profile. We found that the risks were either covered by the above analysis or did not present a significant risk to the Trust.

All risks are mitigated to an acceptable level through a combination of controls to reduce risk, plans to reduce the impact and insurance and warranties that transfer the risk.

**Financial performance**

We are pleased to report a surplus of £2,711,000 for the year (2013: £2,413,000). Our financial performance has meant that we have met our lender's covenants.

The table below summarises the overall results of the Trust:

	<b>2014</b>	<b>2013</b>
	<b>£000s</b>	<b>£000s</b>
Turnover	24,664	22,506
Operating costs	(18,992)	(17,310)
Net interest charges	(3,157)	(2,836)
Other finance (expense)	(88)	(12)
Surplus on sale of assets	299	65
Surplus for the year before tax	2,726	2,413
Taxation	(15)	-
Surplus for the year after tax	2,711	2,413

Creditor days were calculated as 26 days (2013: 24 days) with average performance exceeding our standard terms of 30 days credit.

The detailed results for the year are set out in the financial statements on pages 16 to 35.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**OPERATING AND FINANCIAL REVIEW AND STRATEGIC REPORT (CONTINUED)**

*Capital structure*

Borrowings at the year end were £59.00m (2013: £56.00m) and unused facilities were an additional £21.00m. The debt is sourced from Barclays Bank Plc.

Borrowings are in summary:

	31 March 2014		31 March 2013	
	Available facility £m	Drawn £m	Available facility £m	Drawn £m
Barclays Loan Facility	80.00	59.00	80.00	56.00
Barclays Overdraft Facility	0.50	-	0.50	-

The housing loan facility of £80.00m is expected to reach peak debt in the financial year 2018/19 with the loan being repaid by instalments from then until end of loan term in 2039/40.

All borrowings at the balance sheet date were on fixed interest rates.

*Cash flows*

Cash inflows and outflows for the year under review are set out in the cash flow statement on page 18.

During the year net cash of £11.139m (2013: £10.224m) was generated by operating activities. A surplus of £299,000 was made on the disposal of housing properties (2013: £65,000). A total of £3.04m (2013: £3.25m) was drawn from loan and overdraft facilities. No loans were repaid in the year, which is in line with the agreement and the long term plan.

*Future Developments*

The Board has approved the business plan for 2014/15 onwards which includes the final year of the 2011 – 2015 Affordable Homes Programme. The Trust is on track to deliver the required 172 new homes with 116 homes being completed in the 2014/15 financial year. The cost of development in the financial year is £8.9m of which £1.9m is funded through social housing grant, approved by the Homes and Communities Agency and the remainder through existing loan facilities.

The Trust is looking to continue to develop in future years through the 2015 – 2018 Affordable Homes Programme and we are currently negotiating further new facilities to fund our growth aspirations.

The Trust continues to maintain and improve its existing homes and is planning to spend £5m in 2014/15 on improvements with a further £1.3m on planned and cyclical maintenance.

We will continue to assess the impact of government policy on our business plan. The Welfare Reform Act contains a number of provisions which will impact on rent collection rates for the housing sector; under-occupation, benefit caps, the introduction of Universal Credit and direct payments to tenants. The Trust has over the last 3 years evaluated the impact of the proposed changes and provided additional support to increase the awareness of these changes to our customers. We will continue to provide support as required.

*Liquidity*

The Trust's policy is not to hold significant cash balances but to have loan facilities in place to fund future requirements.

*Loan covenants*

The Trust sets loan covenants with its lenders based on the circumstances of the association. Covenants are primarily based on interest cover and gearing. The covenants all use cash flows rather than financial statements and so are unaffected by adjustments for accruals and depreciation.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**OPERATING AND FINANCIAL REVIEW AND STRATEGIC REPORT (CONTINUED)**  
**Financial performance (continued)**

*Pension arrangements*

The Trust participates in three pension schemes, the Cheshire Fund and two schemes with the Social Housing Pension Scheme (SHPS), one final salary (defined benefit) scheme and one defined contribution scheme. SHPS defined benefit scheme is a multi-employer scheme and no share of any cash scheme deficit is taken into the Trust balance sheet. The Cheshire Fund shows a deficit of £2.457m (2013: £3.507m) under FRS 17 in the balance sheet with the decrease in the liability being the result of a combination of asset performance and changes in the valuation of future liabilities.

The SHPS Defined Contribution scheme is used as the auto enrolment option when no other option is selected. The Trust currently has 79% of the staff enrolled in one of the three pension schemes.

**Treasury policies and objectives**

The Trust has a formal Treasury Management Policy, which is regularly reviewed and agreed by the Trust Board. 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.

In order to achieve this, the Policy provides a strategy for:

- i) The Trust's borrowings and subsequent debt management.
- ii) Investment of surplus funds - both short and long term.
- iii) Relationship with bankers, lenders and advisors.

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

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 Trust Board.

**VALUE FOR MONEY SELF ASSESSMENT 2013-2014**

In this robust self assessment, we set out in a way that is transparent and accessible to our stakeholders, how we are achieving value for money in delivering our purpose and objectives. We want to achieve the following:

- To enable stakeholders to understand the return on assets measured against the our objectives
- To set out the costs of delivering specific services and how they compare
- To evidence the value for money gains that have been and will be made and how these have and will be realised over time

**RETURN ON ASSETS**

**What does return on assets mean?**

Return on assets is a way of working out what we get back for what we put into the assets in the business. The main assets are the homes that our tenants live in.

The easiest way to explain the return on assets is to show how much the Trust has spent on the assets, and how much income those assets are generating for the business.

**How much has the Trust spend on the assets?**

There are different ways of measuring this, but one that is accepted by accountants and allows us to compare with other housing associations is the Depreciated Net Book Value. This is basically what was spent on the homes when they were either bought or built, plus improvements that were made to the homes (or sometimes the surrounding areas), then a share is taken off to represent how much time has passed as the properties, or the improvements, get older.

