

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2019

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

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 March 2019

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THE BOARD, SENIOR EXECUTIVES AND ADVISORS

THE BOARD

John Hudson, Chairman
Kate Lindley
Samantha Knuckey
Tom Agar
Matthew Cunningham
Gordon Richardson
Simon Leighton
Paul Findlow
Alison Light
Anthony Read

Resigned 4th June 2019

Co-optee to Audit Committee appointed 13 June 2018
Co-optee to Board 13th August 2019
Appointed 13th August 2019

Brian Puddicombe

Executive Management Team

Tim Pinder
Jamie Hutchinson
Mark Howden
Greg van Enk-Bones
Julie Booker

Chief Executive
Director of Customers
Director of Place - from 7 May 2019
Director of Homes & Resources until 17 October 2018
Director of Resources – from 17 June 2019

Secretary and registered office

Jen Hayball

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 is pleased to present its report together with the audited financial statements of the Trust for the year ended 31 March 2019. Cheshire Peaks & Plains Housing Trust is more usually known as 'Peaks & Plains' and is referred to as The Trust throughout this report.

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

PRINCIPAL ACTIVITIES

The main activity of the Trust is the provision of housing at rents that are affordable to those in need. This involves the management and maintenance of an existing portfolio of accommodation and the commissioning and building of new additional homes.

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

While managing and maintaining our housing stock, the Trust continues to build new homes. The Trust has completed 129 new homes in the year (2018: 117) and started building 6 new homes in the year (2018: 114). This fell short of the targeted numbers due to a combination of factors. We have been more selective in responding to opportunities to acquire homes from house builders under S.106 arrangements, have re-positioned ourselves to concentrate on site-led opportunities which have longer and less certain lead-in periods and in common with many in our sector have faced some challenges around team skills and capacity in such a buoyant competitive market. The team is now appropriately resourced under a new Executive level lead for the first time; who was recruited to bring a skill set matched to an increasing Regeneration focus to our development activity.

During the year, our vision for creating a new residential quarter in Macclesfield town centre began to take shape. We commenced the demolition of the old Georgian Mill to make way for our largest development to date, Crossings, a multi tenure scheme of 67 apartments including homes at market rent, shared ownership and rent to buy. We also acquired an additional two sites within the Sunderland Street corridor and are in active discussions on a number of others.

This year there has been a change to our operations, by exiting from the alarm monitoring and response market in response to low margins, future technology advances and an uncertain commissioning environment. The service was successfully transferred to other providers maintaining service levels for customers, securing the transfer of the overwhelming majority of staff to alternative providers, reducing costs from the business and securing a significant capital receipt from the sale.

GOVERNANCE

The Trust is a Community Benefit Society operating under the National Housing Federation's model rules. These were amended during the course of the year to comply with the Statutory Instrument known as the s93 Regulations by removing the council shareholder and redistributing the council shares to the other shareholders. Only Board Members may become or remain a Shareholder and no shareholder shall hold more than one share and each share carries only one vote.

OBJECTIVES AND STRATEGY

The year ending 31 March 2019 was the first year of the Trust's new five year plan and the penultimate year of rent reduction; when the Trust, like other Housing Associations, must decrease the majority of its rents by 1% each year. In 2016 in preparation for the first rent reduction, the Trust changed its business model and was able to increase margins, protect its assets and increase the amount of new development activity.

The Trust's purpose is to 'Help Improve Lives' and the four high level Corporate Objectives from our Five Year Plan are presented below together with their associated key deliverables:

Corporate Objective	Delivered By:
Be a Great Landlord	<ul style="list-style-type: none">• Launch a new tenant charter• Review our allocations Policy• Simplify our complaints process• Increase repair efficiency, right first time & customer satisfaction
Invest in and Enhance Existing Homes	<ul style="list-style-type: none">• Commission stock condition survey• Review investment needs of sheltered housing
Build 750 New Homes across all tenures.	<ul style="list-style-type: none">• Arrange additional £25m borrowing facility• Run a modular construction pilot• Develop standard floor plans• Set approach to new build quality and affordability
Create Great Places to Live	<ul style="list-style-type: none">• Creating, publishing & delivering ambitious regeneration plans for Macclesfield Town Centre & Moss Estate• A vibrant, multi-tenure regeneration of Sunderland Street

During the year, we assessed the skills required to deliver the remainder of the plan and identified a number of gaps; together with the skills and posts required to plug them. Board approved a new staffing structure which bolstered our resources in Asset Management, Health and Safety Compliance, Procurement and Regeneration. These posts have been successfully recruited to and the new structure has now gone live.

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

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

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

Our Behaviours

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

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

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

Project Plans and Personal Objectives

Plans are developed for key projects at the Trust to deliver the objectives and targets that the Board have set. These project plans are recorded and monitored by project teams.

One of the major projects delivered over the past year has been the transfer of our Trustlink alarm monitoring and response service. The Board took the decision that an increasingly challenging environment for the numerous contracts we delivered for third parties meant that an already financially marginal service would only worsen and potentially very quickly. The service was successfully transferred to two alternative providers, who maintained customer service levels, employed 80% of the staff team and produced a significant capital receipt.

Performance during the Year, by Corporate Priority

The Board monitor performance indicators focussed around four key strategic priorities, 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	2017/18 Result	2018/19 Result	2018/19 Target
Rent Collection %	98.90%	98.89%	98.56%
% of Properties With Valid Landlord Gas Safety Record (LGSR)	100.00%	98.88%	100.00%
% Rent Lost by properties being empty (Void loss %)	0.50%	0.94%	0.50%

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.

Rent Collection % was higher than 2017/18 and exceeded our target of 98.56%. Universal credit claimants have increased in the year with approximately 100 on Alternative Payment Arrangements. During the year we have experienced an increase in persistent large arrears cases resulting in evictions, which have increased from 23 to 29 when compared with the previous financial year with an average arrears value of £1,860. During 2018/19 we have introduced automation of some activities for debts below £450, this has led to an increase in communication with those tenants with lower debt and has allowed staff more time to manage the higher level arrears cases and Universal Credit.

As at 31 March 3 properties were identified with an expired LGSR. These have now been issued to the properties. This means our gas safety record has fallen to 98.88% this year from 100% last year.

The amount of rent lost because 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 0.94%, failing to hit the target of 0.50% and the performance achieved of 0.50% in 2017/18. The increase year on year is due to a few properties that remained empty for the year, due to be included in a strategic review and accounted for 0.25% of the performance. There were also a higher number of empty properties to deal with in the year, which included some that needed a lot of repairs in order to be relet.

Although we failed to hit the ambitious stretching targets we set for our KPIs, our performance levels for empty properties and rent collection were within the more prudent financial targets we set for business planning.

TO INCREASE THE NUMBER OF HOMES	2017/18 Result	2018/19 Result	2018/19 Target
New Home Starts	114	6	168
New Home Completions	117	129	177
Net Housing Stock Growth	99	104	162
Unsold Shared Ownership Homes > 4 months	1	23	0

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.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

STRATEGIC REPORT – Objectives and Strategy – Performance during the Year, by Corporate Priority (continued)

The number of New Homes Starts measures how many new homes we started to build in the year. This was 6 in the financial year and significantly below our target following our decision to be more selective when responding to opportunities to acquire homes from house builders under S.106 arrangements and our intention to concentrate on site-led opportunities which have longer and less certain lead-in periods. In common with many in our sector we have faced some challenges around team skills and capacity in such a buoyant competitive market. We have also focussed on our vision for creating a new residential quarter in Macclesfield town centre and we are now underway with our largest development to date which will be a multi tenure scheme. Further acquisition of sites has commenced which will complement our other developments and regenerate an area of Macclesfield in line with our corporate objectives.

We remain committed to delivering new homes as set out in our 5 year plan. Although the Trust recognises it set itself an ambitious target, and whilst we look to achieve it, we will not chase this target but ensure our focus is on meeting the housing need in communities we serve, and our desire to deliver high quality homes and create great places for people to live in.

The increase in number of new homes owned last year increased to 129 from 117 in 2017/18. When comparing to the regulator's Global Accounts for 2018 for % new supply delivery this puts the Trust in the top quartile of housing associations.

The number of Shared Ownership Homes unsold for more than 4 months is monitored by the Board as a key risk of the development programme. Homes remaining unsold 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 23 shared ownership homes that had been unsold for more than 4 months. During 2018/19 we have developed our strategy for shared ownership sales by appointing a sales agent Plumlife who are selling and marketing all new shared ownership homes and a move to a more proactive Estate Agent. Internally we have appointed a Sales and Development Officer to facilitate the speedier marketing by our agents in line with new processes and procedures together with sales targets set for the team. All schemes will be approved on the basis that there is evidence of a demand for the properties.

