

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2017

Co-operative and Community Benefits Society: 7528
Homes and Communities Agency: L4472

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 March 2017

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CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
THE BOARD, SENIOR EXECUTIVES AND ADVISORS

THE BOARD

Independent members

John Hudson, Chairman
Kate Lindley
Gordon Richardson
Tom Agar
Matthew Cunningham

Council nominees

Paul Findlow

Tenant members

Allison Light
Joy Bishop

Resigned 23 November 2016

Executive Management Team

Tim Plnder
Jacqui Sinnott-Lacey
Greg van Enk-Bones

Chief Executive
Director of Operations (resigned 30/9/2016)
Director of Homes & Resources

Secretary and registered office

Greg van Enk-Bones

Ropewalks
Newton Street
Macclesfield
Cheshire
SK11 6QJ

Auditor

Grant Thornton UK LLP
Chartered Accountants and Statutory auditor
4 Hardman Square
Manchester
M3 3EB

Bankers

Barclays Bank plc
3 Hardman Street
Manchester
M3 3AX

Principal solicitors

Trowers & Hamlin
55 Princess Street
Manchester
M2 4EW

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

STRATEGIC REPORT

The Board of Cheshire Peaks & Plains Housing Trust Limited, known as Peaks & Plains and referred to in this report as “the Trust”, is pleased to present its report together with the audited financial statements of the Trust for the year ended 31 March 2017. The Trust is a public benefit entity, whose primary purpose is to provide goods and services for community or social benefit.

PRINCIPAL 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 in Cheshire and Derbyshire. The Trust provides homes for families, single people and accommodation tailored to the needs of older people and people with other support needs.

As well as managing and maintaining our existing housing stock, the Trust also continues to build new homes. The Trust has completed 82 new homes in the year and has made progress in accelerating the development programme, with 218 new homes started in the year. The shared ownership programme has continued to grow during the year with an additional 12 Shared Ownership completed in the year.

The Trust also offers support services for vulnerable people in their own homes, whether those homes are provided by the Trust, by another landlord or are owned by the customer. The services are delivered across the North West and include alarm monitoring which the Trust markets under the brand name ‘TrustLink’ and a wider offer of Health & Wellbeing services which are funded through contractual arrangements. The aim of these services is to contribute towards the Trust’s overall purpose: Helping Improve lives by assisting people to live independently and self manage their health & wellbeing. During the year the Board approved a new Wellbeing Strategy that emphasises these services as a priority for the Trust and sets ambitious objectives for growth. The Trust has also recruited a new Assistant Director of Wellbeing and a Wellbeing Manager, to provide leadership focus and develop new partnerships & services.

OBJECTIVES AND STRATEGY

The year ended 31 March 2017 was the fourth year of the Trust’s current five year plan. This was also the first of four years in which the Trust must decrease the majority of its rents by 1% each year. The Trust was prepared for this and had made changes to the business model and cost structure in the preceding year to put the Trust in a strong enough financial position to not only manage within the reduced core income levels, but also to increase the amount of new development activity. The Board has reaffirmed the Trust’s purpose to ‘Help Improve Lives’ and the three high level Corporate Objectives, which are presented below together with updated sub-objectives that state how we will deliver each objectives:

Corporate Objective	Sub-objectives
We will be a Great Landlord	<ul style="list-style-type: none"> • Deliver services that matter most to tenants • Provide easy access to services 24/7, Delivering high satisfaction • Protect the income of our core housing business • Maximise the value of our assets • Achieve great performance by delivering efficient services
We will be a valued partner to help improve lives	<ul style="list-style-type: none"> • Support work & training opportunities for tenants • Further strengthen our relationship with our key partners • Develop imaginative Wellbeing solutions to help people live independently
We will be innovative and grow our business responsibly	<ul style="list-style-type: none"> • Develop homes for rent and sale to meet a wide range of needs • Help regenerate areas • Expand current services to new customers and businesses • Innovate in our delivery of our core services, whilst maintaining our ethos

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

STRATEGIC REPORT – Objectives and Strategy (continued)

We will deliver these objectives by inspiring and engaging our staff team to deliver great services.

The following staff behaviours are reflected throughout the Trust and demonstrate how we will go about delivering the objectives in our five year plan. Our Staff recruitment and performance management systems are structured around these behaviours, making them a fundamental part of working at the Trust.

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

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 'PlainView'. 'PlainView' 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 review meetings attended by staff and managers from across the business.

Through the 'PlainView' 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 during the Year, by Corporate Priority

At the start of the year the Board revised the corporate performance indicators, reducing the number and focussed attention around four key strategic priority areas, while delegating the monitoring of other operational areas to the management. The four priority areas and how they were monitored are set out below.

TO MAINTAIN SOLID FOUNDATIONS	2015/16 Result	2016/17 Result	2016/17 Target
Rent Collection %	99.04%	99.43%	100.00%
% of Properties With Valid Landlord Gas Safety Record (LGSR)	100.00%	100.00%	100.00%
% Rent Lost by properties being empty (Void loss %)	0.66%	0.30%	0.60%

The Board recognise that future ambitions are built on strong foundations and there are key measures that relate to income, safety and efficiency that the Board have chosen to monitor directly.

The Board set a challenging target for rent collection in the year of 100%. Although this target was not achieved, performance was higher than the preceding two years and exceeded the assumptions we make for long term financial planning.

During the year a Landlord Gas Safety Record (LGSR) was issued to all homes that required one before the last LGSR expired, within 12 months. This year of 100% performance every month means we maintained our 100% record on gas safety for 16 consecutive months.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
STRATEGIC REPORT – Objectives and Strategy
Performance during the Year, by Corporate Priority (continued)

The amount of rent lost while properties are empty is an important measure of efficiency in the key process of letting homes. The % of rent we could have charged but were unable to because homes were empty was 0.30%, half the target of 0.60% and a significant improvement on the previous year's performance.

TO INCREASE THE NUMBER OF HOMES	2015/16 Result	2016/17 Result	2016/17 Target
New Home Starts	63	218	203
New Home Completions	13	82	82
Net Housing Stock Growth	53	46	38
Unsold Shared Ownership Homes	0	8	15

One of the key priorities of the Trust is to increase the number of homes we provide. This is central to our purpose of Helping Improve Lives, the more homes we provide the more lives we can help to improve.

This set of performance indicators looks at the numbers of homes we are increasing by and monitors key risks in relation to delivery.

The number of New Homes Starts measures how many new homes we started to build in the year. This was 218 homes in the year, 155 more starts than the previous year and 15 more than our target for the year of 203. At the other end of the building process we measure how many New Homes have been completed, this was 82 new homes, which is on target and an increase on the previous year's 13 homes.

To measure the increase in homes we also have to take into account reductions in homes mainly through homes that are sold through the preserved Right to Buy, which is held by tenants whose tenancy started before 17th July 2006. The New Housing Stock Growth takes all increases and reductions in numbers of homes into account. This shows a new growth of 46 homes in the year, which was lower than the previous year's 53, but exceeds our target of 38.

The number of unsold Shared Ownership Homes is monitored by the Board as a key risk of the development programme. High numbers of unsold homes for long periods could indicate low demand and risk reduced income for these low cost home ownership options. At the end of the year there were 8 unsold shared ownership homes, 5 of which had been reserved by purchasers. This was well within the target limit of 15 that was targeted to highlight the risk of potential low demand or problems with the housing market.