For the year ended 31<sup>st</sup> March 2014, the Trust owned 4909 homes, which had a value in the accounts of £87.4m.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**OPERATING AND FINANCIAL REVIEW AND STRATEGIC REPORT (CONTINUED)**

**VALUE FOR MONEY SELF ASSESSMENT 2013-2014 (continued)**

**What does the Trust get back for that investment? OR What is the return?**

To work this out we take the rents and service charges our tenants pay and deduct the costs of running the business each year, including repairs and management costs.

The return on the investment in 2013/2014 was a surplus for the year of £2,711,000, which gives an annual return of 3.1% on the £87.4m investment.

This is a very simple way of looking at things but it uses our official accounts from the year that ended in March 2014. These accounts were checked by our auditor so you can be sure they show a true and fair view.

**How do we know if 3.1% is any good or not?**

Unfortunately comparable figures for 31<sup>st</sup> March 2014 accounts are not readily available, but we can go back a year earlier to 31<sup>st</sup> March 2013 to see that our return on investment was 2.9% whereas the average housing association made a return of 2.53%.

These are all returns for the whole business, taking into account all the spending rather than just those that relate to the housing assets.

If we use just the income and spending relating to the housing, we get the following figures for return on assets.

Trust Return on assets	2013/14 = 6.2%
Trust Return on assets	2012/13 = 6.4%
Average Housing Association	2012/13 = 5.0%

This shows that we have continued to outperform the average Housing Association in terms of returns to housing assets.

**How does the return on assets help to deliver the Trust's objectives?**

As the Trust is a not for profit charitable company, the returns generated are always used to reinvest in assets and service improvements to help the Trust to achieve its objectives. The Trust's new five year plan has three high level objectives. These are listed below with an explanation of how return on assets fits in:

1. We will be a great landlord

As well as generating a healthy financial return, the Trust has also worked hard with its customers help to improve service quality over the years and now has 91% customer satisfaction. This helps us attract new tenants and keep the ones we have which protects the income flowing into the business.

One of the main things we have spent money on over the years is improving the quality of the homes by investing into the homes of our tenants (the assets). Sometimes this will improve the return on assets, for example where property had to be redeveloped because people no longer wanted to live there. Or sometimes the investment appears to reduce the returns because while the income from the property remains much the same, the amount invested in the property will have increased.

2. We will be a valued partner to help improve lives

Some of the investment we make doesn't relate directly to the assets, but we see the bigger picture and know that the impact of our investment can make a difference to the people that live in our community. The returns generated from the assets can be used to help improve lives.

3. We will be innovative and grow our business responsibly

We recognise that we may be able to increase the returns to the business by offering services that we are best at to new customers, by offering new services to our current customers or new services to new customers. This will always be done with regard to protecting the core business that we have – in other words not reducing the returns to the existing business.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**OPERATING AND FINANCIAL REVIEW AND STRATEGIC REPORT (CONTINUED)**

**VALUE FOR MONEY SELF ASSESSMENT 2013-2014 (continued)**

**THE COST OF SPECIFIC SERVICES**

A lot goes into delivering the services our customers receive and we would like to show you what it costs, where our tenants weekly rent gets spent and how this compares to other housing associations.

Service area	Trust cost per rent week	Average cost similar housing associations
Responsive repairs and empty property works	£16.25	£17.05
Rent arrears and collection	£2.19	£2.35
Anti-social behaviour	£1.87	£1.57
Lettings	£1.90	£1.58
Tenancy management	£1.81	£1.85
Resident involvement	£1.57	£1.36
Estate services	£2.29	£2.69

Each year, as part of our annual business planning process, managers are challenged to set stretching targets for performance and budgets to deliver them that compare favourably with similar organisations, taking into account the service quality the Trust has agreed to deliver with its customers. In this way we ensure continuous improvement in value for money by putting responsibility with service managers to deliver against challenging targets and benchmarking against the best in the sector.

Our work on values for money, including value for money gains and how they are realised, how we measure and deliver improvements will be available on our website from September 2014.

**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, and not absolute, assurance against material misstatement or loss.

The process followed to identify, evaluate and manage significant risks faced by the organisation is on going, has been in place during the past financial period and is reviewed regularly by the Board.

The Board has itself, and through the activities of the Audit and Risk Committee, reviewed the outcome of internal and external audit work and the business assurance review which encompassed internal and external sources of assurance on key risks faced by the organisation.

Key elements of the system of control include ensuring that:

- 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 organisation's assets.
- Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance.
- 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.

## **CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**

### **OPERATING AND FINANCIAL REVIEW AND STRATEGIC REPORT (CONTINUED)**

#### **Internal controls assurance (continued)**

The Trust has a comprehensive internal audit programme provided by Beevers and Struthers LLP, Chartered Accountants. The Internal Auditors report to the Trust Chief Executive on each assignment and to each meeting of the Audit and Risk Committee on their recent and prospective activity.

There is an extensive and timely system for reporting progress in the Trust, at many levels. The Board and Audit and Risk Committee receive regular and extensive reports on all key areas of performance.

The Board has reviewed the effectiveness of the Trust's internal controls through the work of the Audit and Risk Committee, which reports regularly to the Board. In addition, the Trust Chief Executive has submitted to the Board a detailed report on the operation of internal controls during the year under review and up to the date of approval of this report.

#### **Going concern**

The Trust's business activities, together with factors likely to affect its future development, performance and position are set out in the preceding pages. The financial position of the Trust, its cash flows, liquidity position and borrowing facilities are described in the operating and financial review and strategic report on pages 2 to 13.

The Trust has considerable financial resources and believes it can comfortably operate within the covenants set by the bank, and secure additional funding to support our development ambitions. As a consequence, the Board believes that the Trust is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Board, having made appropriate enquiries, consider that adequate resources exist for the Trust to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements and, therefore, it is appropriate to adopt the going concern basis in preparing the financial statements.

'Working capital management at the Trust is characterised by stable and reliable revenue income and spending levels that vary according to the delivery of major investment and development programmes. Net current liabilities were (£1,006m) as at 31<sup>st</sup> March 2014 which is not considered to be a concern for the Trust'.