TO PROVIDE SERVICES CUSTOMERS WOULD RECOMMEND	March 2018 Result	March 2019 Result	March 2019 Target
% Responsive Repairs - Customer Satisfaction	99.23%	100%	96%
% self-sufficient customers (rent payments by Direct Debit)	-	40.27%	42.50%
% transactions completed electronically	84.80%	88.37%	85%
Net Promoters 'would recommend to friends and family'?	78	68.9	69.1

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 24 hours a day. These measures are taken month by month because we realise that current service quality is far more relevant than past performance.

We know from previous analysis that satisfaction with our responsive repairs service is a key predictor of overall satisfaction with our services, so we monitor this indicator at Board level. Repairs satisfaction averaged 98.36% over the year comparing favourably to a target of 96% and reached 100% in the month of March.

During 2018/19 we have measured the % of rent payments that have been made by direct debit. The average for the year was 41.83% with over 2,000 customers paying their rent by direct debit. We continue to encourage our customers to book their own repairs online and the Board receives the measure of '% transactions completed electronically' which monitors 'self-sufficiency' in both rent payments and repairs with a target of 85%. We exceeded this target in the year with performance of 88.37% influenced by the increased volume in rent payments being made electronically.

The Trust also introduced a measure of how likely customers are to recommend the Trust to friends and family, using online prompts to answer questions. This widely used Net Promoter Score (NPS) method asks customers to rate from 0 to 10 and enables us to compare our customer's loyalty with other sectors and businesses across the world. Only scores of 9 and 10 count positive and scores from 0 to 6 count against the total - Scores range from -100 to +100. We set our target of 69.1, at the top quartile point for housing associations and exceeded that target for 75% of the year. As from 2019/20 we have agreed a new approach to customer satisfaction by the introduction of a more detailed understanding of a wider range of customers. This will involve a quarterly survey to work alongside an improved complaints process. This will allow us to benchmark our data for the customer charter to share with customers and interested parties.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

STRATEGIC REPORT – Objectives and Strategy – Risks and uncertainties

Audit Committee and Board have overhauled our risk identification and management arrangements. They identified the need to include more context of the identified risks within the risk register, and particularly what assurances they could derive from the mitigations in place to reduce the inherent risk score.

The risk register adopted by the Board has been expanded to include details of directive / preventative controls together with detective /corrective controls in place. Additionally we have identified assurance that Board can gain from three lines of defence for each risk. Board has received focussed training on risk management and risk register scoring from our Internal Auditors.

Risks 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 the delivery of other objectives.

The Board supports innovation and positive risk taking at an operational level, where appropriate controls are in place and 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 of each risk 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.

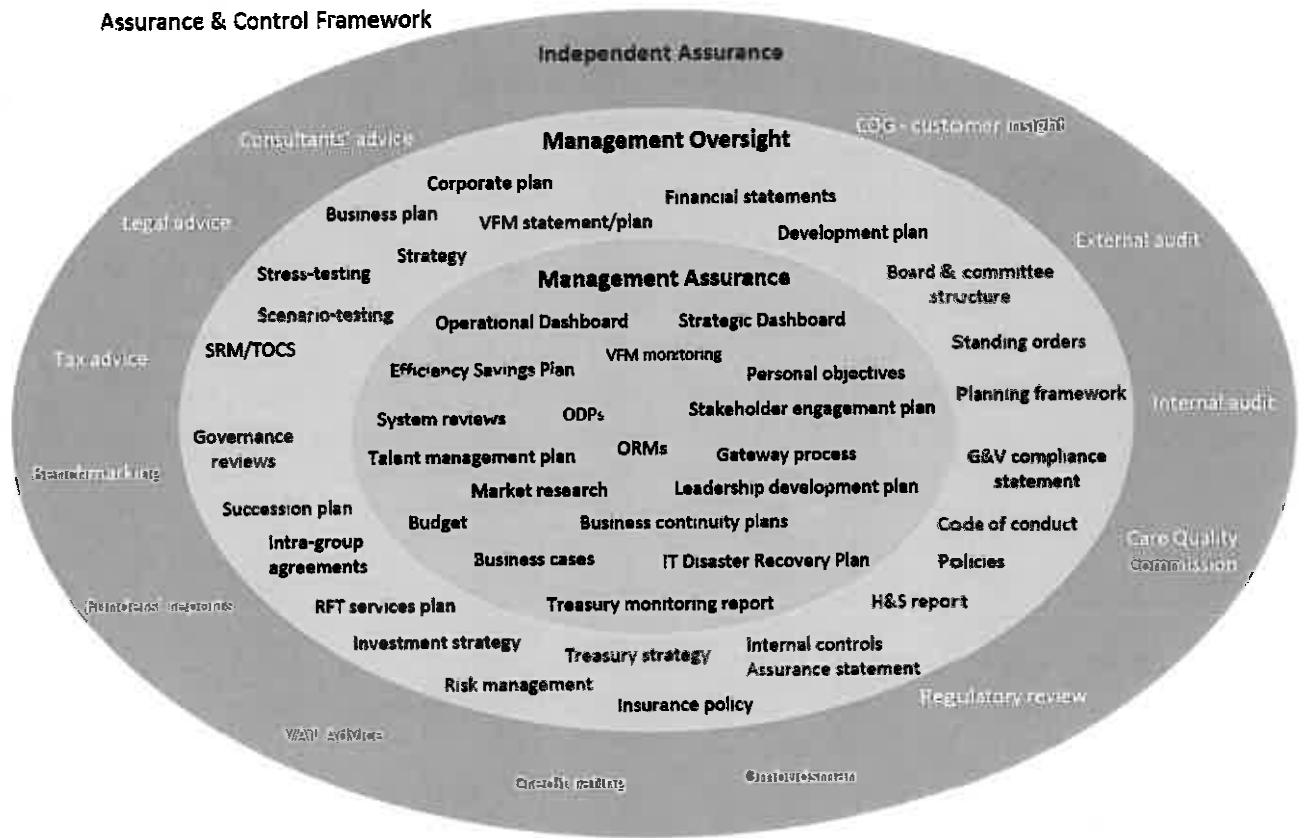
In using this statement to approve decisions, the Board will seek information and assurance to make a proper judgement and consider the cumulative effect of the number of 'live' strategic risks the Trust will be exposed to at the same time. The assessment of decisions against the risk appetite will be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

This risk appetite statement is reviewed annually by the Board.

Golden Rules	2018/19 Actual
1. Forecast interest cover (EDITDA-MRI/Interest) will be 1.25 or more for all years of the financial plan.	2.12
2. Floating/variable interest rate debt will not exceed 25% of the total outstanding debt for the first two years of the financial forecast plan.	13.5%
3. Funding will be arranged 18 months in advance of need forecast by the approved financial plan, by accepting head of terms with an approved lender following a competitive process.	Funding in place until 2023
4. Forecast Operating margin will be maintained at 25% or more for the first ten years of the financial plan.	33.5%
5. The total drawn plus accessible funding will be at least 5% higher than the peak debt.	Peak debt 2025

STRATEGIC REPORT – Objectives and Strategy – Risks and uncertainties continued

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



The Strategic Risk Register 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:

STRATEGIC RISK REGISTER	Inherent Risk	Residual Risk
Health & Safety of customers and staff		
Economic Collapse Following Brexit		
Stock is not managed & maintained leading to high void rates and reputational damage		
Tenancy sustainability - Right tenant, Right home project failure leading to core business not making a return due to re-letting and management costs exceeding income or continued roll out of universal credit.		
Data Integrity & accuracy undermining confidence in internal reports & Regulatory returns		
Developments fail due to failure of contractors during critical stage of construction process or HE funding withdrawn & expulsion from local development partnership		
Risk of Regulatory downgrading due to Regulatory Breach		
Data Security Breach		
Loan covenant breach		
Regeneration activities not delivered / managed appropriately		
Sales programme underperforms against business plan assumptions		
Impact caused by significant unplanned or poorly managed change		
Lack of funding capacity to deliver 5 Year Plan objectives		
Interest rates increasing leading to pressure on interest cover and capacity to invest		

The risks comprise the Board's assessment of risks that could affect the business, which has been informed by the Regulator's 2018 Sector Risk Profile report.

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.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

STRATEGIC REPORT

FINANCIAL PERFORMANCE

We are pleased to report a surplus for the year of £5.95m (2018: £6.14m). Our financial performance has exceeded our lenders' covenants and met our own targets.

