



**Places for People Homes Limited**

Financial Statements

For the year ending 31 March 2024

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**Places for People Homes Limited**  
**Board of Management, Executives and Advisers**  
**For the year ending 31 March 2024**

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**Board of Management**

**Non Executives**

R Gregory (Chair)  
V Bonner (Appointed 16 April 2024)  
R Cartwright  
A Daniel  
M Dunn  
R Finn  
G Kitchen  
G Waddell

**Executives**

S Black  
G Reed  
A Winstanley

**Secretary**

K Alsop (Appointed 1 July 2023)  
C Martin (Resigned 1 July 2023)

**Registered Office**

305 Gray's Inn Road  
London  
WC1X 8QR

**Banker**

Barclays Bank Plc  
38 Fishergate  
Preston  
PR1 2AD

**Registered Auditor**

MHA  
2 London Wall Place  
London  
EC2Y 5AU

**Registration of the Association**

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 (Registered number 19447R) and the Housing and Regeneration Act 2008 (Number L0659). It is also affiliated to the National Housing Federation.

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**Places for People Homes Limited**  
**Report of the Board**  
**For the year ending 31 March 2024**

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**Report of the Board**

The board of Directors is pleased to present its report and the audited financial statements for the year ended 31 March 2024.

**Nature of the Association**

Places for People Homes Limited is a not-for-profit Registered Society and registered provider of social housing whose primary business is the provision of housing at affordable rents for those in most need. In addition, the Association provides market rented housing and develops low-cost housing for sale and offers open market sales on mixed tenure developments.

**Results**

The Association's profit for the year before taxation was £8.1m (2023: Loss £22.2m). £222.2m (2023: £332.3m) was spent on additional housing and £129m (2023: £89.8m) was reinvested in stock through maintenance, major repairs and improvements.

The Association's key performance indicators and principal risks and uncertainties are aligned with those of the ultimate parent undertaking, Places for People Group Limited, and are included in the consolidated Group accounts.

The Association's strategy is aligned to that of the parent company Places for People Group Limited, as such the Financial Viability Statement and Value for Money information appropriate to the Association can be found in the Group financial statements that can be obtained from the Group's registered office at 305 Grays Inn Road, London, WC1X 8QR.

**Review of the year**

The turnover for the Association for the year ended 31 March 2024 was £330.9m (2023: £327.1m), the majority of the movement relates to an increase in social housing lettings activity. The operating profit has increased year on year to £122.2m (2023: £75.3m) due to a decrease in operating costs of non-social housing activity.

**Customer Participation**

A comprehensive set of structures exists to ensure that there is effective communication between the Association and its customers.

**Internal Control**

The Group Board has reviewed the effectiveness of the system of internal control for the year ended 31 March 2024 and up to the date of signing these financial statements. It has not identified any weaknesses which resulted in material losses or contingencies or other uncertainties which require disclosure in the financial statements.

**Board and Committee Structure**

The board of Directors of Places for People Group ("the Group") is responsible for setting strategies and budgets for the whole Group and co-ordinating the Group's activities. Places for People Group Limited exercises control over Places for People Homes Limited through an Independence and Responsibilities Agreement, a Service Level Agreement and powers granted to Places for People Group Limited in its rules.

The Group board has delegated certain matters to committees of the board of Places for People Group.

**Corporate Governance**

The board has regard to the UKCG code when setting its corporate governance, by which it governs the organisation. In doing so the Board closely follows the principles followed by Group.

Linked to the above, the Association has adhered to these principles except for Code provisions 3, 4, 5 and 18.

Provisions 3, 4, and 18 contemplate dialogue with external shareholders or decisions being referred to shareholders on matters of director appointments, auditor appointments, director remuneration and the use of the AGM to communicate with investors.

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**Places for People Homes Limited**  
**Report of the Board**  
**For the year ending 31 March 2024**

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**Corporate Governance (continued)**

The Group has an Audit & Risk Committee, a Remuneration & Nominations Committee, a Development Committee and a Treasury Committee. The remit of those committees extends to the Association and its business. The committees draw members from and report to the Group Board. The Group Board takes direct responsibility for oversight of the Affordable Housing business conducted through the Group's regulated subsidiaries. Group Board members are also appointed members of the board of the Association and have full oversight of the operations of the Association. This further ensures that the provisions of the Code are met in respect of the Association.

Provision 5 states that the board should understand the views of other key stakeholders and describe in the annual report how their interests and the matters set out in section 172 (duty to promote the success of the company) of the Companies Act 2006 (the 2006 Act) have been considered in board discussions and decision-making. The Association is a registered society rather than a company and so the specific reporting requirements under section 172 of the 2006 Act do not apply to it. However, the Association's parent company, Places for People Group Limited, publishes consolidated group accounts which do contain a section 172 statement within its Strategic report. That statement addresses the issue of identification of key stakeholders and engagement with their views across the whole Group including the Association.

Provision 5 also prescribes the options for workforce engagement. The board has concluded that its methods for engagement described in the Group's Annual report are effective and more suited to the Group's overall needs than any of the Code's prescribed mechanisms.

The Group Annual report contains a Governance report that details the governance arrangements of the Group, and how the Code is applied at Group Board level.

Board members consider the report and accounts, taken as a whole, to be fair, balanced and understandable.

**Going concern statement**

The going concern assessment considers whether it is appropriate to prepare the financial statements on a going concern basis. In line with the majority of businesses within the UK the Group is faced with the need to address the consequences of sequence of severe and ongoing macroeconomic shocks over the past three years, including from Brexit, Covid-19, and resulting from Russia's invasion of Ukraine. High inflation and interest rates, a tight labour market and the residual impact of the pandemic on supply chains have increased costs and impacted incomes. The Groups business planning and the accompanying stress testing process incorporate these challenges, which continue to be monitored on a regular basis.

At 31 March 2024 the Group had cash and undrawn facilities of £1.1bn. The Group continues to actively manage its cash flows in order to mitigate any reductions in income and maintains a policy of having a minimum 18 months' liquidity.

The directors have reviewed the projected cash flows covering a period of 12 months from the date of the approval of the financial statements, which indicate that the Group will be able to operate within the levels of its agreed facilities and the compliance with debt covenants.

Places for People Homes is part of the Guarantor Group and accesses funding from this Group pool, therefore the liquidity position of the Group supports the going concern assumption for the association.

On the basis described above, the directors are confident that the Group has adequate resources to continue to meet all liabilities, as and when they fall due, for 12 months from the date of approval of the financial statements and therefore consider it appropriate to adopt the going concern basis in preparing the consolidated financial statements.

**Viability statement**

The Code requires the directors to make a statement with regard to the viability of the Group. This requires consideration of solvency and liquidity over a longer period than the going concern assessment.

The Group's strategic plan covers a 10-year period, over which the directors have made assumptions regarding the Group's revenues, operating costs and cash requirements. The projections for the first three years of the plan are based on current opportunities and include an expectation of the rental incomes for the Group. There is inherently less certainty in the projections from year four to ten.

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**Places for People Homes Limited**  
**Report of the Board**  
**For the year ending 31 March 2024**

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Consistent with prior years, the directors have therefore determined that three years is an appropriate period for this viability statement.

For the purposes of both Viability and Going Concern, an annual Stress Testing exercise is undertaken as part of the Business Planning process to assess the financial strength and robustness of the Group's plan. Using the ten year business plan, it aims to identify the circumstances which would push the Group to breaking point and the options available to mitigate such circumstances and ensure the Group meets all of its key financial metrics and loan covenants. The tests applied include amongst others, rent restrictions, housing market downturn, high inflation rates and sustained high interest rates. They show that with appropriate mitigations applied, the Group is able to meet all external loan covenants, even in the most extreme circumstances modelled.

The Board continuously monitor changes in internal and external indicators which could suggest that there is an increased risk of the stress test scenarios arising. These "stress test triggers" are an early warning mechanism enabling decisions to be made in relation to the potential deployment of mitigations.

On the basis of these assessments, the Board is confident that the Group will remain financially viable for the three year period covered by this statement and beyond.

**Compliance with the Regulator of Social Housing's Governance and Financial Viability Standard**

The Association has assessed the position and confirms that it has complied with The Regulator of Social Housing's Governance and Financial Viability Standard.

**Statement of Disclosure to the Auditors**

At the time of approval of this report:

- a) so far as the Board Members are aware, there is no relevant audit information of which the Association's auditor is unaware, and
- b) the Board Members have taken all steps that they ought to have taken as Board Members in order to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

**Statement of Board's responsibilities in respect of the Board's report and the financial statements**

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

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the association and of its income and expenditure for that period.

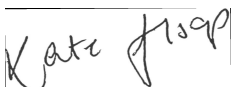
In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its 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 2022. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

**By order of the Board**



**K Alsop**  
**Secretary**

**26 July 2024**

# Independent auditor's report to the members of Places for People Homes Limited

For the purpose of this report, the terms "we" and "our" denote MHA in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Places for People Homes Limited. For the purposes of the table on pages 7 to 8 that sets out the key audit matters and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA. The "Association" is defined as Places for People Homes Limited. The relevant legislation governing the Association is the Co-operative and Community Benefit Societies Act 2014.

## Opinion

We have audited the financial statements of Places for People Homes Limited for the year ended 31 March 2024. The financial statements that we have audited comprise:

- the Statement of Comprehensive Income
- the Statement of Financial Position
- the Statement of Changes in Equity, and
- Notes 1 to 29 of the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Association's financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 ("FRS 102") 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 Association's affairs as at 31 March 2024 and of the Association's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Our opinion is consistent with our reporting to the Audit Committee.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our ethical responsibilities in accordance with those 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

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

Our evaluation of the Board's assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- The consideration of inherent risks to the Association's operations and specifically its business model.
- The evaluation of how those risks might impact on the Association's available financial resources.
- Where additional resources may be required, the reasonableness and practicality of the assumptions made by the Board when assessing the probability and likelihood of those resources becoming available.
- Liquidity considerations including examination of the Association's cash flow projections.
- The evaluation of the base case scenario and stress scenario and the respective sensitivities and rationale.
- Viability assessment including consideration of reserve levels and business plans.

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

In relation to the Association's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Report of the Board in the Association's financial statements about whether the Board of Management considered it appropriate to adopt the going concern basis of accounting.

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

## Overview of our audit approach

<b>Scope</b>	Our audit was scoped by obtaining an understanding of the Association and its environment, including the Association's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Board that may have represented a risk of material misstatement.		
<b>Materiality</b>	<b>2024</b>	<b>2023</b>	
<b>Association</b>	£3.3m	£3.2m	1% (2023: 1%) of Turnover
<b>Key audit matters</b>			
<b>Recurring</b>	<ul style="list-style-type: none"> <li>• Recoverable amount of development programme schemes and associated land.</li> <li>• Valuation of defined benefit pension scheme obligation.</li> </ul>		



## Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those matters which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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### Recoverable amount of development programmes schemes and associated land

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#### Key audit matter description

The Association has considerable development programmes in place, incorporating a variety of types of property for sale and rental. As at 31 March 2024, Places for People Homes Limited holds £172.9m (2023: £165.8.m) of stock.