## **CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**

### **OPERATING AND FINANCIAL REVIEW AND STRATEGIC REPORT (CONTINUED)**

#### **Statement of compliance**

In preparing the Operating and Financial Review, the Board has adopted the principles set out in the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers Update 2010.

#### **Corporate governance**

The Trust has complied closely with the Governance and Viability Standard published by the regulatory committee of the Homes and Communities Agency and uses the National Housing Federation's Excellence in Governance – code for members (the code) as its chosen code of governance and has fully complied with this code.

#### *Board*

The Board members are listed on page 1. The Trust's Chairman, David Gooda, joined in June 2006 as Chairman of the Shadow Board and in 2012 was given the backing of the company membership who unanimously passed a special resolution extending his term until the 2015 AGM. The Board directs the Trust in accordance with its Articles of Association and sets objectives on behalf of the membership, tenants, residents, employees and community at large. The Board meet every two months and comprised of eight voluntary members and a paid Chair.

#### *Committees*

The Audit & Risk Committee now comprises four Board members, having reduced from six members to reflect the reduced size of the Board. The Audit & Risk Committee considers the appointment of internal and external auditors, the scope of their work and their reports. It also reports to the Board on the operation of the Trust's risk management and internal control arrangements and reviews in detail the annual financial statements. Meetings of the Audit and Risk Committee are held at least three times a year.

The Members & Staffing Committee comprises three Board members, having reduced from six members to reflect the reduced size of the Board. This committee considers remuneration of the Executive Directors, sets direction on staffing matters and deals with Board conduct and governance issues. The committee meets annually unless there is a need to consider other issues as they arise.

#### *Challenge Group*

The Challenge Group is a group of customers who provide monitoring through 'scrutiny' of our performance against the standards we have agreed with our residents. This group has responsibilities set in our standing orders and its influence is crucial to our delivery of our regulator's vision of co-regulation and resident scrutiny.

The Challenge Group set a work programme for the Tenant Inspectors, who work closely with the Challenge Group to deliver excellent resident scrutiny and report on improvements that can be made to the Trust's services. The Tenant Inspectors fulfil their role by benchmarking performance, job shadowing staff, mystery shopping services, by interviewing customers and staff and by reviewing policies and procedures.

#### *Executive Management Team*

Day to day management is delegated to the Trust Chief Executive and the other senior executives who meet regularly and attend Board meetings. This group is known as the Executive Management Team and members are listed on page 1.

## **CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES**

The Board is responsible for preparing the Annual Report and the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Company law in the United Kingdom and registered social landlord legislation require the Board to prepare such financial statements for each financial year which give a true and fair view of the state of affairs of the Trust at the end of the year and of the surplus or deficit for that period. In preparing these financial statements, the Board has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers Update 2010; and
- adopted the going concern basis as it is appropriate to presume that the company will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Cheshire Peaks & Plains Housing Trust Limited and enable it to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012.

It is also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The Board is responsible for ensuring that the Report of the Board and other information included in the Report and Financial Statements are prepared in accordance with the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers Update 2010.

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

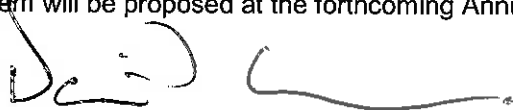
### **Auditor**

In the case of each of the persons who are directors of the company at the date when this report is approved:

- So far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware; and
- Each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any audit information (as defined) and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP has expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.



**David Gooda**  
Chairman  
On behalf of the Board  
15 July 2014



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

We have audited the financial statements of Cheshire Peaks & Plains Housing Trust Limited for the year ended 31 March 2014 which comprise the income and expenditure account, the statement of total recognised surpluses and deficits, the reconciliation of movements in funds, the balance sheet, the cash flow statement, the notes to the cash flow statement and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Board and auditor**

As explained more fully in the Statement of Board Members' Responsibilities, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012.

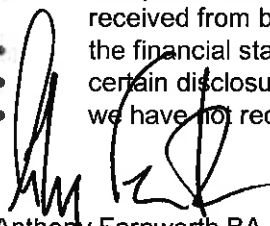
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

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

  
Anthony Farnworth BA ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Manchester, United Kingdom

18/07/2014

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 March 2014**

	Note	2014 £000's	2013 £000's
<b>TURNOVER: continuing activities</b>	2	24,664	22,506
Operating costs	2	(18,992)	(17,310)
<b>OPERATING SURPLUS: continuing activities</b>		5,672	5,196
Surplus on sale of fixed assets	7	299	65
Interest receivable and other income	8	4	4
Interest payable and similar charges	9	(3,161)	(2,840)
Other finance expense	10	(88)	(12)
<b>SURPLUS ON ORDINARY ACTIVITIES FOR THE YEAR BEFORE TAX</b>	3	2,726	2,413
Tax on surplus on ordinary activities	11	(15)	-
<b>SURPLUS FOR THE YEAR</b>	19	2,711	2,413

All of the results are derived from continuing operations.

The notes on pages 20 to 35 form part of these financial statements.

**STATEMENT OF TOTAL RECOGNISED SURPLUSES & DEFICITS**

For the year ended 31 March 2014

		2014 £000's	2013 £000's
Surplus for the year		2,711	2,413
Actuarial gain/(loss) relating to the pension scheme	6	1,329	(1,359)
Total recognised surpluses and deficits relating to the year		4,040	1,054

**RECONCILIATION OF MOVEMENTS IN FUNDS**

For the year ended 31 March 2014

		2014 £000's	2013 £000's
Surplus for the year		2,711	2,413
Actuarial gain/(loss) relating to the pension scheme		1,329	(1,359)
Net addition to funds		4,040	1,054
Opening total funds		22,384	21,330
Closing total funds		26,424	22,384

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**BALANCE SHEET**  
As at 31 March 2014