TO PROVIDE SERVICES CUSTOMERS WOULD RECOMMEND	2015/16	2016/17	2016/17 Target
% Responsive Repairs - Customer Satisfaction	97.62%	94.44%	96.00%
% self sufficient customers (rent payments)	Not measured	94.12%	95.00%

The Trust aims to improve lives through the services it delivers every day. To monitor how the services are experienced by our customers, we monitor key customer satisfaction indicators. We believe a key part of this is enabling customers to access our services in new ways so they can serve themselves.

We know from previous analysis that satisfaction with our responsive repairs service is a key predictor indicator of overall satisfaction with our landlord services, so we monitor this indicator at Board level. Although repairs satisfaction exceeded the target of 96.00% for 8 months of the year, at the end of the year in March 2017, satisfaction was below target at 94.44%. The average for the whole year was 95.90%. These results were higher than the average in our benchmark peer group of similar housing associations 94.3% (Housemark median for 2015/16).

The Trust introduced a new measure of self sufficiency during the year, targeting that 95.00% of rent payments should be done in a way that does not need support from staff at the Trust, such as by Direct Debit, using online payments or by having a standing order in place. In March 2017 94.12% of payments were made in these self sufficient ways, so the target was not achieved. In April 2017 the Trust gave tenants the ability to book their own repairs online. To reflect this, the Trust will monitor self sufficiency in both rent payments and repairs next year. The Trust also plans to introduce a measure of how likely customers are to recommend the Trust to friends and family in the next year, using online prompts to answer questions.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
STRATEGIC REPORT – Objectives and Strategy
Performance during the Year, by Corporate Priority (continued)

TO DIVERSIFY OUR INCOME STREAMS	2015/16	2016/17	2016/17 Target
% of total turnover from diverse income streams	7.77%	8.32%	6.06%

Following the rent reduction, where the core income of the Trust was reduced, the Trust sought to provide more diversity in income streams to reduce reliance on that which can be impacted by government policy. To achieve this aim the Trust has targeted to exceed the income levels in the business plan that are from diverse income streams. The target based on the business plan projections was 6.06% and our actual income from these sources was 8.32%.

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.

Risk appetite statement

The Board accepts that the Trust cannot achieve its objectives or purpose without taking some risks. The Board recognises its duty to safeguard the assets of the Trust and believes that financial strength is the key to delivery of other objectives.

The Board supports innovation and positive risk taking at an operational level is encouraged where appropriate controls enable worst case losses to be understood and provided for.

For key strategic risks, controls will be put in place to reduce the likelihood and the impact risks occurring, taking into account the costs and benefits of controlling, transferring or reducing those risks. Risks will be scored on a scale of 1 to 5 for both probability and impact, both before and after controls and the results multiplied together to arrive at a risk score. Risks with a remaining score of 20 or above will not be tolerated and the Board will take urgent action to reduce risk to below this level.

Subject to this limit, the risks arising from decisions to achieve our objectives can be accepted, provided the Board is satisfied that:

- i. Financial strength can be maintained as defined by our Golden Rules;
- ii. The good reputation of the Trust is maintained, in order to enable us to continue to work in partnership with others with similar goals.

In using this statement to authorise risk taking decisions, the Board will seek information and assurance to make a proper judgement and consider the cumulative effect of the number of 'live' strategic risks the Trust will be exposed to at the same time. The assessment of decisions against the risk appetite will be recorded in the Board minutes.

This risk appetite statement will be reviewed annually by the Board.

Golden Rules

1. Forecast interest cover (EDITDA-MRI/Interest) will be 1.25 or more for all years of the financial plan.
2. Floating/variable interest rate debt will not exceed 25% of the total outstanding debt for the first ten years of the financial plan.
3. Funding will be arranged 18 months in advance of needing forecast by the approved financial plan.
4. Forecast operating margin will be maintained at 25% or more for the first ten years of the financial plan.
5. The total drawn plus accessible funding will be at least 5% higher than the peak debt.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
STRATEGIC REPORT – Objectives and Strategy
Risks & Uncertainties (continued)

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 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.

Risks are rated for their probability and impact before and after controls and mitigations are put in place. The risks identified in the corporate risk map are listed below ordered by the risk score before controls:

	Risk score before controls	Risk score after controls
HIGH RISK – Rated 16 or higher before controls		
Inflation impact on surpluses	20	12
Consumer regulation leading to governance downgrade	20	8
Shared Ownership development	16	4
MEDIUM RISK - Rated 10 to 15 before controls		
Welfare reform impact on income	15	10
Failure to maintain our excellent reputation with key stakeholders & the sector	15	8
Governance failure	15	8
Failure to maximise the value of our assets	15	6
New development	15	6
Cost efficiencies	12	6
Failure to innovate in our delivery of core services, whilst maintaining our ethos	12	4
Consolidation and constitutional change	12	3
Failure to strive for great performance and efficient service delivery	12	2
Supported Housing	10	5
LOW RISK - Rated 1 to 9 before controls		
Failure to invest in new homes to meet a wide range of needs	9	6
Rents and Rental Market Exposures	9	6
Existing debt	9	6
Counter party risks	9	6
Securing new debt funding	9	4
Decision making on use of resources and assets	9	4
De-regulation	9	3
Pension costs escalation	8	6
Failure to encourage healthy lifestyles	8	3
Asset sales	8	3
Contractor financial failure	8	3
Failure to Ensure that customer satisfaction drives service delivery	8	2
Interest rates	6	2
Market sales (including shared ownership sales) and development.	4	4
Diversification	4	4
Failure to Exploit technology to Improve lives and promote independent living	2	1
Failure to Support work and training opportunities	2	1
Hedging Strategies	1	1

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
STRATEGIC REPORT – Objectives and Strategy
Risks & Uncertainties (continued)

The risks with a description that begins with 'Failure to' are based on the Board's analysis of the risks of not achieving key objectives. Other risks are the Board's assessment of risks that could affect the business, which has been informed by the HCAs 2016 Sector Risk Profile.

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 for the year of £7.27m for the year (2016: £5.47m). Our financial performance has meant that we have met our lenders' covenants.

The table below summarises the overall results of the Trust:

	2017	2016
	£000s	£000s
Turnover	29,443	27,864
Operating costs and cost of sales	(18,101)	(18,059)
Operating surplus	11,342	9,805
Operating surplus % of Turnover	38.6%	35.2%
Net interest charges	(4,064)	(4,326)
Surplus for the year before tax	7,278	5,479
Taxation	(9)	(8)
Surplus for the year after tax	7,269	5,471

Creditor days were calculated as 23.1 days (2016: 27.6 days) with average performance better than our standard terms of 30 days credit.

The detailed results for the year are set out in the financial statements on pages 16 to 45.

Capital structure

Borrowings at the year end were £71.80m (2016: £71.93m). The debt is sourced from Barclays Bank Plc.

Borrowings are in summary:

	31 March 2017		31 March 2016	
	Available facility £m	Drawn £m	Available facility £m	Drawn £m
Barclays Loan Facility	70.00	70.00	70.00	70.00
Barclays Overdraft Facility	0.50	0.00	0.50	0.00
Barclays Loan Facility (office)	1.80	1.80	1.93	1.93
Warrington Borough Council loan	25.00	0.00	25.00	0.00
Total facilities	97.30	71.80	97.43	71.93

The Barclays housing loan facility of £70.00m is fully drawn with the loan being repaid by instalments from 2023/24 until end of loan term in 2039/40. The overdraft facility is used to manage very short term cashflow. A loan facility to assist with the purchase of 'Ropewalks', the head office previously leased by the Trust has £1.8m outstanding. The Trust has also arranged a £25m loan facility to support future property development.

£61.66m (85.9%) of the total £71.80m borrowings at the balance sheet date were on interest rates fixed for longer than 12 months.