The schemes require a significant amount of judgment to assess the recoverability of each site, and impairment risks that may be associated with them. Key judgements include:

#### Valuation of recoverable amount

The Association develops a significant amount of housing projects, both for re-sale and for rent. The recoverability of these projects could be affected by both external, which include the impact of the cost-of-living crises and internal factors. The Association has an appraisal process which assesses the recoverability of these developments.

#### Appropriateness of allocated costs

The Association capitalises salaries and overheads at a fixed rate, based on budgeted costs. There is a risk that the budgeted costs are inaccurate.

#### Interpretation of contractual arrangements

The Association contracts external suppliers for some of their developments. There is a risk that complex elements of the contractual arrangement are inaccurately recognised.

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#### How the scope of our audit responded to the key audit matter

In order to address the key audit matter in respect of the valuation risk for the carrying value of stock, our audit work included the following procedures:

#### Valuation of recoverable amount

We have reviewed the impairment process and underlying data which is used to determine the current stock carrying values to determine whether the figures are consistent and reasonable.

We have benchmarked key valuation assumptions including market demand, margins and interest rates to external data sources.

We have considered a sample of post year-end sales for possible changes in assumptions in respect of margins or depression of demand.

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**Appropriateness of allocated costs**

We performed substantive procedures to corroborate the valid and accurate recognition of associated costs by selecting a sample of projects and agreeing components of cost back to the original source documents and contractual terms to confirm that this cost had been incurred and was approved for payment.

**Interpretation of contractual arrangements**

We have reviewed contractual arrangements on a sample basis for each sub-project to assess the accurate interpretation and application of the contractual terms.

**Key observations communicated to the Association's Audit Committee**

Based on our audit work performed, we are satisfied that the recoverable amount of development programmes schemes and associated land has been determined on a reasonable basis.

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**Value of defined benefit pension scheme obligations**

**Key audit matter description**

The group is a member of a number of defined benefit pension schemes. The schemes are material to the group and the valuations of the gross pension scheme obligations are subject to significant judgement and estimates.

The group's membership of the People for Places Group Retirement Scheme represents £164.5m of the group's £228m gross pension scheme obligations (2023: £173.6m of £239m).

The assumptions used in the Places for People Group Retirement Scheme are of significance as there is a heightened risk that if inappropriate actuarial assumptions are used there will be material misstatement in the financial statements.

**How the scope of our audit responded to the key audit matter**

We assessed the competence, capability, objectivity and independence of the pension scheme's Actuary.

We have obtained the actuarial reports and engaged our own expert to benchmark the key assumptions on discount rate, inflation rate, life expectancy. We have challenged the assumptions of the pension scheme's actuary in relation to inputs that may have a material effect on the liability obligations.

We considered the adequacy of the disclosures in respect of the sensitivity of the net obligations of the pension scheme.

**Key observations communicated to the Association's Audit Committee**

Based on our audit work performed, we are satisfied that the actuarial assumptions applied to the Places for People Retirement Scheme are reasonable and related sensitivity disclosures are adequate.

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## **Our application of materiality**

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Materiality in respect of the Association was set at £3,305,000 (2023: £3,200,000) which was determined on the basis of 1% (2023: 1%) of the Association's Revenue. Revenue was deemed to be the appropriate benchmark for the calculation of materiality as this is a key area of the financial statements because this is a metric by which the performance and risk exposure of the Group and Parent Company is principally assessed. In our opinion this is therefore the benchmark with which the users of the financial statements are principally concerned.

Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Performance materiality for the Association was set at £2,313,500 (2023: £2,240,000) which represents 70% (2023: 70%) of the above materiality levels.

The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.

We agreed to report any corrected or uncorrected adjustments exceeding £165,250 (2023: £160,000) to the Audit Committee as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

## **The control environment**

We evaluated the design and implementation of those internal controls of the Association which are relevant to our audit, such as those relating to the financial reporting cycle.

We deployed our internal IT audit specialists to get an understanding of the general IT environment.

## **Climate-related risks**

In planning our audit and gaining an understanding of the Group and Parent, Company, we considered the potential impact of climate-related risks on the business and its financial statements. We obtained management's climate-related risk assessment, along with relevant documentation relating to management's assessment and held discussions with management to understand their process for identifying and assessing those risks.

We then engaged internal specialists to assess, amongst other factors, the benchmarks used by management, the nature of the company's business activities, its processes and the geographic distribution of its activities. We also held discussions with management regarding governance and controls over their ESG reporting processes and the subsequent effect on the financial reporting of the group.

We specifically considered physical and transition climate risks impacting the financial statements. The most material balances and areas reviewed were:

- tangible fixed assets
- investment property
- trade receivables
- going concern

We critically reviewed management's assessment and challenged the assumptions underlying their assessment. We also designed our audit procedures to specifically consider those assets and liabilities where we anticipated, based on the work performed, that the highest impact arising from climate change might fall. We reviewed the UK Climate-related Financial Disclosures and challenged for consistency with the financial statements.

We did not identify any material inconsistencies or inaccuracies between management's assessment and our audit findings.

### **Reporting on other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

### **Report of the Board**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Board has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board.

## **Corporate governance statement**

We have reviewed the Board's statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the entity's compliance with the provisions of the UK Corporate Governance Code.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified [set out on page ...];
- Directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate [set out on page ...].
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities [set out on page ...]
- Directors' statement on fair, balanced and understandable [set out on page ...];
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks [set out on page ...];
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems [set out on page ...]; and
- Section describing the work of the audit committee [set out on page ...]

## **Opinions on other matters prescribed by the Co-operative and Community Benefit Societies Act 2014**

In our opinion, based on the work undertaken in the course of the audit:

- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the Association's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

In the light of the knowledge and understanding of the group and the parent Association and their environment obtained in the course of the audit, we have not identified material misstatements in:

- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received by branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the (parent) Association.

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor 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 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 financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities) . This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

### **Identifying and assessing potential risks arising from irregularities, including fraud**

The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector the control environment, business performance including remuneration policies and the Association's own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the Board, we obtained an understanding of the legal and regulatory frameworks applicable to the Association focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Co-Operative and Community Benefit Societies Act 2014 and Housing and Regeneration Act 2018, UK tax legislation or those that had a fundamental effect on the operations of the Association including the regulatory and supervisory requirements of the Financial Conduct Authority (FCA).
- We enquired of the Board and management including the in-house legal counsel, compliance, risk and internal audit, audit committee concerning the Association's policies and procedures relating to:
  - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the Association's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce costs.

## Audit response to risks identified

In respect of the above procedures:

- we corroborated the results of our enquiries through our review of the minutes of the Association's Board and audit committee meetings, inspection of legal and regulatory correspondence and correspondences from the regulators FCA;
- audit procedures performed by the engagement team in connection with the risks identified included:
  - reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements.
  - testing journal entries, including those processed late for financial statements preparation, those posted by infrequent or unexpected users, those posted to unusual account combinations;
  - evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
  - enquiry of management around actual and potential litigation and claims.
  - challenging the assumptions and judgements made by management in its significant accounting estimates and ;
  - obtaining confirmations from third parties to confirm existence of a sample;
- the Association operates in a highly regulated industry. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities; and
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members, including experts, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

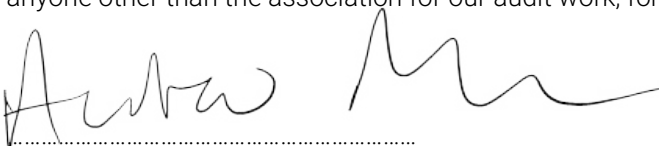
## Other requirements

We were appointed by the Board on 4 January 2023. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 2 years.

We did not provide any non-audit services which are prohibited by the FRC's Ethical Standard to the Association, and we remain independent of the Association in conducting our audit.

## Use of our report

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association for our audit work, for this report, or for the opinions we have formed.



.....  
**Andrew Moyser FCA FCCA**

(Senior Statutory Auditor)

for and on behalf of MHA, Statutory Auditor

London, United Kingdom

Date : ~~10 August 2024~~ .....

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)



**Places for People Homes Limited**  
**Statement of Comprehensive Income**  
**For the year ending 31 March 2024**

	Notes	<b>2024</b> <b>£m</b>	2023 £m
Turnover	2	<b>330.9</b>	327.1
Cost of sales	2	<b>(23.6)</b>	(45.1)
Operating costs	2	<b>(201.5)</b>	(213.2)
Surplus on sale of fixed assets	4	<b>15.0</b>	7.6
Gain/(loss) on revaluation of investment properties	13	<b>1.4</b>	(1.1)
<b>Operating surplus</b>		<b>122.2</b>	75.3
Interest receivable and similar income	7	<b>25.8</b>	12.8
Interest payable and similar charges	8	<b>(139.9)</b>	(110.3)
<b>Surplus/(loss) on ordinary activities before taxation</b>		<b>8.1</b>	(22.2)
Tax on surplus/(loss) on ordinary activities	10	<b>(2.5)</b>	11.1
<b>Surplus/(loss) for the year</b>		<b>5.6</b>	(11.1)
Fair value (loss)/gain on interest rate and currency swaps		<b>(30.6)</b>	36.8
Debt revaluation on interest rate and currency swaps		<b>22.6</b>	(14.5)
Deferred tax on interest rate and currency swaps	10	<b>2.0</b>	(5.6)
Actuarial loss recognised in the pension scheme	26	-	(16.9)
Actuarial gain recognised in the pension scheme	26	<b>2.8</b>	-
Deferred tax arising on pension scheme	10	<b>(0.4)</b>	3.5
<b>Total comprehensive income for the year</b>		<b>2.0</b>	(7.8)

The notes on pages 19 to 51 form an integral part of these financial statements.