	Note	2014 £000's	2013 £000's
<b>INTANGIBLE FIXED ASSETS</b>			
Goodwill	12	598	693
<b>TANGIBLE FIXED ASSETS</b>			
Housing properties at depreciated cost		91,901	87,275
Social housing grants		(4,517)	(3,812)
Other tangible fixed assets	13 14	87,384 945	83,463 844
		88,329	84,307
<b>CURRENT ASSETS</b>			
Debtors	16	1,970	1,526
Cash at bank and in hand	15	2,583	367
<b>CREDITORS: Amounts falling due within one year</b>	17	4,553 (5,559)	1,893 (5,004)
<b>NET CURRENT LIABILITIES</b>		(1,006)	(3,111)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		87,921	81,889
<b>CREDITORS: Amounts falling due after more than one year</b>			
Long term loans	18	59,040	55,998
Net pension liability	6	2,457	3,507
<b>CAPITAL AND RESERVES</b>			
Accumulated surplus	19	24,133	20,392
Designated reserves	20	2,291	1,992
<b>TOTAL FUNDS</b>		26,424	22,384
		87,921	81,889

The notes on pages 20 to 35 form part of these financial statements.

The financial statements of Cheshire Peaks & Plains Housing Trust Limited, company number 05358740, were approved by the Board and authorised for issue on 15 July 2014 and signed on its behalf by:



David Gooda  
Chairman  
15 July 2014

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 March 2014**

	Note	2014 £000's	2013 £000's
<b>Net cash inflow from operating activities</b>	(a)	11,123	10,224
<b>Returns on investments and servicing of finance</b>			
Interest received	8	4	4
Interest paid	9	(3,161)	(2,840)
<b>Net cash outflow from returns on investment and servicing finance</b>		(3,157)	(2,836)
<b>Capital expenditure</b>			
Housing properties development works		(9,940)	(11,876)
Housing properties disposals		277	39
Housing and other fixed asset sale receipts - net		299	65
Social Housing Grant received in year		705	197
Social Housing Grant in advance of cost		315	749
Other fixed assets purchased		(304)	(80)
<b>Net cash outflow from capital expenditure</b>		(8,648)	(10,906)
<b>Net cash outflow before management of liquid resources and financing</b>	(b)	(682)	(3,518)
<b>Financing</b>			
Debt due after one year	(c)	3,042	3,248
<b>Net cash inflow from financing</b>		3,042	3,248
<b>Increase/(decrease) in cash in the year</b>	(c)	2,360	(270)

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 March 2014**

	2014 £000's	2013 £000's	
<b>a) Reconciliation of operating surplus to net cash inflow from operating activities</b>			
Operating surplus	5,672	5,196	
Depreciation charges	5,239	4,755	
Amortisation of goodwill	95	95	
Adjustment for pension funding	191	53	
(Increase) in other current assets	(444)	(228)	
Increase in creditors	385	353	
Net cash inflow from operating activities	<u>11,138</u>	<u>10,224</u>	
<b>b) Taxation</b>			
	(15)	-	
Corporation tax paid	<u>(15)</u>	<u>-</u>	
<b>c) Reconciliation of net cash flow to movement in net debt</b>			
Decrease in cash in the year	2,360	(270)	
Cash outflow from increase in loan	<u>(3,042)</u>	<u>(3,248)</u>	
Movement in net debt in the year	(682)	(3,518)	
Net debt at the start of the year	<u>(55,775)</u>	<u>(52,257)</u>	
Net debt at the end of the year	<u>(56,457)</u>	<u>(55,775)</u>	
<b>d) Analysis of net debt</b>			
	At 1 April 2013 £000's	Cash flow £000's	At 31 March 2014 £000's
Cash at bank and in hand	367	(211)	156
Overdraft	(144)	144	-
Monies on deposit	-	2,427	2,427
	<u>223</u>	<u>2,360</u>	<u>2,583</u>
Debt due after more than one year: Housing loans	<u>(55,998)</u>	<u>(3,042)</u>	<u>(59,040)</u>
Total	<u>(55,775)</u>	<u>(682)</u>	<u>(56,457)</u>

# CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### Legal status

The company is incorporated under the Companies Act 2006 and is registered with the Homes and Communities Agency as a Registered Provider. In addition, the company is a registered charity with the Charities Commission.

#### Basis of accounting

The financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers Update 2010 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2012.

The financial statements have been prepared on a going concern basis. This is discussed in the Board report and operating and financial review on page 12, under the heading "Going concern".

#### Turnover

Turnover represents rental and service charge income receivable (net of void losses), fees receivable, supporting people income, proceeds from first tranche sales of low cost home ownership and revenue grants from the Homes and Communities Agency and other public authorities. Rental income is recognised on the execution of tenancy agreements. Proceeds on sales are recognised on practical completions. Other income is recognised as receivable on the delivery of services provided.

#### Housing properties

Housing properties are stated at cost less the amount of grants received towards their cost and depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest, directly attributable administration costs, and expenditure incurred in improving or reinvesting in existing properties. Reinvestment expenditure is capitalised where 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 income and expenditure account.

#### Social Housing Grants

Where developments have been financed wholly or partly by Social Housing Grants (SHG) the cost of those developments has been reduced by the amount of grant receivable. When a Social Housing Grant funded property is sold the grant becomes 'recyclable' and is transferred to a recycled capital grant fund until it is reinvested into a replacement property. Social Housing Grants are eligible for abatement where the final position on a low cost home ownership sale results in a loss. In such cases the grant is released to income and expenditure to offset the loss. Social Housing Grants may be repayable in certain circumstances such as when a property is no longer used for social housing. When a Social Housing Grant becomes repayable it is included as a current liability until it is repaid. The repayment of Social Housing Grants is generally subordinated to the repayments of housing loans.

#### Depreciation

Freehold land is not depreciated. For 60% of the housing portfolio, freehold land of 40% of cost has been excluded from the depreciation calculation. For the remaining 40% of the housing portfolio, freehold land of 30% of cost has been excluded from the depreciation calculation.