In the financial statements, debt is adjusted to take account of future increases in interest costs, as at 31 March 2017 this adjustment increases the value of the debt drawn to £73.73m (2016: £73.75m).

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
STRATEGIC REPORT – Objectives and Strategy
Financial Performance (continued)

Cash flows

Cash inflows and outflows for the year under review are set out in the Statement of Cash Flows on page 19.

During the year net cash of £13.14m (2016: £14.05m) was generated by operating activities. Included in operating cashflows, and accounting for the year on year reduction, is £2.2m that was placed in an Escrow account to provide additional security for the Cheshire Pension Fund liabilities. There has been no requirement to draw down on available loans as operating cash flows together with capital receipts, have been sufficient to cover investment and development expenditure and interest costs in the year. Over the year cash balances increased by £0.20m.

Future Developments

The Board has approved the business plan for 2016/17 onwards, which includes our development programme for 440 new homes in the next four years, 200 of which are assumed to be shared ownership. The Trust has completed 82 new homes during 2016/17 and started on sites that will deliver another 218 homes.

Over £7.3m was invested in new homes in the financial year, £0.9m of which was funded through social housing grant from the Homes and Communities Agency, on an accruals basis, and the remainder through existing loan facilities.

The Trust will continue to maintain and improve its existing homes and in over the next four years is planning to invest £21.6m making improvements to existing homes, in addition to an investment of £39.5m in new developments.

Liquidity

The Trust's policy is not to hold significant cash balances but to have loan facilities in place to fund future requirements. In order to benefit from long term fixed rates, however, the Trust decided to borrow £10m in March 2015 and held the cash in deposit until it could be invested. This and the strong cash performance driven by shared ownership sales has left the Trust with surplus funds which are placed on deposit with counterparties that meet the requirements set out in the Trust's Treasury Management Policy.

Loan covenants

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

Pension arrangements

The Trust participates in four 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 and one defined benefit scheme with the National Health Service (NHS). SHPS defined benefit scheme is a multi-employer scheme and no share of any cash scheme deficit is taken into the Trust balance sheet. NHS defined benefit scheme is a multi-employer scheme and no share of any cash scheme is taken into the Trust balance sheet. Deficit contributions are made to the SHPS defined benefit scheme. The Cheshire Fund shows a deficit of £3.5m (2016: £1.5m) under Section 28 FRS 102 in the balance sheet. The £2.0m increase in the net deficit was principally driven by changes in financial assumptions used to calculate the value of the pension fund (£5.3m increase in deficit), as well as a positive return on assets (£3.3m decrease in deficit).

The SHPS Defined Contribution scheme is used as the auto enrolment option when no other option is selected. The Trust currently has 88% of the staff enrolled in one of the four pension schemes.

Treasury policies and objectives

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

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

STRATEGIC REPORT (continued)

VALUE FOR MONEY SELF ASSESSMENT 2016-2017

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 we own are the homes that our tenants live in.

We think 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 spent on the assets?

There are different ways of measuring this, but one that is used by accountants and allows us to compare with most other housing associations is the Depreciated Net Book Value. This is based on 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 (called depreciation).

As at 31st March 2017, the Trust owned 5053 homes (2016: 5008), which had a value in the accounts of £110.2m (2016:£104.6m).

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 2016/2017 was a surplus for the year of £7.27m, which gives an annual return of 6.6% on the £110.2m investment. This is a very simple way of looking at things but it uses our audited accounts from the year that ended in March 2017.

How does 6.6% compare? Is it any good?

For the year ended 31st March 2016, the Trust had a return on assets of 5.2%, so we can say that this has improved over time.

The 2017 accounts of other housing associations have not been published yet, but we can go back a year earlier to 2016 to see that when our reported return on investment was 5.2%, the average housing association made a return of 2.5%.

These are returns for the whole business, taking into account all the income and 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 our housing assets.

Trust Return on assets	2016/17 = 9.1%
Trust Return on assets	2015/16 = 7.6%
Average Housing Association	2015/16 = 3.6%

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

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
STRATEGIC REPORT – Value for Money Self Assessment 2016-2017
Return on Assets (continued)

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 achieve its objectives. The Trust's 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 to help to improve service quality over the years. This helps us attract new tenants and keep the ones we have which protects the income flowing into the business.

Over the years we have improved the quality of homes by investing in the assets (the homes of our tenants). 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.

During 2016/17 we conducted a review of the performance of assets and although all property types and areas we analysed were making positive returns, some property types were identified that require a review in order to ensure that positive returns are sustainable in the long term.

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

We work with others to help improve lives, and we'll continue to be a leading player in improving the links between health, housing and independent living; where the opportunities and funding allows.

Where we're not best placed to do it ourselves, or we don't have the funding or skills, we'll look to work in partnership with the right organisations who can bring their expertise to help improve lives into the communities where we work or we'll signpost customers to the appropriate partners.

By selecting the right partners and working together, and by securing funding for our activities that is dedicated to improving lives, we no longer need to subsidise these activities from the returns generated from the assets in our core business. This approach will also ensure that our overall return on assets improves, as we ensure that every area of our spending is covered by a source of income.

3. We will be innovative and grow our business responsibly

By increasing the number of homes we provide, we can improve more lives and also increase the returns to the business in the long term.

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

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
STRATEGIC REPORT – Value for Money Self Assessment 2016-2017 (continued)

The Cost of Specific Services

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

	Trust cost per rent week 2014-2015 £	Trust cost per rent week 2015-2016 £	Average cost similar housing associations 2015-2016 £
Management Services			
Rent arrears and collection	2.72	2.57	2.99
Anti-social behaviour	1.17	1.06	1.11
Lettings	1.59	1.56	1.39
Tenancy management	1.50	1.35	1.69
Resident involvement	1.28	0.85	1.06
Responsive repairs	2.32	2.32	2.32
Void works	0.87	0.83	0.89
Major works	2.35	2.54	2.29
Cyclical maintenance	1.35	1.30	0.97

As part of our annual business planning process, managers are challenged to set stretching targets for performance and budgets. The targets take 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 these targets and benchmarking against the best in the sector.

Our full value for money self assessment, including value for money gains and how they are realised and how we measure and deliver improvements will be available on our website www.peaksplains.org from 30 September 2017.

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 Trust is ongoing and has been in place throughout the period commencing 1 April 2016 up to the date of approval of the report and financial statements.

The Board has itself, and through the activities of the Audit 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.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
STRATEGIC REPORT – Internal Controls Assurance (continued)

- 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 fraud policy, covering prevention, detection and reporting, together with recoverability of assets.

A fraud register is maintained and is reviewed by Audit Committee at each meeting. Two incidents of fraud were reported for the financial year, losses to the Trust were recovered in full.

The Trust has a comprehensive internal audit programme provided by Beever and Struthers LLP, Chartered Accountants. The Internal Auditors report to the Trust's Chief Executive on each assignment and to each meeting of the Audit 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 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 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.

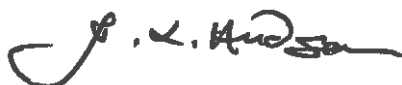
Code of Governance

The Trust has complied with the Governance and Viability Standard published by the regulatory committee of the Homes and Communities Agency and uses the National Housing Federation's Code of Governance 2015 – code for members (the code) as its chosen code of governance and has fully complied with this code.

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 2014.

The strategic report was approved by the Board on 18 July 2017 and signed on its behalf by:



John Hudson
Chairman

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

REPORT OF THE BOARD

The Board is responsible for preparing the Strategic Report, Report of the Board and the financial statements in accordance with applicable law and regulations.