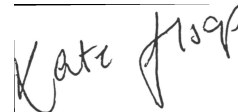
The financial statements on pages 16 to 51 were approved by the Board on 26 July 2024, and signed on its behalf by:



**R Gregory**  
Chair



**G Reed**  
Board Member



**K Alsop**  
Secretary

Places for People Homes Limited  
Statement of Financial Position  
At 31 March 2024

	Note	2024 £m	2024 £m	2023 £m	2023 £m
<b>Fixed assets</b>					
Housing properties	11	2,679.2		2,442.2	
Other fixed assets	12	102.0		90.3	
External investments and investment in related undertakings	13	679.7		663.7	
Investment property	13	262.7		279.9	
HomeBuy	14	33.4		35.3	
			3,757.0		3,511.4
<b>Current assets</b>					
Stock	15	172.9		165.8	
Debtors: amounts falling due within one year	17	122.9		76.1	
Debtors: amounts falling due after more than one year	16	41.7		39.8	
Pension surplus	26	11.2		1.7	
Investments	18	1.3		0.6	
Cash and cash equivalents		12.7		11.5	
		362.7		295.5	
Creditors: amounts falling due within one year	19	(186.3)		(168.7)	
Provisions for liabilities and charges	22	1.6		-	
<b>Net current assets</b>			178.0		126.8
<b>Non-current liabilities</b>					
Creditors: amounts falling due after more than one year	20	(3,640.8)		(3,345.6)	
Pension liability	26	(1.8)		(2.1)	
			(3,642.6)		(3,347.7)
<b>Net assets</b>			292.4		290.5
<b>Capital and reserves</b>					
Income and expenditure reserve			318.7		288.2
Cash flow hedge reserve			(26.3)		2.3
<b>Total capital and reserves</b>			292.4		290.5

The notes on pages 19 to 51 form an integral part of these financial statements.

The financial statements on pages 16 to 51 were approved by the Board on 26 July 2024, and signed on its behalf by:

**R Gregory**  
Chair

**G Reed**  
Board Member

**K Alsop**  
Secretary

Places for People Homes Limited  
Statement of Changes in Reserves  
For the year ending 31 March 2024

	Income and expenditure reserve	Cash Flow Hedge Reserve	Total Reserves
	£m	£m	£m
<b>Balance at 1 April 2023</b>	<b>288.2</b>	<b>2.3</b>	<b>290.5</b>
<b>Total comprehensive income for the year</b>			
Loss for the year	5.6	-	5.6
Fair value (loss)/gain on interest rate and currency swaps	-	(30.6)	(30.6)
Revaluation gain on interest rate and currency swaps	22.6	-	22.6
Deferred tax on interest rate and currency swaps	-	2.0	2.0
Actuarial gain recognised in the pension scheme	2.8	-	2.8
Deferred tax arising on pension scheme	(0.5)	-	(0.5)
<b>Balance at 31 March 2024</b>	<b>318.7</b>	<b>(26.3)</b>	<b>292.4</b>

The notes on pages 15 to 47 form an integral part of these financial statements.

## 1. PRINCIPAL ACCOUNTING POLICIES

### Basis of accounting

A summary of the principal accounting policies, which have been applied consistently, is set out below.

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP) and with the Accounting Direction for Private Registered Providers of Social Housing 2022. The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator Social Housing (RSH) as a housing provider.

The Association's ultimate parent undertaking, Places for People Group Limited, includes the Association in its consolidated financial statements. The consolidated financial statements of Places for People Group Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Places for People Group Limited, 305 Gray's Inn Road, London, England, WC1X 8QR. The Association is considered to be a qualifying entity for the purposes of FRS 102 and has applied the exemptions available under FRS 102.1.11 and FRS 102.1.12 (preparation of statement of a cash flows and related notes).

The financial statements are presented in Sterling (£m's).

### Going Concern

The financial statements have been prepared on a going concern basis which the Board considers to be appropriate for the following reasons.

The going concern assessment considers whether it is appropriate to prepare the financial statements on a going concern basis. In line with the majority of businesses within the UK the Group is faced with the need to address the consequences of sequence of severe and ongoing macroeconomic shocks over the past three years, including from Brexit, Covid-19, and resulting from Russia's invasion of Ukraine. High inflation and interest rates, a tight labour market and the residual impact of the pandemic on supply chains have increased costs and impacted incomes. The Groups business planning and the accompanying stress testing process incorporate these challenges, which continue to be monitored on a regular basis.

At 31 March 2024 the Group had cash and undrawn facilities of £1.1bn. The Group continues to actively manage its cash flows in order to mitigate any reductions in income and maintains a policy of having a minimum 18 months' liquidity.

The directors have reviewed the projected cash flows covering a period of 12 months from the date of the approval of the financial statements, which indicate that the Group will be able to operate within the levels of its agreed facilities and the compliance with debt covenants.

Places for People Homes is part of the Guarantor Group and accesses funding from this Group pool, therefore the liquidity position of the Group supports the going concern assumption for the association.

On the basis described above, the directors are confident that the Group has adequate resources to continue to meet all liabilities, as and when they fall due, for 12 months from the date of approval of the financial statements and therefore consider it appropriate to adopt the going concern basis in preparing the consolidated financial statements.

### Significant Judgements

The following are the significant judgements, apart from those involving estimations (which are set out separately below), that have been made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

## 1. PRINCIPAL ACCOUNTING POLICIES (Continued)

### *Going Concern*

In order to assess whether it is appropriate for the Association to be reported as a going concern, the management apply judgement, having undertaken appropriate enquiries and having considered the business activities and the principal risks and uncertainties. In arriving at this judgement there are a large number of assumptions and estimates involved in calculating future cash flow projections. This includes management's expectations of both property sales and rental turnover, operating costs, timing and quantum of future capital expenditure and estimates and cost of future funding. As a result of these considerations the financial statements have been prepared on a going concern basis.

### *Lease classification*

During the year ending 31 March 2019, the Association purchased the freeholds of a number of properties and assessed that the arrangement should be classified as a finance lease.

The Association considered the requirements of FRS 102 Section 20 which requires that, if a lease substantially transfers all the risks and rewards of ownership, it should be treated as a finance lease. It was determined that because the Association will retain ownership of the properties at the end of the 45 year lease period, alongside holding the risks and rewards of owning and managing the properties during this period, the Association substantially holds the risks and rewards of ownership.

The Association has reviewed this assessment for the year ended 31 March 2024 and concluded the arrangement should continue to be classified as a finance lease.

### *Investment properties*

The Association owns a range of different property types. This requires the Association to assess which properties should be classified as investment properties as these properties are held at a market valuation, not at depreciated cost.

The Association considered the FRS 102 definition of investment property which refers to property held to earn rentals for capital appreciation, rather than for administrative purposes or for sale in the ordinary course of business. The Association has also reviewed both Section 16 of FRS 102 and Section 8 of the Housing SORP which preclude the classification of property held primarily for the provision of social benefits being classified as investment property. The Association has applied this requirement by judging, amongst other things, that rental properties without public subsidy attached to them, unless there are other reasons, should be classified as investment properties.

### **Accounting estimates**

The nature of estimation means that actual outcomes may differ from the estimates made.

### *Residual value of social housing properties*

It is considered that the estimate of residual value of social housing properties has a significant impact on the carrying amount of social housing assets. The Association considers the residual value of social housing property structure to be cost. The net book value of completed social housing properties is £2,473m. The residual value of social housing property structure is £196.4m above the carrying value as at 31 March 2024.

### *Defined benefit pension schemes*

The Association has defined benefit obligations relating to two pension schemes. Note 26 sets out the details for these schemes and the assumptions made to assess the net scheme benefit as at the reporting date. The Association engages qualified actuaries to advise on an appropriate discount rate. A decrease in the discount rate used of 0.1% is estimated to reduce scheme total surplus by £3.7m.

The Group is party to legal action arising from the scheme rules on the Group retirement benefit pension scheme, and the Social Housing Pension Scheme. More detail can be found in note 26.

### *Investment properties*

In addition to judging whether or not properties are categorised as investment properties, the Group is also required to estimate the fair value of investment properties on an annual basis. To facilitate this estimation, the Group engaged Savills, a leading professional adviser, to use RICS guidance and the requirements of the Red Book to complete a full valuation of the Group's investment properties. A discounted cash flow method was used to estimate the fair value of the portfolio. This used up-to-date information on net operating cash flows and applied an appropriate yield to this data based on an understanding of the market and the individual circumstances of each part of the portfolio. Comparisons have also been made with similar properties in recent transactions to give additional comfort around the valuations. Where applicable, an assessment is made on a similar basis for any related commercial income in respect of these properties. Management interrogation and challenge has been applied to both the valuation method and the assumptions used, including in respect of cash flows, CPI and HPI as appropriate.

## 1. PRINCIPAL ACCOUNTING POLICIES (Continued)

### *Recoverability of Stock*

The Association has £172.9m of stock at 31 March 2024 (2023: £165.8m), comprising land of £20.9m, properties in construction of £59.4m, completed properties of £90.8m and other stock of £1.8m. FRS 102 section 13 requires stock to be measured at the lower of cost and estimated selling price less costs to complete and sell. The Association also undertakes sensitivity analysis and has assessed that a short-term drop in expected selling prices of our completed properties of 5% would not result in a material impairment charge.

The Association monitors development projects and properties held for sale on an ongoing basis and uses rigorous appraisal techniques to estimate the recoverable amount of stock. Realistic financial projections are used on an individual site basis to allow management to estimate that land and property are held at the appropriate amount. The Association makes judgements to assess the achievable selling price for properties including assessing the views of specialist advisers on the UK housing market and future house price inflation. Management also consider detailed information relating to geographical area and property type. As such the Association judges that stock is held at the lower of cost and estimated selling price less costs to complete and sell.

### **Turnover**

Turnover represents rental and service charge income receivable (net of void losses), income from the sale of properties, income from the sale of the first tranche of shared ownership properties, fees, grant amortisation and revenue grants from local authorities and Homes England, mortgage broker fees, equity loan fee income, personal loans interest and loan service delivery fees and other income.

Rental income is recognised from the point the property becomes available for letting, net of any voids. Income from land and property sales is recognised when the risks and rewards of ownership have passed to the purchaser. Long term contract revenue is recognised based on the total contract value and the stage of completion of the contract. Mortgage fee income is recognised over the term of the contract. Other income is recognised upon the delivery of services.

All turnover arises from activities within the United Kingdom.

### **Corporation tax**

The Association is liable to United Kingdom Corporation Tax.

The charge for taxation for the year is based on the profit for the year end and includes current tax on the taxable profit for the year and deferred taxation. Deferred taxation is recognised in respect of all timing differences between the treatment of certain items for taxation and for accounting purposes which have arisen but not reversed by the statement of financial position date.

### **VAT**

The majority of the Association's turnover is exempt from VAT. However, certain activities are subject to VAT and give rise to VAT recovery. Where appropriate, costs are stated including irrecoverable VAT.

### **Pensions**

There are three pension schemes, two of which are defined benefit pension schemes based on final pensionable salary. Details of the schemes are set out in Note 26.

Employees joining the Association have the option of joining the Places for People Group Stakeholder Scheme ('Stakeholder Scheme'), a defined contribution scheme. The costs of contributing to the Stakeholder Scheme are accounted for as an expense in the year in which they occur. Contributions from the Association and participating employees are paid into independently administered funds. These payments are made in accordance with triennial calculations by professionally qualified independent actuaries.

Pension scheme assets are measured by independent experts using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

Pension scheme surpluses are recognised where there is an unconditional right to a refund of that surplus. Pension scheme deficits are recognised in full. The movement in scheme surplus or deficit is split between operating charges, finance costs and, in other comprehensive income, actuarial gains and losses.