The Trust separately identifies the major components which comprise its housing properties & estates and depreciation is charged on a straight-line basis over the useful economic lives of fixed assets to write off the cost less estimated residual values at the following annual rates:

#### 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		

#### Other fixed assets

Fixtures & Fittings	15 years	Computer and telecoms equipment	3 years
Plant, Machinery and Vehicles	3 years		

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2014**

**1. ACCOUNTING POLICIES (continued)**

**Capitalisation**

Individual fixed assets with a project value of £5,000 are capitalised and recorded as fixed assets. Items of lesser value are charged to the income and expenditure account, in full, in the year of acquisition.

**Impairment**

Houses that are depreciated over a period in excess of 50 years are, in accordance with Financial Reporting Standard No. 11 and the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing 2008, subject to impairment reviews annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, fixed assets are written down to the recoverable amount. Any such write down is charged to operating surplus.

**Designated reserves**

These reserves are designated for specific purposes. The reserves are administered and managed in accordance with the purpose for which the reserve was intended.

**Pension costs**

**The Cheshire Fund**

For the Cheshire Fund defined benefit scheme accounted for under FRS17 'Retirement Benefits', the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the income and expenditure account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other financial costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised surpluses and deficits.

The defined benefit scheme is funded, with the assets held separately from those of the Trust, in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet.

**Social Housing Pension Scheme (SHPS)**

The Trust participates in a second pension scheme, 'The Social Housing Pension Scheme', which provides benefits based on final pensionable pay. The assets of this scheme are held separately from those of the Trust.

The Trust is unable to identify its share of the underlying assets of this scheme on a consistent and reasonable basis, and therefore, as required by FRS17 'Retirement Benefits', accounts for this scheme as if it were a defined contribution scheme. As a result the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

**Leased assets**

Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the life of the lease.

**Taxation**

No taxation is payable on the primary purpose surpluses of the Trust, as it has charitable status. The Trust is registered for Value Added Tax. A large proportion of the VAT incurred by the Trust cannot be recovered as the bulk of its turnover arises from exempt activities.

Corporation tax is payable on Non primary purpose trading surpluses incorporating Feed-in-tariff income on renewal energy PV panels.

**Debtors**

Debtors, including tenant arrears, are calculated as the net of the amount receivable and appropriate provision for amounts considered unlikely to be received.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2014**

**1. ACCOUNTING POLICIES (continued)**

**Interest payable**

Interest, including issue costs, is charged to the income and expenditure account at a constant rate on the carrying amount over the period of borrowing.

**Liquid resources**

Liquid resources are readily disposable current asset investments. They consist of money market deposits, held for more than 24 hours that can only be withdrawn without penalty on maturity or by giving notice of one working day.

**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 calculated under FRS 17 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.



**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2014**

**2. Particulars of turnover, cost of sales, operating costs and operating surpluses**

	Turnover 2014 £000's	Operating costs 2014 £000's	Operating surplus/ (deficit) 31 March 2014 £000's	Turnover 2013 £000's	Operating costs 2013 £000's	Operating surplus/ (deficit) 31 March 2013 £000's
<b>Social housing lettings</b>	23,074	(17,613)	5,461	21,209	(15,867)	5,342
<b>Other social housing activities</b>	506	(91)	415	311	(43)	268
<b>Supporting people contract income</b>	317	(413)	(96)	369	(563)	(194)
<b>Non-social housing activities</b>						
Lifeline income	659	(856)	(197)	543	(827)	(284)
Commercial property income	108	(19)	89	74	(10)	64
	<u>24,664</u>	<u>(18,992)</u>	<u>5,672</u>	<u>22,506</u>	<u>(17,310)</u>	<u>5,196</u>

**Particulars of income and expenditure from social housing lettings**

	General needs 2014 £000's	Supported housing and housing for older people 2014 £000's	31 March 2014 £000's	General needs 2013 £000's	Supported housing and housing for older people 2013 £000's	31 March 2013 £000's
Net rents	16,677	5,979	22,656	15,970	4,919	20,889
Service charges receivable	112	134	246	82	69	151
Charges for support services	-	172	172	-	169	169
<b>Net rental income from social housing lettings</b>	<u>16,789</u>	<u>6,285</u>	<u>23,074</u>	<u>16,052</u>	<u>5,157</u>	<u>21,209</u>
Management	(2,801)	(1,210)	(4,011)	(1,965)	(851)	(2,816)
Service costs	(682)	(269)	(951)	(330)	(299)	(629)
Support costs	(167)	(58)	(225)	(187)	(71)	(258)
Routine maintenance	(3,303)	(1,427)	(4,730)	(3,563)	(1,541)	(5,104)
Planned maintenance	(1,700)	(735)	(2,435)	(1,556)	(761)	(2,317)
Bad debts	(90)	(39)	(129)	(73)	(32)	(105)
Depreciation of housing properties	(3,517)	(1,520)	(5,037)	(3,172)	(1,371)	(4,543)
Amortisation of goodwill	(66)	(29)	(95)	(66)	(29)	(95)
<b>Operating costs on social housing lettings</b>	<u>(12,326)</u>	<u>(5,287)</u>	<u>(17,613)</u>	<u>(10,912)</u>	<u>(4,955)</u>	<u>(15,867)</u>
<b>Operating surplus on social housing lettings</b>	<u>4,463</u>	<u>998</u>	<u>5,461</u>	<u>5,140</u>	<u>202</u>	<u>5,342</u>
<b>Void losses</b>	<u>(206)</u>	<u>(33)</u>	<u>(239)</u>	<u>(202)</u>	<u>(39)</u>	<u>(241)</u>

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2014**

**3. Surplus on ordinary activities for the year before tax**

	<b>2014</b>	<b>2013</b>
	<b>£000's</b>	<b>£000's</b>
Surplus on ordinary activities is stated after charging:		
Depreciation:		
Housing properties	5,012	4,537
Other tangible fixed assets	203	212
Amortisation:		
Goodwill	95	95
Operating leases:		
Housing properties	531	495
Other equipment	52	44
Auditor's remuneration (excluding VAT and expenses):		
Fees payable to the company's auditor for the audit of the company's annual financial statements	25	25
iXBRL and Tax compliance fees	24	3

Auditor's remuneration is stated exclusive of VAT to comply with the new Accounting Direction for Private Registered Providers of Social Housing 2012 and the prior year amount has been restated to exclude VAT.