BOARD MEMBERS AND EXECUTIVE DIRECTORS

The Board members are listed on page 1. In line with NHF code of governance the maximum tenure must be agreed for all non-executives which must in total be nine years or fewer, composed of two or more consecutive terms of office. This maximum tenure must apply to all board member service with an organisation or its predecessors or its subsidiaries. Based on the length of tenure a new Chairman was appointed in October 2015. 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 comprises of eight voluntary members and a paid Chair.

The executive directors are the Chief Executive, the Director of Operations and the Director of Resources known as the executive management team. They hold no interest in the company's shares and act as executives within the authority delegated by the Board. Trust Insurance policies indemnify board members and officers against liability when acting for the Trust.

Service Contracts

The executive management team are employed on the same terms as other staff. Their notice periods are 6 months.

Pensions

The executive directors are members of either the Social Housing Pension Scheme or the Cheshire Pension Fund, both defined benefit (final salary) pension schemes. They participate in the schemes on the same terms as all other eligible staff.

Other Benefits

The executive directors are entitled to other benefits such as the provision of a car.

EMPLOYEES

The Trust recognises that the success of the business depends on the quality of our managers and staff. It is the policy of the company that training, career development and promotion opportunities should be available to all employees. The Trust invested £66,025 in staff training and development in the year. This is equivalent to £322 per employee.

We are committed to equal opportunities and in particular we support the employment of people with disabilities both in recruitment and in retention of employees who become disabled whilst employed by the Trust.

The Board is aware of its responsibilities on all matters relating to health and safety. The Trust has prepared detailed health and safety policies and provides staff training and education through its health and safety committee.

COMMITTEES

The Audit Committee which comprises four Board members 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 Committee are held at least three times a year.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

REPORT OF THE BOARD – Committees (continued)

The Governance committee which comprises four Board members 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, shadowing staff, mystery shopping services, customers and staff surveys and by reviewing policies and procedures.

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

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

Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under the Co-operative and Community Benefit Society legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Trust for that period. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2014, 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 association 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 the group and association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing (April 2015). It is also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

- so far as each member is aware, there is no relevant audit information of which the Trust's auditor is unaware; and
- the members of the board have taken all the steps that they ought to have taken as members of the board in order to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

The report of the Board was approved by the Board on 18 July 2017 and signed on its behalf by:



John Hudson
Chairman

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

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

We have audited the financial statements of Cheshire Peaks & Plains Housing Trust Limited ("the Trust") for the year ended 31 March 2017, which comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows and the related notes. 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) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Association's directors, as a body, in accordance with our letter of engagement 18 July 2017. Our audit work has been undertaken so that we might state to the Association's Board 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 Association's Board as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Board and auditor

As explained more fully in the Statement of Responsibilities of the Board set out on page 14, the board is responsible for the preparation of the financial statements which 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements give a true and fair view of the state of the Trust's affairs as at 31 March 2017 and of the surplus for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Grant Thornton UK LLP

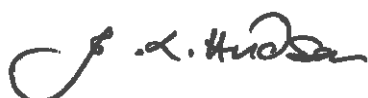
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

Date: 3 August 2017 .

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 March 2017

	Note	2017 £'000s	2016 £'000s
TURNOVER	3	29,443	27,864
Cost of sales	3	(442)	(37)
Operating costs	3	(17,659)	(18,022)
OPERATING SURPLUS		<u>11,342</u>	<u>9,805</u>
Interest receivable	7	61	63
Interest and financing costs	8	(4,125)	(4,389)
SURPLUS BEFORE TAX		<u>7,278</u>	<u>5,479</u>
Taxation	11	(9)	(8)
SURPLUS FOR THE YEAR		<u>7,269</u>	<u>5,471</u>
Remeasurements in respect of pension schemes	25	(1,878)	3,059
TOTAL COMPREHENSIVE INCOME FOR THE YEAR.		<u>5,391</u>	<u>8,530</u>

The financial statements were approved by the Board on 18 July 2017



John Hudson

Chairman



Matthew Cunningham

Board Member



Greg van Enk-Bones

Secretary

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

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
STATEMENT OF CHANGES IN RESERVES

	Income and expenditure reserve £'000s
Balance as at 1 April 2015	27,410
Surplus for the year	5,471
Other comprehensive income for year	3,059
Balance at 31 March 2016	<u>35,940</u>
Surplus for the year	7,269
Other comprehensive income for year	(1,878)
Balance at 31 March 2017	<u><u>41,331</u></u>

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED (Co-operative and Community Benefits Society 7528)
STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

	Note	2017 £'000s	2016 £'000s
FIXED ASSETS			
Tangible fixed assets – housing properties	12	110,216	104,613
Other tangible fixed assets	13	3,216	3,867
Intangible fixed assets	14	313	408
Investment properties	15	2,474	1,894
		<u>116,219</u>	<u>110,782</u>
CURRENT ASSETS			
Cash and cash equivalents	17	12,629	12,179
Properties for sale	18	636	175
Trade and other debtors	19	3,852	1,626
		<u>17,117</u>	<u>13,980</u>
CREDITORS: Amounts falling due within one year	20	(5,762)	(5,687)
NET CURRENT ASSETS		11,355	8,293
TOTAL ASSETS LESS CURRENT LIABILITIES		127,574	119,075
CREDITORS: Amounts falling due after more than one year	21	(82,696)	(81,432)
PROVISIONS FOR LIABILITIES			
Pension provision Cheshire Pension Fund	25	(3,547)	(1,531)
Other provisions	26	-	(172)
TOTAL NET ASSETS		41,331	35,940
RESERVES			
Income and expenditure reserve	27	41,331	35,940
TOTAL RESERVES		41,331	35,940

The accompanying notes form part of these financial statements.

The financial statements were issued and approved by the Board on 18 July 2017.



John Hudson
Chairman



Matthew Cunningham
Board Member



Greg van Enk-Bones
Secretary

18 July 2017

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 March 2017

	Note	2017 £'000s	2016 £'000s
Net cash generated from operating activities	27	13,487	14,055
Cash flow from investing activities			
Purchase and refurbishment of tangible fixed assets		(11,131)	(12,128)
Purchase of other tangible assets		(218)	(3,286)
Net gain on sale of fixed assets		772	1,656
Grants received		886	1,172
Interest received		61	63
		(9,630)	(12,523)
Cash flow from financing activities			
Interest paid		(3,522)	(4,421)
New secured loans		-	2,000
Repayment of borrowings		(133)	(67)
		(3,655)	(2,488)
Net change in cash and cash equivalents		202	(956)
Cash and cash equivalents at beginning of the year		11,976	12,932
Cash and cash equivalents at end of the year	17	12,178	11,976

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 2017

1. LEGAL STATUS

Legal status

The Trust is incorporated under the Co-operative and Community Benefits Society Act 2014 and is registered with the Homes and Communities Agency as a Registered Provider. The registered office is Ropewalks, Newton Street, Macclesfield, Cheshire SK11 6QJ.

On 3rd April 2017, the Trust converted from a company registered under the Companies Act 2006 to registration under the Co-operative and Community Benefits Society Act 2014. Accordingly, these financial statements for the year ended 31 March 2017 are non-statutory financial statements.

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 2017. Both companies are classed as dormant i.e. not trading at the end of the year.

2. ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Trust are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS102) and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

The financial statements are presented in Sterling (£)

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

The Trust has not prepared consolidated accounts for the year ended 31 March 2017 as the two subsidiaries have not been trading in the year to 31 March 2017.