The Association participates in the Social Housing Pension Scheme (SHPS), a multi-employer defined benefit scheme. The in-year movement in the scheme deficit/surplus is split between operating charges, finance costs and, in other comprehensive income, actuarial gains and losses.

**1. PRINCIPAL ACCOUNTING POLICIES (Continued)**

**Housing Properties**

Housing properties are those held primarily for the provision of social benefits. Housing properties are stated at the lower of depreciated cost or its recoverable amount. Cost is taken as the purchase price together with costs of acquisition and improvements, attributable administrative costs and interest costs incurred, including related development and administrative costs and interest payable.

The Association capitalises expenditure on housing properties which results in an increase in either the existing use value of the property or the disposal value of the property.

**Investment properties**

Properties held for rental income or capital appreciation that are not held primarily for the provision of social benefit are held as investment properties at fair value, with changes to fair value recognised in the statement of comprehensive income.

**Land**

Land is stated at lower of cost or its recoverable amount. Land purchased for the development of properties which are planned to be subsequently owned and managed by the Association is recorded in housing properties. Land purchased for the development of properties to be sold is held within stock in current assets.

**Other fixed assets**

Other fixed assets are recognised initially at cost and subsequently held at the lower of depreciated cost or its recoverable amount.

**Depreciation**

Fixed assets, other than freehold land and investment properties, are depreciated at rates calculated to reduce the net book value of each component element to its estimated residual value, on a straight line basis over the expected remaining useful economic life of the component. Freehold land is not depreciated. The estimated lives of assets and components is as shown in the table below.

<b>Assets</b>	<b>Depreciation period (years)</b>
<u>Rented housing &amp; commercial properties:</u>	
Kitchens	20
Bathrooms	20
Boilers	15
External windows & doors	30
Roofs	45
Fire safety systems	20
Fencing	30
Digital TV aerials	10
Lifts	25
Social Alarms	From 20-40
Surveys	5-15
Initial and replacement scheme assets	From 1 to 5
Other elements (new build)	100-125
Other elements (rehab)	80
Other elements (leasehold)	Lesser of term
<u>Shared Ownership housing:</u>	
All elements (new build)	35
All elements (rehab)	35
All elements (leasehold)	Lesser of term
<u>Other fixed assets:</u>	
Offices (new build)	100
Offices (rehab)	80
Office refurbishment	From 10-20
Offices (long leasehold)	Lesser of term
Offices (short leasehold)	Terms of lease
Plant & Equipment	5
Cars and commercial vehicles	5
Computer hardware, software and infrastructure	From 3-15

## 1. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Fixed asset investments

Fixed asset investments are measured at cost. An annual review is carried out by management to assess if there are any triggers that would lead to an impairment review. In the event of any impairment, the investment is measured at the lower of its recoverable amount or its value in use.

### Stock

Properties purchased for improvement for sale are treated as current assets and all other housing properties are treated as tangible fixed assets. Properties held as current assets are stated at the lower of cost and estimated selling price less costs to complete and sell.

Stock includes land and property held with the intention to sell, including assets under construction and those purchased for improvement prior to sale. Stock is stated at the lower of cost and estimated selling price less costs to complete and sell with any provisions being charged to cost of sales. The cost of stock is the purchase price together with costs of acquisition and attributable overhead costs.

All land and property held within stock is subject to regular appraisal to confirm the assets are recoverable at least at the carrying value.

Included within stock are amounts in respect of the expected percentage of sales under first tranche disposal for shared ownership properties. Proceeds from first tranche disposals are recognised in turnover. The unsold equity of shared ownership properties is recognised within housing properties.

### Impairment

An impairment review is undertaken when there is an indication the asset may be impaired. If assets are found to be impaired, the amount of impairment is disclosed in Note 3.

When undertaking impairment reviews to assess whether assets or cash generating units are held at the lower of cost, depreciated replacement cost or recoverable amount, recoverable amount is defined as its value in use. Recoverable amount is normally assessed using discounted cash flow techniques for all anticipated cash flows to generate a net present value.

Costs are assigned to all schemes on a detailed basis, including mixed tenure schemes.

The Association defines cash generating units as housing schemes except where its schemes are not sufficiently large enough in size and it is more appropriate to consider individual assets. This approach supports effective appraisal of housing schemes as it aligns with the management and operation of the business.

### Social Housing Grant and Other Capital Grant

Government grants are included within creditors in the statement of financial position and credited to the statement of comprehensive income over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

When Social Housing Grant (SHG) in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

Where SHG or other grants are retained following the disposal of property, it is shown under the Recycled Capital Grant Funds within creditors. These funds will be used for the provision of new social housing for rent and sale and become repayable if unutilised.

### Concessionary Loans

The Association has a HomeBuy arrangement which is considered to be a concessionary loan.

Under the HomeBuy scheme, the Association receives HomeBuy grant representing a percentage of the open market purchase price of a property in order to advance interest free loans to a homebuyer. The loans advanced by the Group meet the definition of concessionary loans and are shown as Equity Loans in fixed asset investments on the statement of financial position. The HomeBuy grant provided by the Government to fund all or part of a HomeBuy loan is classified as HomeBuy Grant in creditors due in more than one year.



## 1. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Provisions

A provision is recognised where a present obligation has arisen as a result of a past event for which settlement is probable and can be reliably estimated. The amount recognised 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, and the subsequent unwinding of the discount is recognised as a finance cost.

### Financial Instruments

The Association has elected to apply the recognition and measurement provisions of International Accounting Standard 39 as allowed by FRS 102 sections 11 and 12. Financial instruments are initially recorded at fair value. Subsequent measurement depends on the designation of the instrument as follows:

- Debt service reserves held in trust as security against debt holdings are categorised as held-to-maturity and measured at amortised cost using the effective interest method.
- Loans and mortgages receivable are categorised as loans and receivables and measured at amortised cost using the effective interest method.
- Amounts recoverable on long term contracts are included with debtors.
- Other assets, including trade investments and joint venture investments and assets that are short-term in nature such as cash and receivables are predominantly categorised as loans and receivables and measured at amortised cost using the effective interest method.
- Discounted bonds are shown at their redemption value less deferred interest. Deferred interest represents the discount on the issue of the discounted bonds. Discounts are recognised in the statement of comprehensive income on an effective yield basis.
- Derivatives, comprising interest rate and currency swaps, are held at fair value. Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in reserves. Any ineffective portion of the hedge is recognised immediately in the statement of comprehensive income account. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. The associated cumulative gain or loss is removed from equity and recognised in the statement of comprehensive income account in the same period or periods during which the hedged forecast transaction affects profit or loss.
- The cost of raising finance is amortised over the period of the associated financial instrument. The deferred cost is offset against the liability recognised in the statement of financial position.
- Financial liabilities are predominantly measured at amortised cost using the effective interest method.

The effective interest rate includes interest and all directly attributable incremental fees and costs.

Derivatives require fair value measurement each year and consequently they are subject to categorisation under the hierarchy approach.

Cash at bank and in hand in the statement of financial position comprises all cash and cash equivalents that mature or are convertible within one month or less.

The Association is required to set aside sums in respect of future maintenance of certain properties subject to leasehold arrangements. These sums are held in a separate bank account to which interest is added and tax deducted. Amounts accumulated in the fund are included within current asset investments and within creditors in the statement of financial position.

Other debtors, including tenant arrears, and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income.

## 1. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Foreign Currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date and gains or losses on translation are included in the statement of comprehensive income.

### Leases

The Association classifies finance leases as those where the risk and reward of ownership of the leased asset has transferred to the Association. Other leases are classified as operating leases.

Assets obtained under finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their economic useful lives. Obligations under finance leases are included in creditors net of the finance charge allocated to future periods. The finance element of the rental is charged to the statement of comprehensive income using the effective interest rate method.

Costs in respect of operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term. Income in respect of operating leases where the Association is the lessor is recognised in the statement of comprehensive income on a straight line basis over the lease term, reduced by the cost of any lease incentives.

## 2. TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	2024					2023				
	Turnover	Cost of sales	Operating costs	Other operating items	Operating surplus	Turnover	Cost of sales	Operating costs	Other operating items	Operating surplus
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Social housing lettings (note 3)</b>	<b>263.6</b>	-	<b>(163.3)</b>	-	<b>100.3</b>	238.9	-	(137.0)	-	101.9
<b>Other social housing activities</b>										
Shared Ownership property sales	<b>25.5</b>	<b>(22.0)</b>	<b>(1.6)</b>	-	<b>1.9</b>	18.4	(16.5)	(1.1)	-	0.8
	<b>289.1</b>	<b>(22.0)</b>	<b>(164.9)</b>	-	<b>102.2</b>	257.3	(16.5)	(138.1)	-	102.7
Non-social housing activities	<b>41.8</b>	<b>(1.6)</b>	<b>(36.6)</b>	-	<b>3.6</b>	69.8	(28.6)	(75.1)	-	(33.9)
	<b>330.9</b>	<b>(23.6)</b>	<b>(201.5)</b>	-	<b>105.8</b>	327.1	(45.1)	(213.2)	-	68.8
Surplus on sale of fixed assets (note 4)	-	-	-	<b>15.0</b>	<b>15.0</b>	-	-	-	7.6	7.6
Gain/(loss) on revaluation of investment properties	-	-	-	<b>1.4</b>	<b>1.4</b>	-	-	-	(1.1)	(1.1)
	<b>330.9</b>	<b>(23.6)</b>	<b>(201.5)</b>	<b>16.4</b>	<b>122.2</b>	327.1	(45.1)	(213.2)	6.5	75.3
	<b>2024</b>	2023								
	<b>£m</b>	£m								
<b>Social housing activities</b>	<b>289.1</b>	257.3								
<b>Non-social housing activities</b>										
Non-social housing property sales	<b>15.3</b>	35.8								
Non-social construction	<b>0.8</b>	1.9								
Non-social housing lettings	<b>20.3</b>	20.9								
Mortgages and Equity loans	<b>2.6</b>	2.3								
Other	<b>2.8</b>	8.9								
	<b>330.9</b>	327.1								