**4. Board and senior executive emoluments**

The remuneration paid to the directors (who for the purposes of this note include the members of the Board, the Trust Chief Executive and any other person who is a member of the executive management team) was as follows:

	<b>2014</b>	<b>2013</b>
	<b>£000's</b>	<b>£000's</b>
Total emoluments to directors and former directors (including salaries, fees, pension contributions and other benefits)	400	389
Emoluments (excluding pension contributions) payable to the Chief Executive	127	125

The full time equivalent number of staff who received emoluments in the ranges below was as follows:

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
£60,001 to £70,000	-	-
£70,001 to £80,000	2	4
£80,001 to £90,000	4	2
£90,001 to £100,000	-	-
£100,001 to £110,000	-	-
£110,001 to £120,000	-	2
£120,001 to £130,000	2	1
£130,001 to £140,000	1	-
	9	9

The Trusts Chief Executive, who was the highest paid employee, is an ordinary member of the pension scheme and no enhanced or special terms apply. Pension contributions in relation to directors for the year amounted to £42,569 (2013: £38,664).

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2014**

**5. Staff numbers and costs**

The average monthly number of persons (including the executive directors but excluding the Board), expressed in full time equivalents:

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
Administration	43	43
Housing	79	74
Development and maintenance	91	85
	<u>213</u>	<u>202</u>

	<b>2014</b>	<b>2013</b>
	<b>£000's</b>	<b>£000's</b>
Staff costs (for the above employees)		
Wages and salaries	5,681	5,449
Social security costs	430	386
Other pension costs (included in operating costs)	913	635
	<u>7,024</u>	<u>6,470</u>

**6. Pension schemes**

The Trust participates in two defined benefit pension schemes, 'The Cheshire Fund' (Local Government Pension Scheme) defined benefit scheme, 'The Cheshire Fund', and 'The Social Housing Pension Scheme (SHPS)', both of which provide benefits based on final pensionable pay. The assets of these schemes are held separately from those of the Trust.

**The Cheshire Fund**

The Cheshire Fund scheme assets are held separately from those of the Trust, being invested through Fund Managers. The employer's contribution rate to the scheme during the year was 17.8%. The contribution rate for the next financial year will increase to 22.1%. The rate of contribution being determined by the actuary.

The most recent actuarial valuation of the fund was carried out as at 31 March 2013 and was updated using revised assumptions that are consistent with the requirement of FRS17.

Following the Chancellor's budget statement on 22 June 2010 – the calculations on pension increases have been based on being linked to the Consumer Price Index (CPI) and not the Retail Price Index (RPI).

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

<b>Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):</b>	<b>2014</b>	<b>2013</b>
	<b>%</b>	<b>%</b>
Inflation/pension increase rate	2.8%	2.8%
Rate of increase in salaries	3.6%	5.1%
Expected return on asset	5.6%	5.0%
Discount rate	<u>4.3%</u>	<u>4.5%</u>

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2014**

**6. Pension schemes (continued)**

**Mortality assumptions**

The mortality assumption has been updated since the previous year end to make allowance for increasing life expectancy. The assumed life expectations on retirement at age 65 are:

	<b>Males</b>	<b>Females</b>
Current pensioners	22.3 years	25.7 years
Future pensioners	24.1 years	27.7 years

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

	<b>2014</b>	<b>2013</b>
	<b>£000's</b>	<b>£000's</b>
Current service cost	627	467
Interest on obligation	825	714
Expected return on scheme assets	(737)	(702)
<b>Total charge</b>	<b>715</b>	<b>479</b>

The total amount charged to operating surplus is £627,000 (2013: £467,000).

The net finance expense is £88,000 (2013: £12,000).

The actual return on scheme assets was £1,341,000 (2013: £1,721,000).

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised surpluses and deficits since the adoption of FRS 17 is a loss of £1,886,000 (2013: £3,251,000).

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

	<b>2014</b>	<b>2013</b>
	<b>£000's</b>	<b>£000's</b>
Fair value of scheme assets	15,721	14,626
Present value of defined benefit obligations	(18,178)	(18,133)
<b>Deficit in the schemes</b>	<b>(2,457)</b>	<b>(3,507)</b>
<b>Net liability in the balance sheet</b>	<b>(2,457)</b>	<b>(3,507)</b>

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2014**

**6. Pension schemes (continued)**

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

	2014 £000's	2013 £000's
Opening defined benefit obligation	18,133	14,704
Current service cost	627	467
Interest on pension liabilities	825	714
Contributions by scheme participants	163	155
Actuarial (gains)/losses	(1,213)	2,378
Benefits paid	(357)	(285)
Closing defined benefit obligation	<u>18,178</u>	<u>18,133</u>

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

	2014 £000's	2013 £000's
Opening fair value of scheme assets	14,626	12,621
Expected return on scheme assets	737	702
Contributions by scheme participants	163	155
Contributions by the employer	436	414
Actuarial gains	116	1,019
Benefits paid	(357)	(285)
Closing fair value of scheme assets	<u>15,721</u>	<u>14,626</u>

The analysis of the scheme assets and the expected rate of return at the balance sheet date were as follows:

	Expected return		Fair value of assets	
	2014 %	2013 %	2014 £000's	2013 £000's
Equities	6.6	5.7	10,219	10,676
Bonds	3.5	3.0	3,459	2,048
Property	4.8	3.9	1,100	878
Cash	3.7	3.0	943	1,024
			<u>15,721</u>	<u>14,626</u>

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2014**

**6. Pension schemes (continued)**

Amounts for the current and previous four periods are as follows:

	2014 £000's	2013 £000's	2012 £000's	2011 £000's	2010 £000's
Fair value of scheme assets	15,721	14,626	12,621	11,968	10,601
Present value of defined benefit obligation	(18,178)	(18,133)	(14,704)	(12,895)	(16,696)
Deficit in the scheme	(2,457)	(3,507)	(2,083)	(927)	(6,095)
Experience adjustments on scheme liabilities	(681)	15	(119)	1,554	-
Percentage of scheme liabilities (%)	(3.7)	-	(0.8)	12.1	-
Experience adjustments on scheme assets	116	1,019	(405)	358	2,278
Percentage of scheme assets (%)	0.7	7.0	(3.2)	3.0	21.5
Total actuarial (loss)/gain	1,329	(1,359)	(1,222)	3,886	(4,428)
Percentage of scheme liabilities (%)	7.3	(7.5)	(8.3)	30.1	(26.5)

The estimated amount of contributions expected to be paid to the scheme during the financial year ending 31 March 2014 is £565,000.