Going concern

The Trust's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The Trust has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with its day to day operations. The Trust also has a long term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

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

From 1 April 2016, Cheshire Peaks & Plains Housing Trust has reduced social housing rents by one per cent per annum and will continue to do so in each year until 2019/20 in accordance with the Housing and Planning Act 2016. A one year exemption of the reduction for supported housing has been applied resulting in an increase of CPI plus one per cent (0.9%).

Despite cost efficiency savings and other changes to the business, compliance with the new rent regime has resulted in a loss of net income for certain social housing property. This is a trigger for impairment. As a result, we undertook an impairment assessment of our housing properties where significant investment had been made or increases in void loss. No material adjustment has been made.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017
2. ACCOUNTING POLICIES (continued)

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.

Classification of loans as basic

The Trust 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 do meet the definition of a basic financial instrument, therefore are held at amortised cost.

Estimation of 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.

Useful lives of depreciable assets

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 2017 was £38.47m.

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 25). The liability at 31 March 2017 was £3.5m.

Investment in subsidiaries

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

Turnover and revenue recognition

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.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales is recognised at the point of legal completion of the sale. Other income is recognised as receivable on the delivery of services provided.

Taxation

No taxation is payable on the primary purpose surpluses of the Trust, as it has charitable status. Corporation tax is payable on non primary purpose trading surpluses incorporating Feed-in-tariff income on renewable energy PV panels using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Value Added Tax

The Trust is registered for Value Added Tax (VAT). The Trust 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 Trust 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 in the year in which it is incurred.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017
2. ACCOUNTING POLICIES (continued)

Financial Instruments

Financial Instruments which meet the criteria of a basic financial instrument as defined in Section 11 and Section 12 of FRS102 are recognised at amortised historical cost. The Trust has applied the provisions of both Section 11 and Section 12 of FRS102 in full. It has classified all financial instruments as basic.

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 transaction price, less any impairment. 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.

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.

Pension costs

The Trust participates in the Cheshire Pension Fund and the Social Housing Pension Scheme defined benefit salary pension schemes, the Social Housing defined contribution scheme and one NHS defined benefit Pension Schemes.

The Cheshire Pension Fund

For the Cheshire Pension Fund scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the Trust through reduced contributions or through refunds from the plan.

The current service cost and costs from settlements and curtailments are charged against operating surplus.

Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income.

Social Housing Pension Scheme (SHPS)

The Trust participates in a second defined benefit 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.

It has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The charge to the income and expenditure represents the employer contribution payable to the scheme for the accounting period.

Contributions payable from the Trust to the SHPS under the terms of its funding agreement for past deficits are recognised as a liability within other creditors in the Trust's financial statements.

The Trust also operates the Social Housing defined contribution scheme which is used as the auto enrolment option when no other option is selected. Contributions payable under this scheme are charged to operating surplus in the year to which they relate.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017
2. ACCOUNTING POLICIES (continued)

National Health Service Pension Scheme (NHS)

The Trust participates in a NHS defined benefit pension scheme. This provides benefits based on final pensionable pay. The assets of this scheme are held separately from those of the Trust.

It has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The charge to the income and expenditure represents the employer contribution payable to the scheme for the accounting period. Contributions payable under this scheme are charged to operating surplus in the year to which they relate.

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings and development costs.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefit of the assets, are capitalised as improvements.

Shared ownership properties are split proportionally 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 and the remaining element is classed as fixed asset and included in housing properties at cost, less any provision for depreciation or impairment.

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.

Government grants

Government grants include grants receivable from the Homes and Communities Agency (the HCA), local authorities and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure (excluding land) where applicable under the accruals method.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Government grants for housing properties are subordinated to the repayment of loans by agreement with the HCA. Government grants released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to the income and expenditure account. Upon disposal of the associated property, the Trust is required to recycle these proceeds.

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 Trust is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as deferred income.

Depreciation of housing properties

The Trust separately identifies the major components which comprise its' housing properties and charges depreciation, so as to write-down the cost of each component to its' estimated residual value, on a straight-line basis, over its useful economic life.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017
2. ACCOUNTING POLICIES (continued)

The Trust depreciates the major components of its' housing properties 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		

Freehold land is not depreciated

Impairment

Annually housing properties are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the scheme's carrying amount to its' recoverable amount. Where the carrying amount of a scheme is deemed to exceed its' recoverable amount, the scheme is written down to its' recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the Trust, its' recoverable amount is its' fair value less costs to sell.

Other tangible fixed assets

Other tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided evenly on the cost of the other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal estimated useful economic lives used for other fixed assets are:

Fixtures & Fittings	15 years	Computer and telecoms 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.

Disposal Proceeds Fund

Private registered providers are required by section 177(1) of the Housing and Regeneration Act 2008 (2008ACT) to show net proceeds for certain types of disposals in a Disposals Proceed Fund in its' annual accounts. This fund can be used in acquisition and improvement for low cost rental accommodation in line with the regulators direction as per

Section 178(1) of the 2008 Act. Under the Housing and Planning Act 2016 Deregulatory measures applicable from 7 April 2017, additions into the DPF regime will be abolished. The balances accrued to this date will be used in accordance with the DPF requirements over the next three years. Therefore the existing balance as at 31 March 2017 will remain as a liability until spent or repaid.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leases asset to the Trust. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring the surplus or deficit. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017
2. ACCOUNTING POLICIES (continued)

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.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Properties for sale

Shared ownership first tranche sales and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Provisions for liabilities

Provisions are recognised when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that the Trust 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.

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. The available transitional relief has been taken not to restate goodwill on conversion to FRS102.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017

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

	Turnover 2017 £'000s	Cost of sales 2017 £'000s	Operating costs 2017 £'000s	Operating surplus 31 March 2017 £'000s
Social housing lettings	25,295	-	(15,351)	9,944
<u>Other social housing activities</u>				
First tranche low cost home ownership sales	773	(442)	-	331
Support Services	299	-	(287)	12
Gain on disposal of housing properties (note 6)	-	-	450	450
Other	874	-	(702)	172
	27,241	(442)	(15,890)	10,909
Activities other than social housing	2,202	-	(1,769)	433
	29,443	(442)	(17,659)	11,342
	Turnover 2016 £'000s	Cost of sales 2016 £'000s	Operating costs 2016 £'000s	Operating surplus 31 March 2016 £'000s
Social housing lettings	24,701	-	(16,777)	7,924
<u>Other social housing activities</u>				
First tranche low cost home ownership sales	67	(37)	-	30
Support Services	158	-	(122)	36
Supporting people	360	-	(278)	82
Gain on disposal of housing properties (note 6)	-	-	1,142	1,142
Other	337	-	(260)	77
	25,623	(37)	(16,295)	9,291
Activities other than social housing	2,241	-	(1,727)	514
	27,864	(37)	(18,022)	9,805

For the year ended 31 March 2017, the surplus on disposal of fixed assets (note 6) has been presented within operating surplus. The companies for the year ended 31 March 2016 have been restated accordingly.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017

3. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUSES (continued)