### 3. INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

					2024	2023
	General needs housing	Supporte d housing & housing for older people	Low Cost Home Ownership	Other	Total	Total
	£m	£m	£m	£m	£m	£m
<b>Income</b>						
Rent receivable net of identifiable service charges	182.1	8.1	12.1	3.1	205.4	186.0
Service charge income	13.0	4.5	2.4	0.4	20.3	17.7
Amortised government grants	8.9	1.1	3.5	-	13.5	13.2
Revenue guarantee	-	-	-	-	-	0.4
Other income	20.3	1.6	2.2	0.3	24.4	21.6
<b>Turnover from social housing lettings</b>	<b>224.3</b>	<b>15.3</b>	<b>20.2</b>	<b>3.8</b>	<b>263.6</b>	238.9
<b>Expenditure on social housing lettings activities</b>						
Management	(36.7)	(2.2)	(3.3)	(0.7)	(42.9)	(36.6)
Service charge costs	(14.2)	(4.2)	(2.2)	(0.2)	(20.8)	(18.9)
Routine maintenance	(43.2)	(2.6)	(1.6)	(0.7)	(48.1)	(35.3)
Planned maintenance	(8.6)	(1.1)	(0.4)	(0.1)	(10.2)	(11.0)
Major repairs expenditure	(5.3)	(0.1)	(0.2)	-	(5.6)	(2.7)
Bad debts	(1.9)	(0.2)	(0.2)	(0.1)	(2.4)	(1.5)
Depreciation	(24.3)	(2.2)	(0.3)	(0.1)	(26.9)	(25.0)
Intra group property recharges	(4.8)	(0.4)	(0.4)	(0.1)	(5.7)	(5.3)
Other costs	(0.7)	-	-	-	(0.7)	(0.7)
<b>Operating costs on social housing lettings</b>	<b>(139.7)</b>	<b>(13.0)</b>	<b>(8.6)</b>	<b>(2.0)</b>	<b>(163.3)</b>	(137.0)
<b>Operating surplus on social housing lettings</b>	<b>84.6</b>	<b>2.3</b>	<b>11.6</b>	<b>1.8</b>	<b>100.3</b>	101.9
<b>Void Losses</b>	<b>(2.3)</b>	-	-	<b>(0.1)</b>	<b>(2.4)</b>	(1.8)

### 4. SALE OF FIXED ASSETS

	2024			
	Sale proceeds	Cost of sales	Other sales expenses	Surplus
	£m	£m	£m	£m
Sale of housing assets	53.8	(38.0)	(1.2)	14.6
Sale of fixed asset investments	22.6	(21.7)	(0.5)	0.4
	<b>76.4</b>	<b>(59.7)</b>	<b>(1.7)</b>	<b>15.0</b>
	2023			
	Sale proceeds	Cost of sales	Other sales expenses	Surplus
	£m	£m	£m	£m
Sale of housing assets	21.5	(12.8)	(1.1)	7.6
Sale of fixed asset investments	61.7	(60.4)	(1.3)	-
	<b>83.2</b>	<b>(73.2)</b>	<b>(2.4)</b>	<b>7.6</b>

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## 5. DIRECTORS EMOLUMENTS

The ultimate Group parent, Places for People Group Limited, has determined that subsidiary governance is achieved through functional management arrangements.

The Group has created posts for functional managers, whose responsibilities may cover more than one Group member. Executive Directors emoluments during the year were met by Places for People Group Limited.

Aggregate emoluments, excluding pension contributions, paid to Non-Executive Directors in the year was £nil (2023: £nil). This excludes any emoluments that were met by Places for People Group Limited.

Included within operating costs is a share of the salary costs of the Board Members.

## 6. EMPLOYEE INFORMATION

The average number of employees (including the Executive Directors) employed during the year was:

	Average number of employees		Average number of full-time equivalents	
	2024 No.	2023 No.	2024 No.	2023 No.
Managing housing services	1,333	1,211	1,298	1,180
Developing and selling houses	61	9	57	9
Care services	14	14	12	12
	<b>1,408</b>	1,234	<b>1,367</b>	1,201

Average number of employees is calculated by ascertaining for each calendar month in the financial year, the number of persons, by category, employed by the company. The monthly numbers are then added together and divided by the number of months in the financial year.

	2024 £m	2023 £m
Staff costs (for the above persons):		
Wages and salaries	52.7	42.7
Severance costs	0.1	0.2
Social security costs	5.3	4.5
Other pension costs	5.3	4.2
	<b>63.4</b>	51.6

Remuneration banding for key management personnel is disclosed below, which is considered by the Places for People Group to be Executive Directors and members of the Places for People Homes Ltd management team, which includes staff with authority and responsibility for planning, directing and controlling activities of the Places for People Homes Limited's operations.

	2024 No.	2023 No.
£60,000 - £69,999	-	1
£80,000 - £89,999	1	-
£90,000 - £99,999	1	2
£100,000 - £109,999	-	-
£110,000 - £119,999	-	1
£120,000 - £129,999	3	1
£130,000 - £139,999	-	3
£140,000 - £149,999	1	2
£150,000 - £159,999	1	2
£160,000 - £169,999	1	1
£170,000 - £179,999	-	-
£220,000 - £229,999	-	1
£250,000 - £259,999	1	-
£280,000 - £289,999	1	-
£300,000 - £309,999	-	1
£330,000 - £339,999	1	-

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**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2024</b>	2023
	<b>£m</b>	£m
On financial assets not at fair value through income and expense:		
Interest receivable on loans to related undertakings	<b>19.6</b>	11.2
Other interest receivable	<b>1.1</b>	0.5
Dividend receivable	<b>5.1</b>	1.1
	<b>25.8</b>	12.8

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2024</b>	2023
	<b>£m</b>	£m
On financial liabilities not at fair value through income and expense:		
On loans from related undertakings	<b>83.1</b>	50.6
On bank loans and overdrafts	<b>50.6</b>	51.8
On finance leases	<b>11.9</b>	11.4
In respect of Recycled Capital Grant Fund	<b>1.6</b>	0.9
	<b>147.2</b>	114.7
On defined benefit retirement schemes:		
Expected return on pension assets	<b>(8.7)</b>	(7.1)
Interest on scheme liabilities	<b>8.6</b>	6.8
	<b>(0.1)</b>	(0.3)
Less: Capitalised interest	<b>(7.2)</b>	(4.1)
	<b>139.9</b>	110.3
Capitalisation rate used to determine the finance costs capitalised during the year:	<b>4.41%</b>	3.91%

**9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<b>2024</b>	2023
	<b>£m</b>	£m
Surplus on ordinary activities before taxation is stated after charging:		
<i>Depreciation and impairment:</i>		
Tangible fixed assets	<b>29.2</b>	26.3
<i>Payments under operating leases:</i>		
Motor vehicles	<b>3.7</b>	3.4
Housing properties	<b>0.9</b>	1.2

Auditor's remuneration in relation to audit services in the year was £129,000 (2023: £118,000).

## 10. TAXATION

	2024	2023
	£m	£m
<b>a) Analysis of charge in period</b>		
<b>Current tax</b>		
UK corporation tax on surplus of the period	4.0	-
Adjustments in respect of prior periods	-	(2.9)
Group relief payable	(1.5)	(2.3)
<b>Total current tax on surplus on ordinary activities</b>	<b>2.5</b>	<b>(5.2)</b>
<b>Deferred tax (note 10e)</b>		
Origination and reversal of timing differences	-	(6.8)
Adjustments in respect of prior periods	-	0.9
Effect of tax rate change on opening balance	-	-
<b>Total deferred tax</b>	<b>-</b>	<b>(5.9)</b>
<b>Tax on surplus on ordinary activities (note 10c)</b>	<b>2.5</b>	<b>(11.1)</b>
<b>b) Tax included in company statement total other comprehensive income</b>		
The tax charge/(credit) is made up as follows:	2024	2023
	£m	£m
Pension surplus/(deficit)	0.4	(3.5)
Fair value adjustment on swaps	(2.0)	5.6
	<b>(1.6)</b>	<b>2.1</b>
<b>c) Factors affecting tax charge for period</b>		
The tax assessed is higher than the standard rate of corporation tax in the UK of 25% (2023: 19%). The differences are explained below:		
Surplus on ordinary activities before tax	<b>8.1</b>	<b>(22.2)</b>
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25% (2023: 19%)	<b>2.0</b>	<b>(4.2)</b>
Effects of:		
Fixed asset differences	<b>(1.4)</b>	(0.3)
Income not deductible for tax purposes	<b>(9.0)</b>	(1.7)
Losses Carried Back	-	2.1
Expenses not deductible for tax purposes	<b>17.2</b>	-
Movement in unrecognised deferred tax	<b>(9.6)</b>	(1.8)
Rate difference	-	0.3
Adjustments in respect of prior periods	<b>2.6</b>	(1.9)
Other Movements	-	(3.6)
Deferred tax credited to STRGL	<b>0.7</b>	-
<b>Tax charge for period (note 10a)</b>	<b>2.5</b>	<b>(11.1)</b>
<b>d) Factors that may affect future tax charges</b>		

The main rate of corporation tax has been increased from 19% to 25% (effective 1 April 2023). This change has increased the association's future current tax charge accordingly. As this change in corporation tax rate has been enacted at the Balance Sheet date, deferred tax has been calculated using the increased rate of 25% due to the expected reversal of the deferred tax asset/liability.

**10. TAXATION (Continued)**

	<b>2024</b>	2023
	<b>£m</b>	£m
<b>e) Provision for deferred tax</b>		
Accelerated capital allowances	<b>11.2</b>	9.0
Other short term timing differences	<b>13.0</b>	6.3
Losses	<b>(24.2)</b>	(15.6)
Interest rate and currency swaps gains/losses taken through other comprehensive income	<b>2.0</b>	0.4
Pension actuarial gains/losses taken through other comprehensive income	<b>(0.4)</b>	(0.1)
<b>Provision for deferred tax</b>	<b>1.6</b>	-
Provision at 1 April	-	3.7
Expense in the year in statement of comprehensive income	<b>1.6</b>	(6.7)
Expense in the year in statement of comprehensive income in other comprehensive income	-	2.1
Adjustments in respect of prior periods	-	0.9
<b>Provision at 31 March at 25% (2023: 25%) (note 17 &amp; 19)</b>	<b>1.6</b>	-

There is also a deferred tax asset of £14,600k (2023: £4,433k) which has not been recognised due to management not expecting reversal in the foreseeable future. This deferred tax asset is in relation to accumulated corporate interest restriction deductions that do not expire.



## 11. HOUSING PROPERTIES

	Housing properties and land	Completed LSE & Shared Ownership housing properties	Housing properties in the course of construction	LSE & Shared Ownership properties in the course of construction	Total housing properties
	£m	£m	£m	£m	£m
<b>Cost</b>					
At 1 April 2023	2,408.6	228.6	92.2	56.1	<b>2,785.5</b>
Development additions	1.3	-	160.3	60.6	<b>222.2</b>
Major work additions	65.1	-	-	-	<b>65.1</b>
Change of tenure	(0.7)	(0.3)	8.2	(1.1)	<b>6.1</b>
Transfer to completed schemes	124.3	45.5	(124.3)	(45.5)	-
Transfer to sales account on disposal	(15.3)	(31.4)	-	-	<b>(46.7)</b>
<b>At 31 March 2024</b>	<b>2,583.3</b>	<b>242.4</b>	<b>136.4</b>	<b>70.1</b>	<b>3,032.2</b>
<b>Depreciation and impairment</b>					
At 1 April 2023	(331.3)	(12.0)	-	-	<b>(343.3)</b>
<i>Charge for year:</i>					
Depreciation	(20.6)	-	-	-	<b>(20.6)</b>
Impairment	-	-	-	-	-
<i>Eliminated on disposal:</i>					
Depreciation	8.2	1.1	-	-	<b>9.3</b>
Impairment	1.6	-	-	-	<b>1.6</b>
<b>At 31 March 2024</b>	<b>(342.1)</b>	<b>(10.9)</b>	-	-	<b>(353.0)</b>
<b>Net book value at 31 March 2024</b>	<b>2,241.2</b>	<b>231.5</b>	<b>136.4</b>	<b>70.1</b>	<b>2,679.2</b>
Net book value at 1 April 2023	2,077.3	216.6	92.2	56.1	2,442.2

LSE denotes Leasehold Schemes for the Elderly.