The table below summarises the overall results of the Trust:

	2019 £000s	2018 £000s restated
Turnover	29,726	29,516
Operating costs and cost of sales	(20,201)	(19,703)
Other Income	426	-
Operating surplus	9,951	9,813
Operating surplus % of Turnover	33.5%	33.2%
Net interest charges	(3,994)	(3,663)
Surplus for the year before tax	5,957	6,150
Taxation	(10)	(8)
Total Comprehensive Income for the Year	5,947	6,142

Income from rents has increased year on year despite the 1% rent reduction and an increase in the loss of rent through empty properties following the handover of 129 new properties throughout the year. Following the transfer of the alarm monitoring and response contracts part way through the year we saw a reduction in turnover of £300k. The proceeds from the sale are reported as Other Income at £426k in the year. Shared ownership sales increased from 9 to 17 in 2018/19 reporting an increase year on year in sales of £933k. Operating costs increased year-on-year due to the corresponding increase in shared ownership cost of sales of £800k, the write off of costs relating to repairs works that could not be capitalised and increases in depreciation of housing components. These increases were offset partly by reduced staff costs in the year.

Creditor days were calculated as 22 days (2018: 19 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 21 - 53.

Capital structure

Borrowings at year-end were £74.00m (2018: £74.00m). The debt is sourced from Barclays Bank Plc and Warrington Borough Council.

	2019		2018	
	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
Warrington Borough Council loan	25.00	4.00	25.00	4.00
Total facilities	95.50	74.00	95.50	74.00

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 £4m loan drawn from Warrington Borough Council to fund new developments is on a fixed rate basis over a 30 year term. The overdraft facility is used to manage very short term cash flow and was not used during the year.

During 2018/19 a £25m revolving credit facility was agreed with Barclays Bank to support the future development ambitions set out in the Trust's 5 Year Plan. The securitisation of this facility and completion was undertaken in 2019/20. £64m of the total £74m borrowings at the balance sheet date have interest rates fixed for longer than 12 months. This means only 13.5% (2018: 13.5%) of the debt is exposed to short term interest rate increases, meeting our golden rule standard of less than 25% being exposed.

STRATEGIC REPORT – Financial performance (continued)

In the financial statements, debt is an amortised cost adjusted to take account of known future increases in interest costs, as at 31 March 2019 this adjustment increases the value of the debt drawn to £77.3m (2018: £77.4m restated).

Cash flows

Cash inflows and outflows for the year under review are set out in the Statement of Cash Flows on page 24.

During the year net cash of £18.3m (2018: £11.7m) was generated by operating activities. During the financial year the £2.2m that was placed in an Escrow account to provide additional security for the Cheshire Pension Fund liabilities was released following the securitisation of the Ropewalks office to the pension fund. No further loans were drawn down in the year as the development construction start on sites did not occur. This has resulted in an increase in cash balances with further funds being placed on short term deposits.

Future Developments

The Board has approved the business plan for 2019/20 onwards, which includes our development programme for an increase of 750 homes as part of our 5 year plan. The Trust completed 129 new homes during 2018/19 but there were a smaller number of start on sites due to the focus on appointing a team to lead on existing and future development opportunities and our concentration being focussed on site-led opportunities which have longer and less certain lead-in periods including the regeneration of the Sunderland Street area of Macclesfield.

We invested £7.3m in new homes during the year split between rented and shared ownership, with social housing grants received from Homes England of £193k. The remaining costs were funded through surpluses and the loan funding drawn at the end of 2017/18.

The Trust will continue to maintain and improve all of its homes and over the next five years is planning to invest £33m making improvements to existing homes, in addition to an investment of £107m in new developments.

Liquidity

The Trust's long term policy is not to hold significant cash balances but to have loan facilities in place to fund future requirements. Because of strong cash performance driven by shared ownership sales and previous treasury management decisions, the Trust had surplus funds of £1.8m placed on deposit at the end of March 2019. Over the last year the surpluses have been invested in our assets and held on deposit to fund development in the near future. The Trust has completed the revolving credit facility to complement its fixed loans and enable more flexibility in liquidity to follow the preferred policy of keeping cash balances low.

Loan covenants

The 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 adjusted for depreciation and impairment.

Pension arrangements

The Trust participates in four pension schemes, the Cheshire Pension Fund and two schemes with the Social Housing Pension Scheme (SHPS), and one with the National Health Service (NHS).

The Cheshire Pension Fund is in deficit by £5.4m (2018: £3.1m deficit) under Section 28 FRS 102 in the balance sheet. The increase in liability was principally driven by changes in financial assumptions used to calculate the value of the pension fund (£3.7m) based on information from the Administering Authority, as well as a positive return on assets (£1.4m decrease in deficit). The Cheshire Pension fund is undergoing its triennial valuation as at 31 March 2019. During 2018/19 the Cheshire Pension Fund administered by Cheshire West Council secured Ropewalks office thereby releasing the balance of £2.2m held in an Escrow account.

One of the SHPS schemes is a defined benefit scheme, which is a multi-employer scheme. Prior to 2018/19 no share of any cash scheme deficit has been taken to the Trust balance sheet due to insufficient information being available for each participating employer and was accounted for as a defined contribution scheme. For the year ended 31 March 2019 information is now available for the Trust to account for its obligation on a defined benefit basis and this has been accounted for in the current year.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

STRATEGIC REPORT – Financial performance (continued)

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

The NHS defined benefit scheme is also a multi-employer scheme and no share of any cash scheme is taken into the Trust balance sheet.

The Trust currently has 95% of the staff eligible 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, embedded within the loan agreement, to fix variable rate debt.

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

Surpluses are invested in financial institutions according to rules that have been approved by the Trust Board. During 2018/19 the Trust entered into a deposit agreement with Link Treasury Services to receive and facilitate the placement of surplus funds with a deposit bank as instructed by the Trust.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

STRATEGIC REPORT (continued)

VALUE FOR MONEY STATEMENT

In March 2018 the Board adopted a 5 Year Plan that clearly articulates the Trust's objectives:

1. To be a great landlord
2. To invest in our homes
3. To build 750 new homes across all tenures
4. To create great places to live

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

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

An appropriate proxy for this is our operating margin which indicates how much surplus we produce from our day-to-day services to be recycled into supporting the building of more homes.

The Board monitor a range of Value for Money targets that are linked to the delivery of our Corporate Objectives:

BOARD MEASURED Vfm INDICATORS	2017/18 Result	2018/19 Result	2018/19 Target
Rent Collection %	98.90%	98.89%	98.56%
% Rent Lost by properties being empty (Void loss %)	0.50%	0.94%	0.50%
New Home Starts	114	6	168
New Home Completions	117	129	177
Net Housing Stock Growth	99	104	162
	March 2018 Result	March 2019 Result	March 2019 Target
% Responsive Repairs - Customer Satisfaction	99.23%	100%	96%
% self-sufficient customers (rent payments by DD)	-	40.27%	42.50%
Net Promoters 'would recommend to friends and family'?	78	68.9	69.1

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
STRATEGIC REPORT – Value for Money Statement (continued)

FOUNDATIONS – To ensure we continue to be a Great Landlord	Actual 2018/19	Target March 2020	Stretch Target March 2020	Value for money impact
Operating Margin (social housing lettings only)*	30.3%	33.83%	35%	Surpluses indicate efficiency and enable us to build more homes
% rent collection (current)	98.89%	97.5%	97.53%	Unpaid rent represents lost value and impacts surpluses
% of properties certified safe	62.50%	100%	100%	Covering all areas of compliance
Tenancies failing within 24 months	19.70%	18.75%	17.5%	We have established a break- even point of 24 months and want to reduce loss making tenancies so we can make a lasting difference and deliver more homes
Customer satisfaction	N/A	82	82.5	The likelihood that people will recommend us is a key indicator of customers valuing our services. A change to the NPS score and obtained through telephone surveys on a quarterly basis.
Rent lost by properties being empty	0.94%	1.09%	1.0%	Empty properties indicate poor value for money
PROTECT – Invest in and enhance existing homes				
Reinvestment % (Existing homes)*	4.13%	3.84%	4%	Part of the Regulator's VFM metric this shows how much we are putting back into our current homes.
Gearing	52.41%	54.83%	54.83%	This measures the amount of debt as a % of housing properties and can be seen as an indicator of our appetite for growth.
Return on Capital Employed (ROCE)*	6.83%	6.79%	7%	Also one of the regulator's Vfm metric; this shows how much we get back in operating surpluses for the amount invested in our assets.
GROW – 750 New Homes (all tenures)				
Reinvestment % (New homes)*	7.35%	7.95%	8%	Also part of the regulator's Vfm metric; this shows how much we are investing in new homes.
% of stock new build (social + non-social)*	2.55	1.4%	1.48%	Also the regulator's Vfm metric this shows how many new homes we create relative to our size.
New home starts	6	100	105	Other ways we measure to make sure we are delivering new homes to help improve more lives.
New home completions	129	75	79	
Net growth in number of homes	104	50	54	

*Also one of the Regulator's Vfm Metrics

Our approach to Vfm

The Board has an approved approach to Vfm, reflecting the requirements of the revised Value for Money Standard issued by the Regulator of Social Housing.