	General needs 2017 £'000s	Supported housing & housing for older people 2017 £'000s	Low cost home ownership 2017 £'000s	31 March 2017 £'000s	31 March 2016 £'000s
Rent receivable net of identifiable service charges	19,218	5,392	12	24,622	24,214
Service charge income	356	229	-	585	399
Amortised government grants	88	-	-	88	88
Net rental income from social housing lettings	19,662	5,621	12	25,295	24,701
Management	(1,919)	(601)	(1)	(2,521)	(3,401)
Service costs	(1,509)	(237)	-	(1,746)	(1,426)
Routine maintenance	(2,970)	(935)	-	(3,905)	(4,274)
Planned maintenance	(1,347)	(423)	-	(1,770)	(2,374)
Bad debts	(156)	(50)	-	(206)	(166)
Impairment of housing properties	-	-	-	-	(346)
Depreciation of housing properties	(3,879)	(1,222)	(7)	(5,108)	(4,695)
Amortisation of goodwill	(72)	(23)	-	(95)	(95)
Operating costs on social housing lettings	(11,852)	(3,491)	(8)	(15,351)	(16,777)
Operating surplus on social housing lettings	7,810	2,130	4	9,944	7,924
Void losses	54	13	-	67	145

4. ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT

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

	2017 No of properties	2016 No of properties
Social Housing		
General Needs	3,836	3,809
Supported Housing	5	-
Housing for older people	1,189	1,188
Low cost home ownership	23	11
Total owned	5,053	5,008
Accommodation managed for others	12	12
Total managed	12	12
Accommodation in development at the year end	52	25

The prior year property numbers have been restated to reclassify 307 properties from housing for older people to general needs and a further 5 housing properties have been reclassified from general needs to supported housing in 2017 in line with the definition of supported housing specified in the Welfare Reform & Work Act and regulations made under it.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017 (continued)

5. OPERATING SURPLUS

	2017 £'000s	2016 £'000s
Surplus on ordinary activities is stated after charging:		
Depreciation:		
Housing properties	4,949	4,695
Impairment	-	346
Amortisation of grants	(88)	(88)
Other tangible fixed assets	288	269
Amortisation:		
Goodwill	95	95
Operating leases:		
Land & Buildings	-	443
Other equipment	67	52
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	27
Fees payable to the company's auditor for the audit of the company's service charges	7	6
IXBRL and Tax compliance fees	3	2
Tax advisory fees	6	-

6. SURPLUS ON SALE OF FIXED ASSETS

	2017 £'000s	2016 £'000s
Sale proceeds	1,679	2,521
Carrying value of fixed assets	(325)	(418)
Incidental sale expenses	(16)	(28)
Transfer to Disposal Proceeds Fund (note 23)	(145)	-
Right to Buy re-imburement	(743)	(933)
Total surplus on sale of fixed assets	450	1,142

7. INTEREST RECEIVABLE AND OTHER INCOME

	2017 £'000s	2016 £'000s
Income from bank deposits	61	63

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017 (continued)****8. INTEREST PAYABLE AND SIMILAR CHARGES**

	2017	2016
	£'000s	£'000s
Defined benefit pension charge	55	138
Loans and bank overdraft	4,068	4,250
SHPS interest expense	2	1
	4,125	4,389

9. STAFF NUMBERS AND COSTS

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):

	2017	2016
	No.	No.
Administration	39	51
Housing	71	75
Development and maintenance	95	100
	205	226

	2017	2016
	£'000s	£'000s
Employee Costs:		
Wages and salaries	5,682	6,205
Social security costs	472	445
Other Pension costs (included in operating costs)	995	951
	7,149	7,601
Restructuring Costs	54	111

The Trust's employees are members of the Cheshire Pension Fund, the Social Housing Pension Fund (SHPS) or of the two defined benefit National Health Service Pension Schemes. The Trust has an alternative defined contribution pension scheme with SHPS.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017

9. STAFF NUMBERS AND COSTS (continued)

The full time equivalent number of staff (including 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.

	2017	2016
	No.	No.
£60,001 to £70,000	4	3
£70,001 to £80,000	1	1
£80,001 to £90,000	3	3
£90,001 to £100,000	2	2
£100,001 to £110,000	-	-
£110,001 to £120,000	-	-
£120,001 to £130,000	-	-
£130,001 to £140,000	2	2
£140,001 to £150,000	-	1
£150,001 to £160,000	1	-
	13	12

10. 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:

	2017	2016
	£'000s	£'000s
Basic Salary	357	310
Benefits in kind	16	18
Social security costs	51	34
Pension contributions	40	49
	464	411

The Trust's Chief Executive, who was the highest paid employee, 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 Chief Executive. The emoluments of the highest paid employee, the Chief Executive, excluding pension contributions were £134,934 (2016: £120,315).

The chairman is the only board member to receive an annual emolument, £11,489 was incurred in the year (2016: £11,852). The total board expenses for the year are £1,184 (2016: £413).

During the year, the aggregate compensation for loss of office of key management personnel was £46,268 (2016: nil)

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017 (continued)

11. TAX ON SURPLUS ORDINARY ACTIVITIES

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

	2017 £'000s	2016 £'000s
Current tax		
UK corporation tax on surplus for year	9	8
Adjustments in respect of prior years	-	-
Total current tax	9	8
	2017 £'000s	2016 £'000s
Total tax reconciliation		
Surplus on ordinary activities before tax	7,278	5,479
Theoretical tax at UK corporation tax rate 20% (2016: 20%)	1,456	1,096
- Non taxable income	(1,440)	(1,081)
- Capital allowances	(7)	(7)
Total taxation charge	9	8

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 renewal energy project. The aggregate current tax relating to items that are recognised as items of other comprehensive income is £9,000 (2016; £8,000).

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017 (continued)

12. FIXED ASSETS: HOUSING PROPERTIES

	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 2016	132,477	2,780	597	38	135,892
New development schemes	-	6,643	-	697	7,340
Works to existing properties	3,692	-	-	-	3,692
Schemes completed	5,933	(5,933)	527	(527)	-
Disposals	(680)	-	-	-	(680)
At 31 March 2017	141,422	3,490	1,124	208	146,244
Depreciation					
At 1 April 2016	31,270	-	9	-	31,279
Depreciation charged in year	4,942	-	7	-	4,949
Released on disposal	(200)	-	-	-	(200)
At 31 March 2017	36,012	-	16	-	36,028
Net book value					
At 31 March 2017	105,410	3,490	1,108	208	110,216
At 31 March 2016	101,207	2,780	588	38	104,613

Expenditure on works to existing properties

	2017 £'000s	2016 £'000s
Amounts capitalised	3,692	5,029
Amounts charged to income and expenditure account	1,715	1,613

Social Housing Assistance

Total accumulated social housing grant received or receivable as 31 March 17:	2017 £'000s	2016 £'000s
Recognised in the Statement of Comprehensive Income	1,257	1,169
Held as deferred income	9,055	7,758
Total	10,312	8,927

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017
12. FIXED ASSETS: HOUSING PROPERTIES (continued)

Housing properties book value net of depreciation

	2017	2016
	£'000s	£'000s
Freehold land and buildings	110,033	104,430
Leasehold land and buildings	183	183
	110,216	104,613

Impairment

The Trust considers individual schemes to be separate Cash Generating Units (CGU's) when assessing for impairment, in accordance with the requirements of Financial Reporting 102 and SORP 2014. CGU's were assessed for changes to the operating environment or the asset and as a result no social housing properties were impaired. The review of components resulted in an impairment charge to the statement of comprehensive income of £159k.