Housing properties comprise:

	2024	2023
	£m	£m
Freehold	<b>2,566.8</b>	2,345.4
Long leasehold	<b>459.2</b>	434.0
Short leasehold	<b>6.2</b>	6.1
	<b>3,032.2</b>	2,785.5

Additions to housing properties in the course of construction during the year include an apportionment of staff time directly spent on the administration of development activities, which is derived using a percentage of development activity spend, amounting to £11.2m (2023: £8.9m). The appropriateness of the percentage applied is reviewed annually.

Additions to housing properties in the course of construction during the year include capitalised interest of £7.2m (2023: £4.1m).

## 12. OTHER FIXED ASSETS

	Commercial & Office Properties							Total £m
	Vehicles	Plant & Specialist Equipment	Computer equipment	Freehold	Long leasehold	Short leasehold	Fixtures & Fittings	
	£m	£m	£m	£m	£m	£m	£m	
<b>Cost</b>								
At 1 April 2023	-	1.1	88.1	12.9	15.5	1.0	1.4	<b>120.0</b>
Additions	0.4	-	17.7	0.6	0.9	-	0.2	<b>19.8</b>
Change of tenure	-	-	-	(0.4)	-	-	-	<b>(0.4)</b>
Disposals	-	-	-	-	-	-	-	-
<b>At 31 March 2024</b>	<b>0.4</b>	<b>1.1</b>	<b>105.8</b>	<b>13.1</b>	<b>16.4</b>	<b>1.0</b>	<b>1.6</b>	<b>139.4</b>
<b>Depreciation</b>								
At 1 April 2023	-	(0.5)	(23.4)	(1.5)	(2.6)	(0.3)	(0.5)	<b>(28.8)</b>
Charge for year	-	(0.4)	(6.2)	(0.3)	(0.4)	(0.2)	(0.2)	<b>(7.7)</b>
<b>At 31 March 2024</b>	<b>-</b>	<b>(0.9)</b>	<b>(29.6)</b>	<b>(1.8)</b>	<b>(3.0)</b>	<b>(0.5)</b>	<b>(0.7)</b>	<b>(36.5)</b>
<b>Impairment</b>								
At 1 April 2023	-	-	-	(0.4)	(0.5)	-	-	<b>(0.9)</b>
<b>At 31 March 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.4)</b>	<b>(0.5)</b>	<b>-</b>	<b>-</b>	<b>(0.9)</b>
<b>Net book value at 31 March 2024</b>	<b>0.4</b>	<b>0.2</b>	<b>76.2</b>	<b>10.9</b>	<b>12.9</b>	<b>0.5</b>	<b>0.9</b>	<b>102.0</b>
Net book value at 1 April 2023	-	0.6	64.7	11.0	12.4	0.7	0.9	90.3

### 13. FIXED ASSET INVESTMENTS

	<b>2024</b>	2023
	<b>£m</b>	£m
External investments and investment in related undertakings (a)	<b>679.7</b>	663.7
Investment property (b)	<b>262.7</b>	279.9
<b>Total fixed asset investments</b>	<b>942.4</b>	943.6
<b>(a) External investments and investment in related undertakings</b>	<b>2024</b>	2023
	<b>£m</b>	£m
<b>Cost</b>		
At 1 April	<b>669.8</b>	765.4
At 31 March	<b>685.8</b>	669.8
<b>Accumulated impairment</b>		
At 1 April and 31 March	<b>(6.1)</b>	(6.1)
<b>Net book value at 31 March</b>	<b>679.7</b>	663.7
Equity investments in related undertakings	<b>395.3</b>	395.3
Investments in joint venture undertakings	<b>45.1</b>	36.7
External investments	<b>30.7</b>	28.0
Cash deposits	<b>9.5</b>	28.5
Amounts due from related undertakings	<b>188.2</b>	170.9
Amounts due from joint venture undertakings	<b>10.9</b>	4.3
	<b>679.7</b>	663.7

The cash deposits are as follows:-

Investments in a Debt Servicing Reserve are held in trust for the Association by the Prudential Trustee Company as security against the 6.625% Eurobond 2038. The reserves equate to one year's payment of interest and principal.

### 13. FIXED ASSET INVESTMENTS (Continued)

Places for People Homes Limited equity investments at cost are analysed as follows:

	2024 £m	2023 £m
<u>Investments in related undertakings</u>		
Cityscape Edinburgh LLP	5.8	5.8
Lighthouse Court LLP	2.7	2.7
Places for People Financial Services Limited	0.5	0.5
Places for People Landscapes Limited	0.3	0.3
Places for People Scotland Limited	1.0	1.0
Places for People Ventures Limited	185.0	185.0
Places for People Ventures Operations Limited	200.0	200.0
	<u>395.3</u>	<u>395.3</u>
<u>Investments in joint venture undertakings</u>		
Eastwick & Sweetwater Projects (Holdings) Limited	43.5	35.1
NG PFP JV LLP	1.4	1.4
Countryside Places for People (Lower Herne) LLP	0.2	0.2
	<u>45.1</u>	<u>36.7</u>
<u>External investments</u>		
Picture Living LP	30.7	28.0
	<u>30.7</u>	<u>28.0</u>
<b>(b) Investment properties</b>		<b>£m</b>
At 1 April 2023		279.9
Additions		2.3
Change of tenure		0.7
Revaluation in year		1.4
Disposals		(21.6)
<b>At 31 March 2024</b>		<u><u>262.7</u></u>

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**14. HOMEBUY**

	<b>2024</b>	2023
	<b>£m</b>	£m
<b>Gross valuation</b>		
At 1 April	<b>47.3</b>	52.0
Net appreciation in year	<b>0.8</b>	0.8
Disposals in year	<b>(2.7)</b>	(5.5)
<b>At 31 March</b>	<b>45.4</b>	47.3
<b>Other associated liabilities</b>		
At 1 April	<b>(12.0)</b>	(12.9)
Net appreciation in year	<b>(0.6)</b>	(0.3)
Disposals in year	<b>0.6</b>	1.2
<b>At 31 March</b>	<b>(12.0)</b>	(12.0)
<b>Net book value at 31 March</b>	<b>33.4</b>	35.3

**15. STOCK**

	<b>2024</b>	2023
	<b>£m</b>	£m
<b>Housing properties for sale</b>		
Land	<b>20.9</b>	13.0
Buildings - In Progress	<b>59.4</b>	87.6
Buildings - Completed	<b>90.8</b>	63.5
Other	<b>1.8</b>	1.7
	<b>172.9</b>	165.8

**16. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2024</b>	2023
	<b>£m</b>	£m
Revaluation of foreign currency denominated debt	<b>23.8</b>	13.3
Mortgages	<b>0.8</b>	1.0
Derivative financial instruments held to manage the interest rate profile and currency risk	<b>17.1</b>	25.5
	<b>41.7</b>	39.8

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<b>17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2024</b>	2023
	<b>£m</b>	£m
Rental debtors	<b>12.2</b>	11.3
Less: provision for bad and doubtful debts	<b>(3.1)</b>	(2.7)
	<b>9.1</b>	8.6
Agency leases	<b>0.2</b>	0.2
Other trade debtors	<b>20.3</b>	16.5
Development debtor	<b>21.0</b>	18.4
Amounts due from related undertakings	<b>31.8</b>	5.0
Corporation Tax	<b>8.5</b>	8.4
Other taxes	<b>2.2</b>	0.1
Sundry debtors, prepayments and accrued income	<b>28.4</b>	18.4
Derivative financial instruments held to manage the interest rate profile and currency risk	<b>1.4</b>	0.5
	<b>122.9</b>	76.1
	<b>122.9</b>	76.1
<b>18. CURRENT ASSET INVESTMENTS</b>		
	<b>2024</b>	2023
	<b>£m</b>	£m
Cash held as security	<b>1.3</b>	0.6
	<b>1.3</b>	0.6
<b>19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
	<b>2024</b>	2023
	<b>£m</b>	£m
<b>Debt</b>		
Housing and bank loans	<b>33.6</b>	16.8
Debenture stocks and bonds	<b>4.3</b>	1.3
Discount on bond issue	<b>(3.7)</b>	(5.2)
Amounts owed to related undertakings	<b>(0.0)</b>	16.9
Finance lease	<b>1.3</b>	1.2
Derivative financial instruments held to manage the interest rate profile and currency risk	<b>-</b>	-
	<b>36.6</b>	31.0
<b>Other financial liabilities</b>		
Deferred Government Grant	<b>13.9</b>	13.9
Recycled Capital Grant Fund	<b>4.1</b>	5.6
Interest on loans	<b>37.2</b>	34.4
Trade creditors	<b>14.5</b>	7.0
Development creditor	<b>33.4</b>	26.6
Other creditors and accruals	<b>32.5</b>	35.1
Payments received on account	<b>8.3</b>	9.5
Prepaid rent	<b>5.8</b>	5.6
	<b>186.3</b>	168.7
	<b>186.3</b>	168.7

**20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2024</b>	2023
	<b>£m</b>	£m
<b>Debt</b>		
Housing and bank loans	<b>103.3</b>	167.9
Debenture stocks and bonds	<b>490.3</b>	719.1
Discount on bond issue	<b>(15.1)</b>	(19.4)
Amounts due to related undertakings	<b>1,933.2</b>	1,473.2
Obligations under finance lease	<b>150.2</b>	151.5
Derivative financial instruments to manage the interest rate profile and currency risk	<b>45.2</b>	24.0
	<b>2,707.1</b>	2,516.3
<b>Other financial liabilities</b>		
Recycled Capital Grant Fund	<b>34.6</b>	38.2
Deferred government grant	<b>883.0</b>	773.3
HomeBuy grant	<b>16.1</b>	17.8
	<b>3,640.8</b>	3,345.6

The total value of the loans subject to a guarantee is £nil (2023: £nil).

All secured loans are supported by specific charges on the Group or Associations' housing properties and are repayable at varying rates of interest from 6.63% - 10.99% in instalments.