In adopting our new 5 year plan, we already meet the Regulator's expectations of clearly articulating our strategic objectives. The adoption of the Board suite of Key Performance Indicators (KPIs) is the tool used by the Board to monitor delivery of these objectives. These, together with the Vfm metrics required by the Regulator provides the evidence base as to the delivery or otherwise of Vfm.

The key test of Vfm given our objectives is how many homes we can build whilst delivering great services at costs that are optimum for our agreed level of service. Our operating margin, which indicates how much surplus we produce from our day-to-day services to be recycled into supporting the building of more homes

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

STRATEGIC REPORT – Value for Money Statement (continued)

is also one of the VfM metrics we are required to report on in our accounts. Our regular Finance Reports to Board allows this to be easily and regularly monitored.

In agreeing the Board's suite of KPIs, the Board ensures that the KPIs chosen indicate delivery of VfM (for example our tenancy sustainment target set at our break-even point). In part this may be achieved with the help of benchmarked information from Housemark. Good VfM outcomes are achieved by a combination of top quartile results for outcomes and lowest quartile for costs. The ambition of the targets being set, the rigour in which performance against them is monitored and the way they compare with others will all impact on our VfM delivery.

We control costs and increase margins by clearly articulating service standards and expectations. This brings a degree of consistency and cost predictability. VfM is about the balance between cost and outcome, so our aim is to deliver enhanced outcomes whilst reducing cost. One such example is our focus on digitised services, which are more convenient for customers, easier to access and ultimately cheaper to deliver.

Key Board decisions with VfM implications are informed by an Impact Summary included in each Board focus report which includes the VfM implications. Board is encouraged to challenge that there has been a rigorous option appraisal taking sufficient account of costs and outcomes.

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

The related requirement to regularly consider the costs and benefits of alternative commercial, organisational and delivery structures should also feature in the VfM section of Board reports where significant decisions are being recommended. In any event there should be an annual assessment of our ability to deliver our Strategic Objectives in our current form. During the year, Board considered this specifically in relation to an approach inviting the Trust to express interest in a potential merger with another Housing Association. Having referred to its own adopted protocol for handling such approaches, the Board applied its own test of whether it was able to deliver its strategic objectives as set out in its Five Year Plan with its current resources. It concluded that we could and therefore declined the invitation.

VfM Metrics - performance

	2018 Sector Mean	2018 Sector 'Best' Quartile	2018 Trust (Restated) Actual	2019 Trust Actual
Metric 1 – Reinvestment %	6.7%	8.7%	16.9%	9.9%
Metric 2 – New supply delivered %				
A. New supply delivered (Social housing units)	1.8%	2.3%	2.3%	2.5%
B. New supply delivered (Non-social housing units)	n/a	n/a	n/a	n/a
Metric 3 – Gearing %	40.2%	53.1%	57.3%	52.4%
Metric 4 – Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %	389%	263%	209%	194%
Metric 5 – Headline social housing cost per unit (£'000)	4.39	3.01	3.40	3.50
Metric 6 – Operating Margin %				
A. Operating Margin (social housing lettings only)	30.8%	37.1%	34.5%	30.3%
B. Operating Margin (overall)	27.3%	34.1%	31.2%	29.8%
Metric 7 – Return on capital employed (ROCE)	5.1%	5.4%	7.1%	6.5%

The Trust is pleased to report our results against the regulator's VfM Metrics. We have compared our performance for the year with our performance last year and also with the housing sector average and best quartile points for last year, calculated from the 'Global Accounts' published on the Regulator's website.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

STRATEGIC REPORT – Value for Money Statement (continued)

Metric 1: **'Reinvestment %'** was in the highest quartile compared with other Housing Associations for 2018/19, with investment in existing properties 2.4 times higher than average and investment in new properties 1.3 times higher than average. Our reinvestment % remained strong in 2018/2019, mainly as a result of increased investment in new properties, which is reflected in our movement in Metric 2 **'New supply delivered'** which has increased from 2.3% in 2017/18 to 2.5% in 2018/19 and is upper quartile when compared to 2017/18 global accounts results.

Metric 3: **'Gearing'** has reduced from 2017/18 but remains above the median when comparing to the 2018 Global Accounts. Delays to start on site and a reduced spend in development has meant that no further borrowing has been drawn in 2018/19.

Metric 4: **'EBITDA MRI Interest cover %'** has decreased from 2017/18 from 209% (Upper quartile 2018) to 194% in 2018/19 as interest costs have increased slightly and expenditure on capitalised major repairs. 129 new homes were completed in the year and a full year's income has not been realised. This metric is well within our tightest lenders' covenant of 1.1 times and our own minimum level of 1.25 set in the Golden Rules.

Metric 5: **'Headline social housing cost per unit'** increased between 2017/18 and 2018/19, but remains below the average for 2017/18. The year on year increase is a result of investing further in service improvements and increases in repairs and maintenance costs and major repairs expenditure. The impact of this investment in services together with the rent reduction can also be seen in Metric 6: **'Operating Margin'**, which has remained in the second quartile position when compared to 2018 Global Accounts and our performance exceeds our golden rule of 25%.

Metric 7 **'ROCE'** has fallen slightly from the previous year at 7.1%. This has been caused by the effects of delayed completions of developments and unsold shared ownership properties as well as the fact that completed developments have not been let for the whole year.

Our performance remains at a high level that would have been top quartile in 2017/18. This is the effect of starting to invest to grow from our strong financial position created in previous years, while managing the impact of rent reductions.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

STRATEGIC REPORT – Internal Controls Assurance

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 2018 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.
- Forecasts and Budgets are prepared which allow the Board and Management to monitor the key business risks and financial objectives and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up to date financial and other information and significant variances from budgets are investigated as appropriate.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through Board resolutions.
- Regular monitoring of loan covenants and requirements for new loan facilities.
- Board approved whistle-blowing policy.
- Board approved 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. There have been no incidents of fraud during 2018/19.

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. In keeping with its internal controls the Trust has commissioned an external audit of the fire safety (across its portfolio of residential properties). The results of this audit were delivered in July 2019 and as a result the Trust has made a self-declaration to the Regulator of Social Housing. The Trust continues to work with the regulator on the matters identified. Following the matters identified the Trust has commissioned a full review of governance and asset compliance.

At its last stability review in November 2018 the Trust had maintained its existing viability and governance ratings of V1 G1 with the Regulator.

Governance and Financial Viability Standard

The Trust's Board has considered a self-assessment which outlines evidence of compliance with the various elements of the Governance and Financial Viability Standard published by the Regulator of Social Housing and is satisfied that whilst there are some areas for improvement it is able to confirm that the Trust complies with the Standard.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

STRATEGIC REPORT – Internal Controls Assurance (continued)

Code of Governance

The Trust has adopted the National Housing Federation's Code of Governance 2015 – code for members (the code) as its chosen code of governance. The Governance Committee has assessed compliance with the Code and is compliant with three exceptions:

E4: All boards and committees must consider their effectiveness annually and how they conduct their business.....There must be a formal review of these matters at least every three years, to ensure best practice, and that documentation is compliant with the latest legislation and regulations."

Whilst the Trust has carried out a number of reviews of different aspects of its governance arrangements and documentation, including review of its Rules, it has not had a full formal governance review in the past 3 years. Such a review is currently underway.

F5: The committee responsible for audit must meet regularly and its minutes must be available to all members of the board. The reasons for the decisions taken must be recorded in the minutes and presented to the board for noting or endorsement.

At present, whilst the minutes have been made available to the Board and a verbal report of key issues and decisions has been provided at Board meetings by the relevant Committee chair; the committees' formal decisions are not recorded in Board minutes; although will in future.

G2: Like all other employees, the chief executive must have a written and signed contract of employment; the board must consider whether it should be reviewed at least every three years.

Whilst there is a written and signed contract in place, the Board has not formally considered a full review in the past 3 years. Governance Committee has now agreed to do so.

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 17 September 2019 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. The Board directs the Trust in accordance with its Rules and sets objectives on behalf of the shareholders, tenants, residents, employees and community at large. The Board meet every two months and comprises of eight paid members and a paid Chair.

The executive directors are the Chief Executive, the Director of Customers, the Director of Place and the Director of Resources known as the executive management team. They hold no interest in the Trust'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. The notice period for the chief executive is 6 months and 3 months for the executive directors.