13. TANGIBLE FIXED ASSETS – OTHER

	Freehold and Leasehold properties £'000s	Fixture and fittings £'000s	Computers & Office Equipment £'000s	Total £'000s
Cost				
At 1 April 2016	3,209	1,097	1,756	6,062
Additions	-	60	158	218
Transfer to Investment Properties	(595)	-	-	(595)
Disposals	-	-	(45)	(45)
At 31 March 2017	2,614	1,157	1,869	5,640
Depreciation				
At 1 April 2016	27	609	1,559	2,195
Charged in year	80	68	140	288
Transfer to Investment Properties	(15)	-	-	(15)
Released on disposal	-	-	(44)	(44)
At 31 March 2017	92	677	1,655	2,424
At 31 March 2017	2,522	480	214	3,216
At 31 March 2016	3,182	488	197	3,867

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017 (continued)

14. INTANGIBLE FIXED ASSETS: GOODWILL

	Goodwill £'000s
Cost	
As at 1 April 2016 and 31 March 2017	1,331
Amortisation	
At 1 April 2016	923
Charge for year	95
At 31 March 2017	1,018
Net book value	313
At 31 March 2017	
At 31 March 2016	408

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

	2017 £'000s
At 1 April	1,894
Additions	580
At 31 March	2,474

During 2016/17 there has been a transfer from other tangible fixed assets to investment property. The valuation as at 31 March 2017 is a director's valuation using the estimated Rental Value of the property, in accordance with the assumed rent review provisions in the leases.

16. 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. Both companies are classed as dormant i.e. not trading at the end of the year. There were no transactions between the Trust and these two companies 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.

17. CASH & CASH EQUIVALENTS

	2017 £'000s	2016 £'000s
Cash at bank and in hand	12,629	12,179
Bank overdraft	(451)	(203)
	12,178	11,976

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017 (continued)

18. PROPERTIES FOR SALE

	2017	2016
	£'000s	£'000s
Shared Ownership Properties:		
Completed Properties	428	150
Work In Progress	208	25
	<u>636</u>	<u>175</u>

19. DEBTORS

	2017	2016
	£'000s	£'000s
Arrears of rent and service charges	544	473
Less: provision for bad and doubtful debts	(367)	(309)
	<u>177</u>	<u>164</u>
Other debtors	615	710
Other debtors - Escrow*	2,204	-
Prepayments and accrued income	856	752
	<u>3,852</u>	<u>1,626</u>

*The Trust entered into an Escrow Agreement with Cheshire West & Chester Council who administers the Cheshire Pension Fund. A cash sum of £2.2m is held on deposit to cover the outstanding pension liability following the triennial valuation as at 31st March 2016. The account is administered by Barclays Bank with funds being released to the Cheshire Pension Fund in the event of the insolvency of the Trust.

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£'000s	£'000s
Debt (Note 24)	583	335
Trade creditors	807	707
Other creditors	1,044	1,295
Rent and service charges received in advance	404	194
Other taxation and social security creditors	124	174
Accruals and deferred income	2,476	2,167
Deferred grant income (Note 22)	97	88
Social housing grants in advance of costs	227	727
	<u>5,762</u>	<u>5,687</u>

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017 (continued)

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

	2017	2016
	£'000s	£'000s
Loans		
Debt (Note 24)	73,593	73,618
Deferred grant income (Note 22)	8,958	7,670
Disposal Proceeds Fund (Note 23)	145	144
	<u>82,696</u>	<u>81,432</u>

22. DEFERRED GRANT INCOME

	2017	2016
	£'000s	£'000s
At 1 April	7,758	7,033
Grant received in the year	1,385	813
Released to income in the year	(88)	(88)
At 31 March	<u>9,055</u>	<u>7,758</u>

	2017	2016
	£'000s	£'000s
Amounts to be released within one year	97	88
Amounts to be released in more than one year	8,958	7,670
At 31 March	<u>9,055</u>	<u>7,758</u>

23. DISPOSAL PROCEEDS FUND

	2017	2016
	£'000s	£'000s
At 1 April	144	144
Net sales proceeds recycled	145	-
Interest accrued	-	-
Withdrawals	(144)	-
At 31 March	<u>145</u>	<u>144</u>

As at 31 March 2017, there are no amounts due for repayment and £nil has been repaid in the year. Interest of £0.1k has been credited in year to 31 March 2016 (£0.4k 2016).

Withdrawals from the disposal proceeds fund were used for approved works to housing properties.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017 (continued)

24. DEBT ANALYSIS

Borrowings

	2017	2016
	£'000s	£'000s
Due within one year		
Bank overdraft	451	203
Bank Loans	132	132
Due after more than one year		
Bank Loans	73,593	73,618
	74,176	73,953

Security

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

Terms of repayment and interest rates

The principal amount of the housing loans outstanding was £70m at 31st March 2017. £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%. The variable loan of £10m is charged interest at a margin on the variable rate linked to 3 month LIBOR. The difference between the outstanding loan of £72m and the carrying value of £74m 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.

A £2m bank loan utilised for the purchase of the office is on a 10 year repayment basis (£1.8m outstanding at year end) Interest is charged on a fixed rate basis of 3.49% with the final instalment falling due in 2025.

A Local authority loan facility of £25m is in place. There has been £nil drawdown during the year. The loan is secured by fixed charges on individual properties (2016: 5.39m)

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

	2017	2016
	£'000s	£'000s
Within one year or on demand	583	335
One year or more but less than two years	133	264
Two years or more but less than five years	400	396
Five years or more	73,060	72,958
Total Loans	74,176	73,953

25. PENSION SCHEMES

The Trust participates in four 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. From 1 July 2016 the trust participated in one National Health Service defined benefit Pension Schemes (NHS).

A SHPS defined contribution scheme is used as the auto enrolment option when no other option is selected.

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 31 March 2019 by a qualified independent actuary.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017 (continued)****25. PENSION SCHEMES (continued)**

The employer's contribution to the LGPS by the company for the year ended 31 March 2017 were £473,000 (2016 £565,000) at a contribution rate of 22.1 % of pensionable salaries. The contribution rate for the next financial year will remain at 22.1%. The rate of contribution being determined by the actuary. Estimated employers' contributions to the LGPS during the accounting period commencing 1 April 2017 are £576,000.

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

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)	2017 %	2016 %
Inflation/pension increase rate	2.4%	2.2%
Rate of Increase in salaries	2.7%	3.2%
Expected return on asset	2.6%	3.5%
Discount rate	2.6%	3.5%

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:

	2016-2017		2015-2016	
	Males	Females		
Current pensioners	22.3 years	24.5 years	22.3 years	24.4 years
Future pensioners	23.9 years	26.5 years	24.1 years	26.7 years

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

	2017 £'000s	2016 £'000s
Current service cost	556	788
Past service cost	-	38
Amounts charged to operating costs	556	826
Interest on obligation	757	739
Expected return on scheme assets	(702)	(601)
Amounts charged to other finance costs	55	138

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

	2017 £'000s	2016 £'000s
Fair value of scheme assets	23,246	19,946
Present value of defined benefit obligations	(26,793)	(21,477)
Deficit in the schemes	(3,547)	(1,531)
Net liability in the balance sheet	(3,547)	(1,531)

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017
25. PENSION SCHEMES (continued)

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

	2017	2016
	£'000s	£'000s
Opening defined benefit obligation	21,477	22,769
Current service cost	556	788
Past service cost	-	38
Interest on pension liabilities	757	739
Contributions by scheme participants	150	176
Actuarial losses/ (gains)	4,243	(2,678)
Benefits paid	(390)	(355)
Closing defined benefit obligation	<u>26,793</u>	<u>21,477</u>

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

	2017	2016
	£'000s	£'000s
Opening fair value of scheme assets	19,946	18,578
Expected return on scheme assets	702	601
Contributions by scheme participants	150	176
Contributions by the employer	473	565
Actuarial gains	2,365	381
Benefits paid	(390)	(355)
Closing fair value of scheme assets	<u>23,246</u>	<u>19,946</u>

Actual return on scheme assets

	2017	2016
	%	%
Cheshire Pension Fund	19.1%	5.2%
	2017	2016
	£'000s	£'000s
Fair value of scheme assets	23,246	19,946
Present value of defined benefit obligations	(26,793)	(21,477)
Deficit in the schemes	<u>(3,547)</u>	<u>(1,531)</u>
Net liability in the balance sheet	<u>(3,547)</u>	<u>(1,531)</u>

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017
25. PENSION SCHEMES (continued)

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

	2017	2016
	%	%
Equities	55	54
Bonds	36	36
Property	7	8
Cash	2	2

The estimated amount of contributions expected to be paid to the scheme during the financial year ending 31 March 2018 is £457,000.