**The Social Housing Pension Scheme**

The Trust participates in an industry-wide funded defined benefit scheme administered by 'The Social Housing Pension Scheme (SHPS)'. SHPS is a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state scheme. As it is not possible to identify the Trust's share of the scheme's assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits', the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due. The last formal valuation of the Scheme was performed at 30 September 2011 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the last valuation date was £2.062 million.

During the accounting year, the Trust paid contributions: Defined Benefit scheme at the rate of 12.1%. The contributions in the year amounted to £176,982 (2013: £115,478). Defined Contributions scheme £59,370 (2013: £46,893), the SHPS Defined Contribution scheme is used as the auto enrolment option when no other option is selected.

The financial assumptions underlying the valuation undertaken at 30 September 2011 were as follows:

Valuation Discount rates	
Pre retirement	7.0% pa
Non Pensioner Post retirement	4.2% pa
Pensioner Post retirement	4.2% pa
Pensionable earnings growth	2.5% pa for 3 years then 4.4% pa
Price inflation	2.9% pa
Pension increases introduced at the last triennial valuation	
Pre 88 GMP	0.0% pa
Post 88 GMP	2.0% pa
Excess over GMP	2.4% pa

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
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**6. Pension schemes (continued)**

The valuation was carried out using following demographic assumptions:

- Mortality pre retirement – 41% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI\_2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females.
- Mortality post retirement – 97% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI\_2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females.

The Scheme Actuary's updated annual actuarial report as at 30 September 2013 revealed an increase in the assets of the Scheme to £2.718 million and indicated an increase in the shortfall of assets compared to liabilities of approximately £1.151 million equivalent to a past service funding level of 70%. Employer contribution rate of 13.7% of pensionable pay is set to increase to 16.7% from 1 April 2014.

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e.: the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total level of the Scheme's liabilities (relating to the employment with all the currently participating employers). The leaving employers' debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial contributions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Scheme Actuary has estimated the employer debt that would have been payable if the Trust had withdrawn from SHPS at 30 September 2013. This potential debt has been estimated as £1,187,264 (£932,232 at 30 September 2012).

**7. Surplus on sale of fixed assets**

	2014 £000's	2013 £000's
Sale proceeds	1,179	282
Cost of sales	(276)	(39)
Incidental sale expenses	(13)	(2)
Right to Buy re-imburement	(591)	(176)
	299	65

**8. Interest receivable and other income**

	2014 £000's	2013 £000's
Income from bank deposits	4	4

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2014**

**9. Interest payable and similar charges**

	2014 £000's	2013 £000's
On bank loans, overdraft and other loans: Repayable wholly or partly in more than 5 years	3,161	2,840

**10. Other finance expense**

	2014 £000's	2013 £000's
<b>The Cheshire Fund</b>		
Expected return on pension assets	737	702
Interest on obligation	(825)	(714)
	(88)	(12)

**11. Taxation**

The taxation charge which arises in the company included within these financial Statements comprises:

	2014 £000's	2013 £000's
Surplus on Non primary purpose trading before tax	79	-
Less capital allowance – special rate asset pool	(42)	-
Non primary purpose trading income	37	-
Corporation Tax due at 20%	7	-
Prior year adjustment	8	-
	15	-

Cheshire Peaks and Plains Housing Trust Limited is a registered 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 Trusts renewal energy project. Tax on Non Primary purpose trading has resulted in a 2014 tax charge of £15,000, (2013; No tax incurred).

**12. Intangible fixed assets: goodwill**

	Goodwill £000's
<b>Cost</b>	
At 1 April 2013 and 31 March 2014	1,331
<b>Amortisation</b>	
At 1 April 2013	638
Charge for year	95
At 31 March 2014	733
<b>Net book value</b>	
At 31 March 2014	598
At 31 March 2013	693

Goodwill of £1,331,000 arose from the revaluation of pension scheme assets and liabilities for FRS17 accounting purposes at the time of transfer. 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.



**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
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**FOR THE YEAR ENDED 31 March 2014**

**13. Tangible fixed assets: housing properties**

	Housing properties held for letting £000's	Housing properties under construction £000's	Total Housing properties £000's
<b>Cost</b>			
At 1 April 2013	102,229	1,792	104,021
Additions	5,195	4,745	9,940
Transfer from properties under construction	2,234	(2,234)	-
Disposals – RTB	(282)	-	(282)
Transfer to properties under construction	(229)	209	(20)
At 31 March 2014	<u>109,147</u>	<u>4,512</u>	<u>113,659</u>
<b>Depreciation</b>			
At 1 April 2013	16,746	-	16,746
Charge for year	5,037	-	5,037
Release on disposal	(5)	-	(5)
Transfer to properties under construction	(20)	-	(20)
At 31 March 2014	<u>21,758</u>	<u>-</u>	<u>21,758</u>
<b>Housing grant</b>			
At 1 April 2013	3,458	354	3,812
Additions	-	705	705
Completed Construction Properties	458	(458)	-
At 31 March 2014	<u>3,916</u>	<u>601</u>	<u>4,517</u>
<b>Net book value</b>			
At 31 March 2014	<u>83,473</u>	<u>3,911</u>	<u>87,384</u>
At 31 March 2013	<u>82,025</u>	<u>1,438</u>	<u>83,463</u>

All housing properties are freehold.