Pensions

The executive directors are members of either the Social Housing Pension Scheme or the Cheshire Pension Fund, both defined benefit 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 £105k in staff training and development in the year. This is equivalent to £485 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 and one independent member who is not on the full Board, 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 four times a year.

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 at least twice a year 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.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

REPORT OF THE BOARD – Challenge Group (continued)

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 association and group for that period. In preparing these financial statements, the board are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 are 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 report of the Board was approved by the Board on 17 September 2019 and signed on its behalf by:



John Hudson
Chairman

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

OPINION

We have audited the financial statements of Cheshire Peaks & Plains Housing Trust Limited (the 'Trust') for the year ended 31 March 2019 which comprise the statement of comprehensive income, statement of changes in reserves, statement of financial position, statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 March 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance 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 2015.

BASIS FOR OPINION

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

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

We have nothing to report in this regard.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Trust has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

RESPONSIBILITIES OF THE BOARD FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Responsibilities of the Board set out on page 15, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

USE OF OUR REPORT

This report is made solely to the Trust's members, as a body, in accordance with regulations made under Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

Date: 17 September 2019.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019


	Note	2019 £'000s	2018 £'000s restated
TURNOVER	3	29,726	29,516
Cost of sales	3	(1,181)	(440)
Operating costs	3	(19,020)	(19,263)
Other Income	3	426	-
OPERATING SURPLUS		<u>9,951</u>	<u>9,813</u>
Interest receivable	7	35	28
Interest payable and other financing costs	8	(4,029)	(3,691)
SURPLUS BEFORE TAX		<u>5,957</u>	<u>6,150</u>
Taxation	11	(10)	(8)
SURPLUS FOR THE YEAR		<u>5,947</u>	<u>6,142</u>
Actuarial (loss)/gain in respect of pension schemes	26	(3,091)	836
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>2,856</u></u>	<u><u>6,978</u></u>

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

The financial statements were approved by the Board on 17 September 2019.



John Hudson
Chairman



Gordon Richardson
Board Member



Jen Hayball
Secretary

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
STATEMENT OF CHANGES IN RESERVES AS AT 31ST MARCH 2019

	Note	Income and expenditure reserve £'000s
Balance at 31 March 2017 (restated)	27	40,975
Surplus for the year (restated)		6,142
Other comprehensive income for year		836
Balance at 31 March 2018 (restated)	27	47,953
Surplus for the year		5,947
Other comprehensive income for year		(3,091)
Balance at 31 March 2019		50,809

The accompanying notes form part of these financial statements.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2019
COMMUNITY BENEFIT SOCIETY REGISTRATION NO: 7528

	Note	2019 £'000s	2018 £'000s restated
FIXED ASSETS			
Tangible fixed assets – housing properties	12	131,403	124,228
Other tangible fixed assets	13	3,263	3,373
Intangible fixed assets	14	123	218
Investment properties	15	3,255	3,255
		<u>138,044</u>	<u>131,074</u>
CURRENT ASSETS			
Properties held for sale	18	2,792	1,557
Trade and other debtors	19	2,186	4,670
Cash and cash equivalents	17	8,467	6,253
		<u>13,445</u>	<u>12,480</u>
CREDITORS: Amounts falling due within one year	20	(5,839)	(4,548)
NET CURRENT ASSETS		<u>7,606</u>	<u>7,932</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>145,650</u>	<u>139,006</u>
CREDITORS: Amounts falling due after more than one year	21	(88,013)	(87,927)
PROVISIONS FOR LIABILITIES			
Defined benefit pension liability	26	(6,828)	(3,126)
TOTAL NET ASSETS		<u>50,809</u>	<u>47,953</u>
RESERVES			
Income and expenditure reserve	27	50,809	47,953
TOTAL RESERVES		<u>50,809</u>	<u>47,953</u>

The accompanying notes form part of these financial statements.

The financial statements were issued and approved by the Board on 17 September 2019.



John Hudson
Chairman



Gordon Richardson
Board Member



Jen Hayball
Secretary

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £'000s	2018 £'000s
Net cash generated from operating activities	28	18,304	11,734
Cash flow from investing activities			
Purchase and refurbishment of tangible fixed assets		(13,462)	(18,664)
Net gain on sale of fixed assets		1,276	1,435
Grants received		234	1,342
Interest received		35	28
		(11,917)	(15,859)
Cash flow from financing activities			
Interest paid		(4,173)	(4,000)
New secured loans		-	4,000
Repayment of borrowings		-	(1,800)
		(4,173)	(1,800)
Net change in cash and cash equivalents		2,214	(5,925)
Cash and cash equivalents at beginning of the year		6,253	12,178
Cash and cash equivalents at end of the year	17	8,467	6,253

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 2019

1. LEGAL STATUS

Legal status

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

The Trust has an investment of one share in Peaks & Plains Devco Limited and one share in Peaks & Plains Tradeco Limited, which are both 100% subsidiaries of the Trust at 31 March 2019. Both companies are classed as dormant and 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. In May 2019, the Financial Reporting Council issued a narrow-scope amendment to FRS102 in relation to multi-employer defined benefit schemes. This amendment has been early-adopted by the Trust and is reflected in these Financial Statements in respect of the Social Housing Pension Scheme.

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 2019 as the two subsidiaries have not been trading in the year to 31 March 2019.

The Trust has applied a change in accounting policy for the year ended 31 March 2019 in relation to capitalisation of interest, as the directors consider such a policy better reflects the cost of development to the Trust and therefore is a more relevant accounting policy as the Trust expands its development programme.

Prior period balances have also been restated to correct an error in an effective interest rate calculation (notes 27 and 34).

Going concern

The Trust's business activities, its current financial position and factors likely to affect its future development are set out within the Report of the Board and Strategic Report. The Trust has in place long-term debt facilities and has a 5 year £25m revolving credit facility available 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. The Trust has an approved £25m facility with Warrington Borough Council of which £4m is drawn. Following a technical breach of this loan agreement we have excluded further availability of the facility in our business plan until this matter is resolved with the Council.

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.

Discontinued activity

During the year, the Trust sold Trustlink; a business which showed surpluses up to disposal of £46k (2018 - £145k). The Board have considered whether or not this constitutes a discontinuation of a major line of business and have concluded that this is not the case and that no further disclosure is required.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 - Accounting Policies (continued)

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.

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 potential 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.

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 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 2019 was £45.60m. The carrying amount of the housing properties was £131.40m.

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 26). The liability at 31 March 2019 was £5.5m. In making their estimate, management have also considered the impact of the McCloud judgement on the LGPS liability and do not consider it to have a material impact as at 31 March 2019.

The same estimation uncertainty also applies to the Social Housing Pension Scheme (SHPS) which for which liabilities of £1.4m have been recognised.

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.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 - Accounting Policies
(continued)

Service charge income is recognised in the period to which it relates, net of losses from voids.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Service charge income is recognised in the period to which it relates, net of losses from 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 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

The Trust has had a change of policy in this financial year. Interest payable on borrowings is charged to the statement of comprehensive income net of any interest capitalised to development schemes in the year in which it is incurred. The prior year figures have been restated to reflect this policy change.

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

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

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 the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction cost, and are measured subsequently at amortised costs using the effective interest method. Cash is represented by cash in hand and deposits with financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months, the date of acquisition, and they are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents

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

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.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 - Accounting Policies (continued)

Pension costs

The Trust participates in the Cheshire Pension Fund and the Social Housing Pension Scheme defined benefit final 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. Note 26 gives more detail.

Social Housing Pension Scheme (SHPS)

In the previous year, the Trust was unable to recognise its share of the scheme assets and scheme liabilities and therefore had applied defined contribution accounting in respect of SHPS. For the year ended 31 March 2018, the Trust had recognised as a past service deficit liability of £100k, within creditors, based on the present value of the Trust's deficit funding agreement,

For the year ended 31 March 2019, the Trust is able to identify its share of the scheme assets and scheme liabilities from 1 April 2018 and therefore has applied defined benefit accounting from this date onwards. For accounting purposes, the relevant date for accounting for this change from defined contribution to defined benefit accounting is 1 April 2018. The scheme assets are measured at fair value. Scheme liabilities are measured on the actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates.

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.

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

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

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.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 - Accounting Policies

(continued)

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 Homes England (and its predecessor bodies), 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 funding body. 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. If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income.

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.

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.

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

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 – Accounting Policies

(continued)

Impairment

Housing properties are assessed annually 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 office equipment	3 years
Plant, Machinery and Vehicles	3 years	Freehold/leasehold properties	40 years

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

Disposal Proceeds Fund

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 were 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 2019 will remain as a liability until spent or repaid.