Included within housing and bank loans is £2.2m (2023: £3.0m) which relates to the cost of debt issue.

## 21. RECYCLED CAPITAL GRANT FUND

### RECYCLED CAPITAL GRANT FUND

		Homes England		Greater London Authority	
		2024	2023	2024	2023
		£m	£m	£m	£m
At 1 April		<b>38.3</b>	39.3	<b>5.5</b>	4.2
Inputs to RCGF:	Grant recycled	<b>2.7</b>	4.7	<b>0.9</b>	1.2
	Interest Accrued	<b>1.4</b>	0.9	<b>0.2</b>	0.1
Recycling of grant:	New Build	<b>(9.2)</b>	(6.5)	-	-
	Transfers to other Group members	-	(0.1)	-	-
Repayment of grant to the HE/GLA		-	-	<b>(1.1)</b>	-
<b>At 31 March</b>		<b>33.2</b>	38.3	<b>5.5</b>	5.5
Amounts 3 years old or older where repayment may be required		<b>21.2</b>	22.3	<b>1.3</b>	1.1
<b>Total recycled capital grant fund</b>		<b>38.7</b>	43.8		

## 22. PROVISION FOR LIABILITIES AND CHARGES

	At 1 April 2023	Additional provision	Utilised	At 31 March 2024
	£m	£m	£m	£m
Deferred tax liabilities (note 10)	-	<b>(1.6)</b>	-	<b>(1.6)</b>
	-	<b>(1.6)</b>	-	<b>(1.6)</b>



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**23. NON-EQUITY SHARE CAPITAL**

	<b>2024</b>	2023
	<b>£</b>	£
Issued, allotted and fully paid shares of £1 each	<b>8</b>	8
At 31 March	<u><b>8</b></u>	<u>8</u>

The shares are not transferable or redeemable. Payment of dividends or other benefits to shareholders is forbidden by the Association's rules.

On a return of capital on a winding-up, no member shall receive any property or sum beyond their £1 entitlement.

**24. CAPITAL COMMITMENTS**

	<b>2024</b>	2023
	<b>£m</b>	£m
Capital expenditure authorised and contracted but not provided for within the financial statements	<u><b>196.3</b></u>	<u>151.4</u>
Additional expenditure authorised by the Board	<u><b>1,528.6</b></u>	<u>1,520.1</u>

The above commitments will be financed in accordance with the Group Treasury management policy which is detailed in the Places for People Group consolidated accounts.

Non-cancellable operating lease rentals are payable as follows:

	<b>2024</b>	2023
	<b>£m</b>	£m
<b>Motor vehicles and equipment</b>		
In one year or less	<b>2.1</b>	2.5
In one year or more but less than five years	<u><b>2.1</b></u>	<u>2.0</u>
	<u><b>4.2</b></u>	<u>4.5</u>
<b>Land and buildings</b>		
In one year or less	<b>0.9</b>	0.9
In one year or more but less than five years	<b>3.8</b>	3.8
In more than five years	<u><b>5.6</b></u>	<u>6.6</u>
	<u><b>10.3</b></u>	<u>11.3</u>

## 25. FINANCIAL INSTRUMENTS

### Financial risk management objectives and policies

The Places for People Group board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Audit & Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit & Risk Committee oversees how management monitors compliance with the Association's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risks faced by the Association. The Group Audit & Risk Committee is assisted in its oversight role by Business Assurance. That team undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit & Risk Committee.

The Association's Treasury function is responsible for the management of funds and control of the associated risks. Its activities are governed in accordance with Board approved policy and are subject to regular audit. The function does not operate as a profit centre. The Association's policy is to retain minimal cash whilst targeting facilities to finance 1 year's cash flow. Cash projections cover a 3 year period to continuously monitor future borrowing requirements.

The net cash generated from operating activities was £Xm (2020: £129.6m). Places for People Homes had further available facilities of £975m (2023: £735m) and the Group has established a European Medium Term Note Programme of £1,448.3m (2023: £278.7m) for future fundraising.

### Market risk

Market risk comprises interest rate risk, currency risk and other price risk.

### Interest rate risk

The Association's strategy is to contain interest rate risk within 30% of the loan book, with the Board exercising a strict control over derivative transactions; currently 77% of debt is either held at fixed rates of interest or hedged against adverse rate movements.

The Association manages its exposure to this risk through a mix of debt at fixed rates of interest and interest rate hedging techniques.

It is estimated that each quarter percent increase in interest rates would increase interest payable costs by £1.48m per annum. Due to the low levels of cash and cash deposits held, the impact of a change in the interest rate on interest receivable is insignificant.

### Currency risk

The Association has no overseas subsidiaries and trades only in sterling. The Association has some bonds which are denominated in foreign currency. The Association's strategy is to mitigate currency risk arising from foreign currency denominated debt. This is achieved using cross currency swaps. Currency cash flows exposure is fully hedged, therefore a change in the foreign currency rate would be fully offset by the swaps.

## 25. FINANCIAL INSTRUMENTS (Continued)

### Other price risk

The Association is impacted by general changes in price levels and specifically the Retail Price Index (RPI). This is because some payments to retail bond holders are directly linked to the RPI.

It is estimated that each quarter percent increase in RPI would increase interest payable costs by £0.17m per annum. This is capped at £3.5m

### Credit risk

Credit risk arises from exposure to the risk of a loss if a counterparty fails to perform its obligations to the Group. This relates to exposures to financial institutions for investments and cash deposits placed, with corporates for credit granted in the course of operations and with individuals for rent receivable and loans granted.

The Association's credit exposure is virtually nil all within the United Kingdom.

Whilst the Association's maximum exposure to credit risk is best represented by the carrying value of the individual assets, in most cases the likely exposure is far less due to the nature of the debt held, credit status of counterparties, security held and other actions taken to mitigate the risk to the Association as described below:

- In respect of investments and deposits placed, the Association has established strict counterparty credit limits based on the overall level of its investment activity and the credit quality of the institutions with which investments are placed. External fund managers are employed to manage investment in government securities which are held as debt reserves to credit enhance certain loan stocks; these reserves are held at levels in excess of covenanted requirements in order to manage against the risk of short-term movements in financial markets.
- In respect of financial derivative instruments, the Association treasury team currently performs a weekly review of the credit ratings of all its financial institution counterparties. The credit risk on liquid funds and derivative financial instruments is managed through the Association's policies of monitoring counterparty exposure, concentration of credit risk through the use of multiple counterparties and the use of counterparties of investor grade quality.
- In respect of individuals, tenants arrears are reported each working day and dedicated teams are assigned to maximise debt recovery. In addition more than half of arrears are collected directly from local authorities reducing the Association's exposure to individual tenant's credit risk.
- Loans made to customers to purchase Association developed houses are secured by a charge against the relevant property.

### Liquidity risk and refinancing exposure

Liquidity risk is the risk that the Association will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Association's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Association's reputation.

Interest rate risk is considered to be a key component of both market and liquidity risk.

The Association policy is to minimise liquidity and refinancing risk, with the aim to hold facilities which cover the first 12 months of its 36 month cash requirement projections. The Association is in compliance with all of its financial covenants contained within its loan documents and loan stocks trust deeds. The Association defines its refinancing risk as loans which do not include some form of amortisation or sinking fund.

The Association utilises short-term revolving bank debt as a consequence of its sales programme. Currently 39.1% of debt matures within the next 5 years, of which 3.9% of debt matures during the next financial year.

### Hedging

The Association hedges its currency risk by taking out fixed/fixed cross currency interest swaps to fix the GBP value of both interest and principal repayable under the foreign currency denominated debt. As at 31st March 2024 the Association held cross currency interest rate swaps with an adverse mark to market value of £26.6m (2023: £2.0m favourable) and no interest rate swaps (2023: £nil). The currency swaps are held at fair value as disclosed in note 20.

### Liquidity Risk

The interest rate risk analysis below is considered to be a key component of the Association's liquidity risk.

## 25. FINANCIAL INSTRUMENTS (Continued)

### Ageing Profile and Interest Rate Risk of Financial Instruments

For each class of interest bearing financial asset and financial liability, the following tables indicate the range of interest rates effective at the statement of financial position date, the carrying amount on the statement of financial position and the periods in which they reprice, if earlier than the maturity date. The tables take into account interest-bearing assets and liabilities only.

The ageing profiles below include the impact of hedging transactions, all of which have cash flow movements in line with the impact in the statement of comprehensive income.

### Ageing profile and Interest Rate Risk of Financial Assets as at 31 March 2023

	Effective interest rate %	Total carrying amount £m	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	Over 5 years £m
Fixed asset investments:								
Fixed rate	4.46%	101.3	16.8	-	42.7	-	32.3	9.5
Floating rate	8.99%	100.8	62.2	-	-	-	38.6	-
Amounts due from related undertakings	9.04%	10.2	-	-	-	-	-	10.2
		<b>212.3</b>	<b>79.0</b>	<b>-</b>	<b>42.7</b>	<b>-</b>	<b>70.9</b>	<b>19.7</b>
Mortgages and loans		1.3	-	-	-	-	-	1.3
Derivative financial instruments held to manage the interest rate profile and currency risk		18.6	1.4	9.0	7.2	-	0.9	0.1
		<b>232.2</b>	<b>80.4</b>	<b>9.0</b>	<b>49.9</b>	<b>-</b>	<b>71.8</b>	<b>21.1</b>

All financial assets carry a fixed interest rate unless otherwise shown.

Comparative figures as at 31 March 2022 were, as follows:

	Effective interest rate %	Total carrying amount £m	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	Over 5 years £m
Fixed asset investments:								
Fixed rate	4.20%	109.5	22.3	12.6	-	55.2	-	19.4
Floating rate	7.95%	93.0	-	67.7	-	-	-	25.3
Amounts due from related undertakings	4.00%	3.4	-	-	-	-	-	3.4
		205.9	22.3	80.3	-	55.2	-	48.1
Mortgages and loans		1.2	-	-	-	-	-	1.2
Derivative financial instruments held to manage the interest rate profile and currency risk		26.0	0.5	2.4	12.5	9.4	-	1.2
		<b>233.1</b>	<b>22.8</b>	<b>82.7</b>	<b>12.5</b>	<b>64.6</b>	<b>-</b>	<b>50.5</b>

## 25. FINANCIAL INSTRUMENTS (Continued)

### Ageing Profile and Interest Rate Risk of Financial Liabilities as at 31 March 2024

	Effective interest rate %	Total £m	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	Over 5 years £m
Stocks and bonds:								
Fixed rate	4.84%	663.1	30.4	26.7	26.7	26.7	273.0	279.6
Discount on bond issue		(18.7)	(3.7)	(3.8)	(3.8)	(3.8)	(3.8)	0.2
		<b>644.4</b>	<b>26.7</b>	<b>22.9</b>	<b>22.9</b>	<b>22.9</b>	<b>269.2</b>	<b>279.8</b>
Housing and other loans:								
Fixed rate	4.68%	2,959.7	133.8	188.4	304.3	73.3	143.2	2,116.7
Floating rate	6.53%	283.3	65.0	-	218.3	-	-	-
Index linked	5.00%	54.0	0.3	0.3	0.3	0.3	52.8	-
		<b>3,941.4</b>	<b>225.8</b>	<b>211.6</b>	<b>545.8</b>	<b>96.5</b>	<b>465.2</b>	<b>2,396.5</b>
Finance leases	6.00%	472.3	13.1	13.1	13.1	13.1	13.1	406.8
Derivative financial instruments held to manage interest rate risk		45.2	-	-	-	-	13.4	31.8
		<b>4,458.9</b>	<b>238.9</b>	<b>224.7</b>	<b>558.9</b>	<b>109.6</b>	<b>491.7</b>	<b>2,835.1</b>

All financial liabilities carry a fixed interest rate unless otherwise shown.