Under FRS11, the Trust is required to perform impairment tests on its housing stock so that properties are not shown at an amount exceeding their recoverable amount.

**Expenditure on works to existing properties**

	2014 £000's	2013 £000's
Amounts capitalised	5,195	8,949
Amounts charged to income and expenditure account	1,495	1,488

The properties referred to in the accounts are split into the following housing types:

	2014 No.	2013 No.
General needs	3,427	3,506
Supported housing and housing for older people	1,480	1,461
Shared ownership	1	1
Housing managed for others	1	1
	<u>4,909</u>	<u>4,969</u>

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2014**

**14. Tangible fixed assets – other**

	Freehold and leasehold properties £000's	Plant & Equipment £000's	Fixture and fittings £000's	Computer hardware and software £000's	Total £000's
<b>Cost</b>					
At 1 April 2013	70	11	1,000	1,559	2,640
Additions	-	-	61	243	304
At 31 March 2014	<u>70</u>	<u>11</u>	<u>1,061</u>	<u>1,802</u>	<u>2,944</u>
<b>Depreciation</b>					
At 1 April 2013	-	11	371	1,414	1,796
Charge for year	-	-	83	120	203
At 31 March 2014	<u>-</u>	<u>11</u>	<u>454</u>	<u>1,534</u>	<u>1,999</u>
<b>Net book value</b>					
At 31 March 2014	<u>70</u>	<u>-</u>	<u>607</u>	<u>268</u>	<u>945</u>
At 31 March 2013	<u>70</u>	<u>-</u>	<u>629</u>	<u>145</u>	<u>844</u>

The freehold and leasehold property is an amount of £70,000 (2013: £70,000) in respect of freehold land, which is not depreciated.

**15. Cash balances**

	2014 £000's	2013 £000's
Cash at bank and in hand	<u>2,583</u>	<u>367</u>

**16. Debtors**

	2014 £000's	2013 £000's
Arrears of rent and service charges	634	528
Less: provision for bad and doubtful debts	(286)	(270)
VAT	348	258
Other debtors	156	286
Prepayments and accrued income	253	177
	<u>1,213</u>	<u>805</u>
	<u>1,970</u>	<u>1,526</u>

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2014**

**17. Creditors: amounts falling due within one year**

	2014 £000's	2013 £000's
Bank overdraft (secured on the Trust's housing properties)	-	144
Trade creditors	871	815
Other creditors including tax and social security	1,144	533
Accruals and deferred income	2,480	2,763
Social Housing Grant in advance of costs	1,064	749
	<u>5,559</u>	<u>5,004</u>

**18. Creditors: amounts falling due after more than one year**

	2014 £000's	2013 £000's
<b>Loans</b>		
Housing loans	<u>59,040</u>	<u>55,998</u>

The Housing Loans are secured by specific charges on the Trust's housing properties. On 31 March 2014 loans were £59.00m with all debt being on a fixed interest rate. The loan facility is projected (as per the Trust Business Plan and Budget for 2014/15) to reach Peak Debt during 2018/19. At Peak Debt the facility amount will be converted to a term facility and a repayment plan will be agreed with the Lender until the final repayment date. The Housing Loans bear fixed rates of interest at an average rate of 5.48% or variable rates based on a margin above the London Inter Bank Offer Rate. The amount of loan not yet drawn down is £21m. The loan is repayable as follows:

	2014 £000's	2013 £000's
In five years or more	<u>59,040</u>	<u>55,998</u>
	<u>59,040</u>	<u>55,998</u>

**19. Accumulated surplus**

	2014 £000's	2013 £000's
Balance at start of the year	20,392	19,403
Surplus for the year	2,711	2,413
	<u>23,103</u>	<u>21,816</u>
Pension actuarial gain/(loss)	1,329	(1,359)
	<u>24,432</u>	<u>20,457</u>
Transfers to:		
Designated reserves	(299)	(65)
Balance at end of the year	<u>24,133</u>	<u>20,392</u>

The transfer from designated reserves is the release of the provision on completion of new developments.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2014**

**20. Designated reserves**

	2013 £000's	2013 £000's
Balance at start of the year	1,992	1,927
Additions in the year	299	65
	<u>2,291</u>	<u>1,992</u>
Balance at end of the year	<u>2,291</u>	<u>1,992</u>
	<b>2014</b> £000's	<b>2013</b> £000's
Designated reserves comprise:		
Right to buy proceeds reserve	<u>2,291</u>	<u>1,992</u>

The current business plan includes a provision for future developments. It is proposed that projects that are identified out of that provision be funded by the designated reserve.

**21. Capital commitments**

	2014 £000's	2013 £000's
Expenditure contracted for but not provided for in the accounts	5,755	4,490
Expenditure authorised by the Board, but not contracted	7,391	12,589
	<u>13,146</u>	<u>17,079</u>

**22. Financial commitments**

At 31 March 2014 the Trust's annual commitment under non- cancellable operating leases were as follows:

Operating leases which expire:	Office equipment 31 March 2014 £000's	Office equipment 31 March 2013 £000's	Land & buildings 31 March 2014 £000's	Land & buildings 31 March 2013 £000's
	Within 1 year	19	19	-
Within 2 to 5 years	78	59	-	-
After 5 years	-	5	531	496
	<u>97</u>	<u>83</u>	<u>531</u>	<u>496</u>

**23. Legislative provisions**

Cheshire Peaks and Plains Housing Trust Limited, a company limited by guarantee, is also registered by the Charities Commission, Registered Charity number 1114633 and registered by the Tenants Services Authority (Registered Number L4472). On 1<sup>st</sup> April 2012, the responsibilities of the Tenant Services Authority as regulator passed to the Homes and Communities Agency, who will continue to use the same registration number.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
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**24. Related parties**

The Trust had three tenant Board members during the year who are classified as a related party. The tenancies are on normal commercial terms and the members cannot use their position on the Board to their personal advantage.

The Trust had two council nominee Board members during the year who are classified as a related party. Any transactions with the local authority are made on normal commercial terms and the members cannot use their position to their advantage.