Sensitivity Analysis

	Approx % Increase to Employer Liability	Approx monetary amount (£'000s)
0.5% decrease in Real Discount Rate	11%	3,001
0.5% Increase in the Salary Increase rate	3%	693
0.5% Increase in the Pension Increase rate	8%	2,247

The Social Housing Pension Scheme

The Trust participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

Tier 1

From 1 April 2016 to 30 September 2020: £40.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)

Tier 2

From 1 April 2016 to 30 September 2023: £28.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)

Tier 3

From 1 April 2016 to 30 September 2026: £32.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)

Tier 4

From 1 April 2016 to 30 September 2026: £31.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017
25. PENSION SCHEMES – The Social Housing Pension Scheme (continued)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

	31 March 2017	31 March 2016	31 March 2015
	£'000s	£'000s	£'000s
Present value of provision	110	115	35

Reconciliation of Opening and Closing provisions

	Period Ending 31 March 2017	Period Ending 31 March 2016
	£'000s	£'000s
Provision at start of period	115	35
Unwinding of the discount factor (Interest expense)	2	1
Deficit contribution paid	(11)	(3)
Remeasurements - impact of any change in assumptions	4	(1)
Remeasurements - amendments to the contribution schedule	-	83
Provision at end of period	<u>110</u>	<u>115</u>

Income and Expenditure Impact

	Period Ending 31 March 2017	Period Ending 31 March 2016
	£'000s	£'000s
Interest expense	2	1
Remeasurements – impact of any change in assumptions	4	(1)
Remeasurements – amendments to the contribution schedule	-	83
Contributions paid in respect of future service ¹	407	414
Costs recognised in Income and expenditure account	418	417

Assumptions

	31 March 2017	31 March 2016	31 March 2015
	% per annum	% per annum	% per annum
Rate of discount	1.33	2.06	1.92

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

¹ includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017
25. PENSION SCHEMES – The Social Housing Pension Scheme (continued)

Deficit Contributions Schedule

	Year Ending 31 March 2017 £'000s	Year Ending 31 March 2016 £'000s	Year Ending 31 March 2015 £'000s
Year 1	11	11	3
Year 2	11	11	3
Year 3	12	11	3
Year 4	12	12	3
Year 5	12	12	3
Year 6	13	12	3
Year 7	13	13	3
Year 8	13	13	4
Year 9	14	13	4
Year 10	7	14	4
Year 11	-	7	4
Year 12	-	-	2

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises. It is these contributions that have been used to derive the company's balance sheet liability.

National Health Service Pension Scheme (NHS)

The Trust participates in a NHS defined benefit pension scheme. This provides benefits based on final pensionable pay. The assets of this scheme are held separately from those of the Trust.

It has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The charge to the income and expenditure represents the employer contribution payable to the scheme for the accounting period.

Contributions payable under this scheme are charged to operating surplus in the year to which they relate.

26. OTHER PROVISIONS

	SHPS Obligation £'000s	Leave Pay £'000s	Total £'000s
At 1 April 2016	116	56	172
Transfer to other creditors	(116)	(56)	(172)
At 31 March 2017	-	-	-

During the year, the SHPS obligation and leave pay accruals have been reclassified as other creditors.

27. RESERVES

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

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017

28. CASH FLOW FROM OPERATING ACTIVITIES

	2017	2016
	£'000s	£'000s
Surplus for the year	7,269	5,471
Adjustments for non-cash items:		
Depreciation and impairment of tangible fixed assets	5,108	4,865
Depreciation of other fixed assets	288	269
Amortisation of intangible assets	95	95
Increase in trade and other debtors	(2,016)	(38)
Decrease in trade and other creditors	(233)	(23)
Increase in properties held for sale	(461)	-
(Decrease)/ increase in provisions	(172)	59
Pension costs less contributions payable	83	261
Adjustments for investing or financing activities:		
Net gain on sale of fixed assets	(450)	(1,142)
Government grants utilised in the year	(88)	(88)
Interest payable	4,125	4,389
Interest receivable	(61)	(63)
Net cash generated from operating activities	13,487	14,055

29. CAPITAL COMMITMENTS

	2017	2016
	£'000s	£'000s
Expenditure contracted for but not provided for in the accounts	17,163	10,791
Expenditure authorised by the Board, but not contracted	13,740	13,010
	30,903	23,801

The above commitments will be financed primarily through existing cash surpluses and from existing loans already drawn down (£12m). A new loan arrangement is in place in line with our long term business plan. The balance will be funded through social housing grant (£2.8m) and future cash surpluses (£9m).

30. CONTINGENT ASSETS / LIABILITIES

The Trust had no contingent assets at 31 March 2017 (2016: nil).

The Trust receives capital grant from the Homes and Communities Agency, 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 2017, 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 2017 (2016: nil).

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2017 (continued)

31. LEASING COMMITMENTS

The future minimum lease payments of leases are as set out below. Leases relate to vehicle fleet and office equipment. Prior year included the lease for the Trust's offices at Ropewalks.

Future minimum operating lease payments

	31 March 2017	31 March 2016
	£'000s	£'000s
Within one year	355	9
Between one and five years	276	930
	<u>631</u>	<u>939</u>

32. RELATED PARTIES

The Trust had two tenant Board members during the year. No tenant members were in arrears at 31 March 2017 or 31 March 2016.

One member of the Board, Paul Findlow, is a councillor with Cheshire East Council.

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

33. 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

	2017	2016
	£'000s	£'000s
Financial assets measured at amortised cost		
Cash	12,629	12,179
Debtors	1,876	2,408
	<u>14,505</u>	<u>14,587</u>
Financial liabilities measured at amortised cost		
Loans	74,176	73,953
Creditors	1,744	1,991
Accruals	2,393	2,220
	<u>78,313</u>	<u>78,164</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 2017 (continued)

33. 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 was:

	2017	2016
	£'000s	£'000s
Financial assets held in 95 day notice accounts	6,096	6,046
Financial assets held in bank account	6,533	6,133
	<u>12,629</u>	<u>12,179</u>

The financial assets held in 95 day notice accounts have no fixed maturity and attract interest at an average rate of 0.60%. 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 was:

	2017	2016
	£'000s	£'000s
Fixed rate	61,665	61,933
Variable rate	10,135	10,000
	<u>71,800</u>	<u>71,933</u>

The fixed rate financial liabilities have a weighted average interest rate of 6.23% (2016: 6.02%) and the weighted average period for which it is fixed is 16.1 years (2016: 17.1 years).

The debt maturity profile is shown in note 24.

Borrowing facilities

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

	2017	2016
	£'000s	£'000s
Expiring in more than two years	25,000	5,390
	<u>25,000</u>	<u>5,390</u>

34. NON ADJUSTING POST BALANCE SHEET EVENT

On 3rd April 2017, the Trust converted from a company registered under the Companies Act 2006 to registration under the Co-operative and Community Benefits Society Act 2014.