Recycled Capital Grant Fund

The RCGF is an internal fund within the accounts used to recycle historic grant following relevant events outlined in the Recovery Determination, a legal document setting out Homes England's principles for the recovery of grant. Balances accrued within this fund will have interest applied and be spent in accordance with Homes England Guidance. The existing balance as at 31 March 2019 will be carried forward as a liability until spent or repaid if not spent within a three year period.

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.

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.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 - Accounting Policies (continued)

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 2019

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

	Turnover 2019 £'000s	Cost of sales 2019 £'000s	Operating costs 2019 £'000s	Operating surplus 31 March 2019 £'000s
Social housing lettings	25,773	-	(17,953)	7,821
<u>Other social housing activities</u>				
First tranche low cost home ownership sales	1,684	(1,181)	-	503
Charges for Support Services	176	-	(144)	32
Gain on disposal of housing properties (note 6)	-	-	668	668
Other	307	-	(341)	(34)
	27,940	(1,181)	(17,769)	8,990
Activities other than social housing	1,786	-	(1,251)	535
	29,726	(1,181)	(19,020)	9,525
Other Income - Gain on disposal of discontinued activity (note 6)	426	-	-	426
	30,152	(1,181)	(19,020)	9,951

	Turnover 2018 £'000s Restated	Cost of sales 2018 £'000s restated	Operating costs 2018 £'000s restated	Operating surplus 31 March 2018 £'000s Restated
Social housing lettings	25,454	-	(16,669)	8,785
<u>Other social housing activities</u>				
First tranche low cost home ownership sales	750	(440)	-	310
Support Services	273	-	(307)	(34)
Gain on disposal of housing properties (note 6)	-	-	604	604
Other	186	-	(185)	1
	26,663	(440)	(16,557)	9,666
Activities other than social housing	2,853	-	(2,706)	147
	29,516	(440)	(19,263)	9,813

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)
3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	General needs 2019 £'000s	Supported housing & housing for older people 2019 £'000s	Low cost home ownership 2019 £'000s	31 March 2019 £'000s	31 March 2018 £'000s restated
Rent receivable net of identifiable service charges	19,450	5,557	73	25,080	24,791
Service charge income	217	357	6	580	567
Amortised government grants	113	-	-	113	96
Net rental income from social housing lettings	19,780	5,914	79	25,773	25,454
Management	(3,832)	(1,245)	-	(5,077)	(4,857)
Service costs	(1,080)	(64)	-	(1,144)	(1,117)
Routine maintenance	(3,144)	(1,033)	-	(4,177)	(3,286)
Planned maintenance	(1,293)	(425)	-	(1,718)	(1,863)
Bad debts	(175)	(57)	(3)	(235)	(109)
Accelerated depreciation of housing properties	(201)	(66)	-	(267)	(247)
Depreciation of housing properties	(3,877)	(1,274)	(88)	(5,239)	(5,095)
Amortisation of goodwill	(70)	(23)	(2)	(95)	(95)
Operating costs on social housing lettings	(13,672)	(4,187)	(93)	(17,952)	(16,669)
Operating surplus on social housing lettings	6,107	1,727	(14)	7,821	8,785
Void losses	173	100	-	273	177

4. ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT

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

	2019 No of properties	2018 No of properties
Social Housing		
General Needs	3,890	3,830
Supported Housing	6	6
Housing for older people	1,272	1,272
Low cost home ownership	88	44
Total owned	5,256	5,152
Accommodation managed for others	12	12
Total owned and managed	5,268	5,164
Accommodation in development at the year end	141	276

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)
5. OPERATING SURPLUS

	2019 £'000s	2018 £'000s restated
Surplus on ordinary activities is stated after charging:		
Depreciation:		
Housing properties	5,237	5,095
Accelerated depreciation on disposal of components	267	247
Amortisation of grants	(113)	(96)
Other tangible fixed assets	281	186
Amortisation:		
Goodwill	95	95
Operating leases:		
Other equipment	22	58
Auditor's remuneration (excluding VAT):		
Fees payable to the company's auditor for the audit of the company's annual financial statements	26	26
All other assurance services	7	7
Taxation compliance fees	3	4
All other taxation advisory services	12	24

6. SURPLUS ON SALE OF FIXED ASSETS

	2019 £'000s	2018 £'000s
Housing Properties		
Sale proceeds	2,275	1,277
Carrying value of fixed assets	(340)	(203)
Incidental sale expenses	(38)	(26)
Right to Buy re-imbursement	(1,229)	(444)
	<hr/>	<hr/>
Total surplus on sale of housing properties	668	604
	<hr/>	<hr/>
Other fixed assets		
Sale proceeds	445	-
Carrying value of fixed assets	-	-
Incidental sale expenses	(19)	-
	<hr/>	<hr/>
Total surplus on sale of other fixed assets	426	-
	<hr/>	<hr/>

During the year, the Trust sold Trustlink which provided alarm monitoring and response services. This service showed surpluses up to disposal of £46k (2018 - £145k).

7. INTEREST RECEIVABLE AND OTHER INCOME

	2019 £'000s	2018 £'000s
Income from bank deposits	35	28
	<hr/>	<hr/>

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

8. INTEREST PAYABLE AND FINANCIAL COSTS

	2019 £'000s	2018 £'000s Restated
Defined benefit pension charge	89	97
Loans and bank overdraft	3,909	3,592
SHPS interest expense	31	2
	<hr/> 4,029	<hr/> 3,691

9. EMPLOYEES

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

	2019 No.	2018 No.
Administration	40	43
Housing	57	73
Development and maintenance	92	96
	<hr/> 189	<hr/> 212

	2019 £'000s	2018 £'000s
Employee Costs:		
Wages and salaries	5,773	6,586
Social security costs	507	512
Other Pension costs (included in operating costs)	1,073	780
	<hr/> 7,353	<hr/> 7,878
Restructuring Costs	<hr/> 219	<hr/> 376

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 2019 (continued)****10. STAFF NUMBERS AND COSTS**

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

Remuneration includes compensation for loss of office.

	2019	2018
	No.	No.
£60,001 to £70,000	1	2
£70,001 to £80,000	-	1
£80,001 to £90,000	3	3
£90,001 to £100,000	2	2
£100,001 to £110,000	-	1
£110,001 to £120,000	1	-
£120,001 to £130,000	-	-
£130,001 to £140,000	1	1
£140,001 to £150,000	1	1
£150,001 to £160,000	-	-
£160,001 to £170,000	-	-
£170,001 to £180,000	1	-
	10	11

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:

	2019	2018
	£'000s	£'000s
Basic Salary	392	308
Benefits in kind	11	9
Total Remuneration	402	317
Social security costs	41	39
Pension contributions	45	37
Total cost of key management personnel	488	393

The emoluments of the highest paid employee, excluding pension contributions were £172,112.

The Chief Executive was the highest paid employee in 2018/19. The emoluments of the Chief Executive, the highest paid employee in 2018/19, excluding pension contributions were £149,878 (2018: £135,094). The Trust's Chief Executive 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.

During the year, aggregate compensation for the loss of office made to Executive Directors amounted to £95,222. The aggregate compensation for loss of office of other key management personnel was £99,872 (2018: £nil).

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

The Chair and non-executive board members received an annual emolument. £52,610 was incurred in the year (2018: £41,005). The total board expenses for the year are £360 (2018: £425).

Non-Executive Directors	Remuneration (£)	Audit Committee	Governance Committee
John Hudson, Chairman	12,000		
Kate Lindley	4,800	✓	
Samantha Knuckey	4,800		✓
Tom Agar	4,800	✓	
Matthew Cunningham	5,905	Chair	
Gordon Richardson	4,800	✓	
Simon Leighton	4,800		✓
Paul Findlow	4,800		✓
Alison Light	5,905		Chair
Anthony Read	1,800	✓	

11. TAX ON SURPLUS ORDINARY ACTIVITIES

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

	2019 £'000s	2018 £'000s
Current tax		
UK corporation tax on surplus for year	10	8
Adjustments in respect of prior years	-	-
Total current tax	10	8
	2019 £'000s	2018 £'000s restated
Total tax reconciliation		
Surplus on ordinary activities before tax	5,735	6,073
Theoretical tax at UK corporation tax rate 19% (2018: 19%)	1,090	1,154
Non-taxable income	(1,074)	(1,140)
Capital allowances	(5)	(6)
Total taxation charge	10	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 renewable energy project. The aggregate current tax relating to items that are recognised as items of other comprehensive income is £10,000 (2018: £8,000).

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (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 2018 (restated)	156,459	5,801	2,398	422	165,080
New development schemes	-	4,584	-	2,310	6,894
Works to existing properties	5,717	-	19	-	5,736
Interest capitalised	-	273	-	117	390
Schemes completed	7,151	(7,151)	2,797	(2,797)	-
Disposals	(1,100)	-	-	-	(1,100)
At 31 March 2019	168,227	3,507	5,214	52	177,000
Depreciation					
At 1 April 2018 (restated)	40,822	-	30	-	40,852
Depreciation charged in year	5,218	-	19	-	5,237
Released on disposal	(492)	-	-	-	(492)
At 31 March 2019	45,548	-	49	-	45,597
Net book value					
At 31 March 2019	122,679	3,507	5,165	52	131,403
At 31 March 2018 (restated)	115,637	5,801	2,368	422	124,228

Expenditure on works to existing properties

	2019 £'000s	2018 £'000s Restated
Amounts capitalised	5,735	5,826
Amounts charged to income and expenditure account	1,769	1,812
	7,505	7,638

Amounts capitalised includes aggregate finance costs of £1,915k (2018 - £1,525k restated).

Social Housing Assistance

Total accumulated social housing grant received or receivable as 31 March 2019:	2019 £'000s	2018 £'000s
Recognised in the Statement of Comprehensive Income	1,472	1,353
Held as deferred income	10,539	10,458
Total	12,011	11,811

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 – Fixed Assets: Housing Properties (continued)
Housing properties book value net of depreciation

	2019 £'000s	2018 £'000s Restated
Freehold land and buildings	131,150	124,047
Leasehold land and buildings	253	182
	<u>131,403</u>	<u>124,229</u>

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.

13. TANGIBLE FIXED ASSETS – OTHER

	Freehold and Leasehold properties £'000s	Fixture and fittings £'000s	Computers & Office Equipment £'000s	Total £'000s
Cost				
At 1 April 2018	1,794	1,384	1,929	5,107
Additions	-	24	146	170
Transfer to Investment Properties	-	-	-	-
Disposals	-	-	(122)	(122)
At 31 March 2019	<u>1,794</u>	<u>1,408</u>	<u>1,953</u>	<u>5,155</u>
Depreciation				
At 1 April 2018	108	105	1,522	1,735
Charged in year	45	87	147	279
Transfer to Investment Properties	-	-	-	-
Released on disposal	-	-	(122)	(122)
At 31 March 2019	<u>153</u>	<u>192</u>	<u>1,547</u>	<u>1,892</u>
At 31 March 2019	<u>1,641</u>	<u>1,216</u>	<u>406</u>	<u>3,263</u>
At 31 March 2018	<u>1,687</u>	<u>1,279</u>	<u>407</u>	<u>3,373</u>

Freehold and leasehold properties consists of Ropewalks Office. During 19/20 the Trust secured the office to Cheshire Pension Fund.

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

14. INTANGIBLE FIXED ASSETS: GOODWILL

	Goodwill £'000s
Cost	
As at 1 April 2018 and 31 March 2019	1,331
Amortisation	
At 1 April 2018	1,113
Charge for year	95
At 31 March 2019	1,208
Net book value	
At 31 March 2019	123
At 31 March 2018	218

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

	2019 £'000s
At 1 April 2018 and 31 March 2019	3,255

The valuation as at 31 March 2019 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

	2019 £'000s	2018 £'000s
Cash at bank and in hand	6,600	6,253
Cash equivalents	1,867	
Bank overdraft		
	<u>8,467</u>	<u>6,253</u>

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)****18. PROPERTIES FOR SALE**

	2019	2018
	£'000s	£'000s
Shared Ownership Properties:		
Completed Properties	2,742	1,135
Work in Progress	50	422
	<u>2,792</u>	<u>1,557</u>

19. DEBTORS

	2019	2018
	£'000s	£'000s
Arrears of rent and service charges	593	549
Less: provision for bad and doubtful debts	(376)	(368)
	<u>217</u>	<u>181</u>
Other debtors	931	752
Other debtors - Escrow*	-	2,201
Prepayments and accrued income	1,038	1,536
	<u>2,186</u>	<u>4,670</u>

*The Escrow Agreement with Cheshire West & Chester Council who administered the Cheshire Pension Fund was released during the year. In the prior year a cash sum of £2.2m was held on deposit to cover the outstanding pension liability following the triennial valuation as at 31st March 2016. The account was 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

	2019	2018
	£'000s	£'000s
Trade creditors	1,233	389
Other creditors	1,419	673
Rent and service charges received in advance	611	465
Other taxation and social security creditors	-	-
Accruals and deferred income	2,457	2,906
Deferred grant income (Note 22)	119	112
Social housing grants in advance of costs	-	3
	<u>5,839</u>	<u>4,548</u>

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

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

	2019 £'000s	2018 £'000s restated
Loans		
Debt (Note 25)	77,337	77,370
Deferred grant income (Note 22)	10,421	10,346
Disposal Proceeds Fund (Note 23)	145	145
Recycled Capital Grant Fund (Note 24)	110	66
	<u>88,013</u>	<u>87,927</u>

22. DEFERRED GRANT INCOME

	2019 £'000s	2018 £'000s
At 1 April	10,458	9,055
Grant received in the year	193	1,499
Released to income in the year	(112)	(96)
At 31 March	<u>10,539</u>	<u>10,458</u>

	2019 £'000s	2018 £'000s
Amounts to be released within one year	119	112
Amounts to be released in more than one year	10,420	10,346
At 31 March	<u>10,539</u>	<u>10,458</u>

23. DISPOSAL PROCEEDS FUND

	2019 £'000s	2018 £'000s
At 1 April 2018	145	145
Net sales proceeds recycled	-	-
Interest accrued	-	-
Withdrawals	-	-
At 31 March 2019	<u>145</u>	<u>145</u>

As at 31 March 2019, 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 2019 (£0.1k 2018).

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

24. RECYCLED CAPITAL GRANT FUND

	2019 £'000s	2018 £'000s
At 1 April 2018	66	-
RTA grant claimed	44	66
Interest accrued	-	-
Withdrawals	-	-
At 31 March 2019	110	66

As at 31 March 2019, four Right to Acquire claims totalling £44k were made (2018: £66k).

25. DEBT ANALYSIS

Borrowings

	2019 £'000s	2018 £'000s
Due within one year		
Bank Loans	-	-
Due after more than one year		
Bank Loans	77,337	77,370
	77,337	77,370

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 £74m at 31st March 2019. £60m is charged interest at a fixed rate with final repayment in the period 2036 to 2040 on rates of interest ranging from 5.72% to 6.73%. £4m was drawn down from the Local authority loan facility on 13th March 2018 at a fixed rate of 4.06%. This rate comprises of the Public Works Loan Board (PWLb) rate at issue of 2.91% plus a margin of 1.15% and is repayable on 13th March 2048. 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 £74m and the carrying value of £76.7m 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.

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

	2019 £'000s	2018 £'000s
Within one year or on demand	-	-
One year or more but less than two years	-	-
Two years or more but less than five years	7,846	3,720
Five years or more	66,154	70,280
Total Loans	74,000	74,000

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

26. 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 give the projected net pension cost to 31 March 2019 calculated by a qualified independent actuary.

The employer's contribution to the LGPS by the company for the year ended 31 March 2019 were £411,000 (2018 £541,000) at a contribution rate of 24.4 % of pensionable salaries. The contribution rate for the next financial year is estimated at 21.4%. The rate of contribution being determined by the actuary. Estimated employers' contributions to the LGPS during the accounting period commencing 1 April 2019 are £361,000.

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

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)	2019 %	2018 %
Inflation/pension increase rate	2.5%	2.4%
Rate of increase in salaries	2.8%	2.7%
Expected return on asset	2.4%	2.7%
Discount rate	2.4%	2.7%

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2018-2019		2017-2018	
	Males	Females	Males	Females
Current pensioners	22.3 years	24.5 years	22.3 years	24.5 years
Future pensioners	23.9 years	26.5 years	23.9 years	26.5 years

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

	2019 £'000s	2018 £'000s
Current service cost	652	767
Past service cost	91	92
Amounts charged to operating costs	743	859
Interest on obligation	658	704
Expected return on scheme assets	(747)	(607)
Amounts charged to other finance costs	(89)	97

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 – Pension Schemes
(continued)

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

	2019	2018
	£'000s	£'000s
Fair value of scheme assets	25,738	24,346
Present value of defined benefit obligations	(31,201)	(27,472)
Deficit in the scheme	(5,463)	(3,126)
Net liability in the balance sheet	(5,463)	(3,126)

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

	2019	2018
	£'000s	£'000s
Opening defined benefit obligation	27,472	26,793
Current service cost	652	767
Past service cost	91	92
Interest on pension liabilities	747	704
Contributions by scheme participants	114	131
Actuarial (gains) / losses	2,579	(596)
Benefits paid	(454)	(419)
Closing defined benefit obligation	31,201	27,472

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

	2019	2018
	£'000s	£'000s
Opening fair value of scheme assets	24,346	23,246
Expected return on scheme assets	658	607
Contributions by scheme participants	114	131
Contributions by the employer	411	541
Actuarial gains	663	240
Benefits paid	(454)	(419)
Closing fair value of scheme assets	25,738	24,346

Actual return on scheme assets

	2019	2018
	%	%
Cheshire Pension Fund	5.4%	3.6%

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 – Pension Schemes
(continued)**Major categories of plan assets as a percentage of total plan assets

	2019	2018
	%	%
Equities	45	42
Bonds	45	46
Property	8	8
Cash	2	4

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.

For the year ended 31 March 2018, the SHPS obligation was being accounted for as a defined contribution as there was not sufficient information available to identify each employer's share of assets and liabilities in the scheme. Therefore, for 31 March 2018, the contributions payable from the association to the SHPS under the terms of its funding agreement for past deficits was recognised as a liability within other creditors in the association's financial statements, the net present value of £100k was recognised within creditors for this contractual obligation for the year ended 31 March 2018.

For the year ended 31 March 2019, sufficient information is available for the association in respect of SHPS to account for its obligation on a defined benefit basis. The most recent formal actuarial valuation as completed as at 30 September 2017 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2019 by a qualified independent actuary.

Under the defined benefit pension accounting approach, the SHPS net deficit as at 1 April 2018 is £1,173k and £1,365k as at 31 March 2019.

The proposals set out in FRED 71 requires the difference on transition from defined contribution accounting to defined benefit accounting to be presented separately in other comprehensive income. The change on transition has resulted in a remeasurement difference of £1,073k, which has been recognised at the relevant date of application, 1 April 2018, in other comprehensive income.

	2019
	£'000s
Past service deficit liability as at 1 April de-recognised	100
Net pension scheme deficit under defined benefit accounting as at 1 April	(1,173)
Losses recognised in other comprehensive income on initial recognition as at 1 April	(1,073)

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 – Pension Schemes – The Social Housing Pension Scheme (continued)**

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

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)	2019	2018
	%	%
Discount rate	2.40%	2.60%
Inflation (RPI)	3.15%	3.05%
Inflation (CPI)	2.15%	2.05%
Salary growth	3.15%	3.05%

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2018-2019	
	Males	Females
Current pensioners	21.8 years	23.5 years
Future pensioners	23.2 years	24.7 years

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

	2019
	£'000s
Current service cost	285
Interest on obligation	31
	<hr/>
Defined benefit costs recognised in statement of comprehensive income	<hr/> 316 <hr/>

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 – Pension Schemes
(continued)**

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

	2019
	£'000s
Fair value of scheme assets	3,264
Present value of defined benefit obligations	(4,629)
Deficit in the scheme	(1,365)
Net liability in the balance sheet	(1,365)

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

	2019
	£'000s
Opening defined benefit obligation	3,918
Current service cost	285
Interest on pension liabilities	106
Contributions by scheme participants	73
Actuarial losses	262
Benefits paid	(15)
Closing defined benefit obligation	4,629

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

	2019
	£'000s
Opening fair value of scheme assets	2,745
Expected return on scheme assets	75
Contributions by scheme participants	73
Contributions by the employer	226
Actuarial gains	160
Benefits paid	(15)
Closing fair value of scheme assets	3,264

Actual return on scheme assets

	2019
	£'000s
Social Housing Pension Scheme	235

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 – Pension Schemes
(continued)**Major categories of plan assets as a percentage of total plan assets

	2019	2018
	%	%
Equities	19	21
Bonds	72	72
Property	9	7
Cash	-	-

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.

Net liabilities

The net liabilities for these schemes are aggregated in the Statement of Financial Position under Provisions for liabilities as follows:

	2019	2018
	£'000s	£'000s
The Cheshire Fund	5,463	3,126
The Social Housing Pension Scheme	1,365	-
	<hr/>	<hr/>
	6,828	3,126

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 – Pension Schemes
(continued)

27. RESERVES

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

Prior period adjustments made in the year have had the following effects:-

	Reserves @ 1 April 2017	Surplus for year ended 31 March 2018	Actuarial gains year ended 31 March 2018	Reserves @ 31 March 2018
As previously stated	41,331	5,724	836	47,891
Capitalising loan interest on housing developments	1,096	429	-	1,525
Depreciation on the capitalised loan interest	(20)	(11)	-	(31)
Restatement of effective interest rate provision	(1,432)	-	-	(1,432)
Restated	40,975	6,142	836	47,953

The effect on the Statement of Financial Position was as follows:-

	Originally reported @ 31 March 2018	Prior period adjustment	Restated @ 31 March 2018
Tangible fixed assets- housing properties	122,735	1,494	124,229
Creditors falling due after more than one year - Loans	(75,938)	(1,432)	(77,370)
	46,797	62	46,859

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

28. CASH FLOW FROM OPERATING ACTIVITIES

	2019	2018
	£'000s	£'000s
		Restated
Surplus for the year	5,947	6,142
Adjustments for non-cash items:		
Depreciation and impairment of tangible fixed assets	5,237	5,095
Depreciation of other fixed assets	279	186
Amortisation of intangible assets	95	95
Decrease/(Increase) in trade and other debtors	2,629	(755)
Increase/(Decrease) in trade and other creditors	1,648	(1,389)
Increase in properties held for sale	(1,235)	(921)
Decrease in provisions	-	-
Pension costs less contributions payable	490	318
Adjustments for investing or financing activities:		
Net gain on sale of fixed assets	(668)	(604)
Government grants utilised in the year	(112)	(96)
Interest payable	4,029	3,691
Interest receivable	(35)	(28)
Net cash generated from operating activities	<u>18,304</u>	<u>11,734</u>

29. CAPITAL COMMITMENTS

	2019	2018
	£'000s	£'000s
Expenditure contracted for but not provided for in the accounts	17,407	13,878
Expenditure authorised by the Board, but not contracted	5,808	25,912
	<u>23,215</u>	<u>39,790</u>

The above commitments will be financed primarily through existing cash surpluses (£8m) and from existing loans already available to draw (£21m). The Trust has also agreed a new £25m revolving credit facility with Barclays Bank. Social housing grant (£3m) and income from future property sales (£3m) is expected in the 2019/20 financial year.

30. CONTINGENT ASSETS / LIABILITIES

The Trust had no contingent assets at 31 March 2019 (2018: nil).

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

At 31 March 2019, 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 2019 (2018: nil).

CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

31. LEASING COMMITMENTS

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

Future minimum operating lease payments

	31 March 2019	31 March 2018
	£'000s	£'000s
Within one year	240	140
Between one and five years	708	26
	<u>948</u>	<u>166</u>

32. RELATED PARTIES

The Trust had one tenant Board members during the year. No tenant members were in arrears at 31 March 2019 or at 31 March 2018.

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

	2019	2018
	£'000s	£'000s
Financial assets measured at amortised cost		
Cash	8,467	6,253
Debtors	1,858	2,708
	<u>10,325</u>	<u>8,961</u>
Financial liabilities measured at amortised cost		
Loans	77,337	77,370
Creditors	2,711	938
Accruals	2,301	2,743
	<u>82,349</u>	<u>81,051</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 2019 – 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, a 35 day fixed term account and cash at bank. They are sterling denominated and the interest rate profile at 31 March was:

	2019 £'000s	2018 £'000s
Financial assets held in 95 day notice accounts	867	115
Financial assets held in bank account	6,600	6,138
Financial assets held in 35 day fixed term account	1,000	
	<u>8,467</u>	<u>6,253</u>

The financial assets held in 95 day notice accounts have no fixed maturity and attract interest at an average rate of 0.95%. 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:

	2019 £'000s	2018 £'000s
Fixed rate	64,000	64,000
Variable rate	10,000	10,000
	<u>74,000</u>	<u>74,000</u>

The fixed rate financial liabilities have a weighted average interest rate of 6.28% (2018: 5.86%) and the weighted average period for which it is fixed is 15.0 years (2018: 16.0 years).

The debt maturity profile is shown in note 25. A new 5 year revolving credit facility for £25m has been agreed during the 2018/19 financial year.

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:

	2019 £'000s	2018 £'000s
Expiring in less than 2 years	21,000	
Expiring in more than two years		21,000
	<u>21,000</u>	<u>21,000</u>

34. Prior period adjustments

A change to accounting policy relating to the capitalisation of loan interest into the value of housing properties in development has led to a prior period adjustment.

Additionally, an effective interest rate provision made in earlier years has been re-evaluated and a decision has been made to reverse this amount.

The effect of these adjustments is set out in Note 27.