Comparative figures as at 31 March 2022 were, as follows:

	Effective interest rate %	Total £m	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	Over 5 years £m
Stocks and bonds:								
Fixed rate	5.19%	927.9	34.5	260.6	26.7	26.7	26.7	552.7
Discount on bond issue		(24.6)	(5.2)	(4.6)	(4.0)	(4.0)	(4.0)	(2.8)
		<b>903.3</b>	<b>29.3</b>	<b>256.0</b>	<b>22.7</b>	<b>22.7</b>	<b>22.7</b>	<b>549.9</b>
Housing and other loans:								
Fixed rate	3.60%	1,665.7	105.7	86.7	141.5	404.3	33.7	894.1
Floating rate	1.68%	355.5	26.7	68.8	260.0	-	-	-
Index linked	5.00%	52.6	0.3	0.3	0.3	0.3	0.3	51.1
		<b>2,977.1</b>	<b>161.9</b>	<b>411.8</b>	<b>424.4</b>	<b>427.3</b>	<b>56.7</b>	<b>1,495.0</b>
Finance leases	6.00%	482.8	13.0	13.0	13.0	13.0	13.0	417.8
Derivative financial instruments held to manage interest rate risk		24.0	-	-	-	-	-	24.0
		<b>3,483.9</b>	<b>175.0</b>	<b>424.8</b>	<b>437.4</b>	<b>440.2</b>	<b>69.7</b>	<b>1,936.8</b>

Trade and other payables are not included in the above tables as they are non-interest bearing and are not subject to interest rate risk.

### Borrowing facilities

	2024 £m	2023 £m
At 31 March Places for People Homes had undrawn committed borrowing facilities expiring as follows:		
In one year or less, or on demand	-	-
In more than one year but not more than two years	-	85.0
In more than two years	<b>975.0</b>	650.0
	<b>975.0</b>	<b>735.0</b>

£nil of the undrawn committed borrowing facilities require fixed charge security to be placed with lenders (2023: £Nil).

## 25. FINANCIAL INSTRUMENTS (Continued)

### Fair values of financial assets and financial liabilities

Set out below is a comparison by category of carrying values and fair values of all of the Association's financial instruments. None of the financial assets or liabilities have been reclassified during the year.

	Note	2024		2023	
		Book value £m	Fair value £m	Book value £m	Fair value £m
<b>Financial assets</b>					
Fixed asset investments	13 & 14	<b>713.1</b>	<b>712.0</b>	698.9	697.6
Current asset investments	18	<b>1.3</b>	<b>1.3</b>	0.6	0.6
Cash at bank and in hand		<b>12.7</b>	<b>12.7</b>	11.5	11.5
Mortgages	16 & 17	<b>0.8</b>	<b>0.8</b>	1.0	1.0
Amounts owed from joint venture undertakings	17	-	-	-	-
Revaluation of foreign currency denominated debt	16 & 17	<b>23.8</b>	<b>23.8</b>	13.3	13.3
Derivative financial instruments held to manage interest rate risk	16 & 17	<b>18.6</b>	<b>18.6</b>	26.0	26.0
Financial assets falling due within one year	17	<b>112.9</b>	<b>112.9</b>	67.2	67.2
		<b>883.2</b>	<b>882.1</b>	818.5	817.2
<b>Financial liabilities</b>					
Debenture stocks and bonds	19 & 20	<b>494.6</b>	<b>723.0</b>	720.4	814.8
Discount on bond issue	19 & 20	<b>(18.8)</b>	<b>(18.8)</b>	(24.6)	(24.6)
Housing and bank loans	19 & 20	<b>136.9</b>	<b>136.9</b>	184.7	184.7
Prepaid rent	19	<b>5.8</b>	<b>5.8</b>	5.6	5.6
Amounts owed to related undertakings	19 & 20	<b>1,933.2</b>	<b>1,933.2</b>	1,490.1	1,490.1
Revaluation of foreign currency denominated debt	19 & 20	-	-	-	-
Derivative financial instruments held to manage interest rate risk	19 & 20	<b>45.2</b>	<b>45.2</b>	24.0	24.0
Other financial liabilities	19 & 20	<b>190.2</b>	<b>190.2</b>	196.6	196.6
Financial liabilities falling due within one year	19	<b>143.2</b>	<b>143.2</b>	130.3	130.3
		<b>2,930.3</b>	<b>3,158.7</b>	2,727.1	2,821.5

Of the financial assets above £18.6m (2023: £26.0m) are derivative financial instruments and £23.8m (2023: £13.3m) is revaluation of foreign currency denominated debt with the remaining amounts being measured at amortised cost.

Of the financial liabilities above £45.2m (2023: £24.0m) are derivative financial instruments and £nil (2023: £nil) is revaluation of foreign currency denominated debt with the remaining amounts being measured at amortised cost.

## 25. FINANCIAL INSTRUMENTS (Continued)

### Investments in debt and equity securities

The fair value of held-to-maturity investments is determined by reference to their quoted bid price at the statement of financial position date. The fair value of held-to-maturity investments after initial recognition is determined for disclosure purposes only.

### Financial assets falling due within one year, long term debtors and mortgages

The fair value of these assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the statement of financial position date if the effect is material.

### Financial liabilities

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the statement of financial position date if the effect is material.

### Cash at bank and in hand and bank balances

The fair value of cash is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the statement of financial position date.

### Interest-bearing borrowings

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the statement of financial position date.

### Derivative financial instruments

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

### Fair value hierarchy

The measurement of fair value for financial instruments has been done using a level 2 valuation technique. The definition of this technique per the standard is a valuation using inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

## 26. PENSION OBLIGATIONS

The pension costs for Places for People Homes relate to three schemes of which employees and former employees are members. Details of each scheme are set out below.

### **The Places for People Group Stakeholder Scheme**

Employees joining the Association from 1 September 2004 have the option of joining a defined contribution retirement benefit scheme - the Places for People Stakeholder Pension Plan and Group Life Assurance Scheme.

The total cost charged to the statement of comprehensive income of £5.4m (2023: £3.9m) represents contributions payable to these schemes by the Association at rates specified in the rules of the plan.

### **The Places for People Group Retirement Benefit Scheme (GRBS)**

The Group operates a defined benefit pension arrangement called the Places for People Group Retirement Benefit Scheme (GRBS).

This scheme is operated by the Group and is an independently administered defined benefit scheme based on final pensionable salary. The scheme was closed to new members as at 1 September 2004 and was closed to future accrual in October 2010. The most recent formal actuarial valuation was completed as at 31 March 2021 and has been updated by the independent actuary to take account of the requirements of FRS102. As part of the actuarial valuation as at 31 March 2021, the Group agreed a schedule of contributions which included the Group paying annual contributions of £6.6m between 1 April 2021 and 31 March 2026. The Group expects to contribute £6.6m to the scheme during the year to 31 March 2025.

The Group is working with its advisers to resolve a number of issues that have been identified with the Scheme Rules in the Group's Retirement Benefit Scheme. This may result in increased liabilities in respect of some benefits. At this stage the value of any additional liabilities cannot be quantified. The Trust Deed provides the Group with an unconditional right to a refund of surplus assets assuming the full settlement of plan liabilities in the event of a plan wind-up. Furthermore, in the ordinary course of business the Trustee has no rights to unilaterally wind up, or otherwise augment the benefits due to members of the scheme. Based on these rights, any net surplus in the UK scheme is recognised in full.

The funding plan is for the Scheme to hold assets equal to the value of the benefits earned by employees, based on a set of assumptions used for funding the Scheme. The funding assumptions differ from the assumptions used to calculate the figures for these accounts, and therefore produce different results. If there is a shortfall against this funding plan, then the Company and Trustee agree on deficit contributions to meet this deficit over a period.

The mortality assumption used at 31 March 2024 is 115% S3NA CMI\_2022 extended projections with a long-term rate of improvement of 1.0% pa, w2022 parameter of 40%, and all other parameters set at their default values. The mortality assumption used at 31 March 2023 was 115% S3NA CMI\_2021 extended projections with a long-term rate of improvement of 1.0% pa, w2021 parameter of 20%, and all other parameters set at their default values. Based on these assumptions, a male currently aged 60 years old has a life expectancy of 24.9 years (2023: 25.2 years), a female currently aged 60 years old has a life expectancy of 27.9 years (2023: 28.2 years), a male currently aged 40 years old will expect to have a life expectancy of 26.1 years (2023: 26.4 years) when they reach age 60 and a female currently aged 40 years old will expect to have a life expectancy of 29.0 years (2023: 29.3 years) when they reach age 60.

Over the year to 31 March 2024 the Trustee of the Scheme has undertaken a review of the commutation option factors available to members and updated them to reflect latest market conditions.

This review resulted in an update to all member option factors, in particular a c3% decrease to commutation factors.

Updating our liability calculations to reflect these updated member option factors has resulted in a c3% decrease in the FRS102 liabilities as at 31 March 2024. We assume that non-pensioners take the maximum tax-free cash at retirement, which is the same as assumed as at 31 March 2023.

### **Social Housing Pension Scheme**

Places for People Homes Limited participates in the Social Housing Pension Scheme (SHPS), a multi-employer scheme which provides benefits to non-associated employers.

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A recovery plan has been put in place with the aim of removing this deficit by 31 March 2028.



## 26. PENSION OBLIGATIONS (Continued)

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

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

The mortality assumption used at 31 March 2024 is that a male currently aged 65 years old has a life expectancy of 20.5 years (2023: 21.0 years), a female currently aged 65 years old has a life expectancy of 23.0 years (2023: 23.7 years), a male currently aged 45 years old has a life expectancy of 41.8 years (2023: 42.4 years) and a female currently aged 45 years old has a life expectancy of 44.4 years (2023: 44.9 years).

The major assumptions used by the actuary were:

	2024		2023	
	SHPS	GRBS	SHPS	GRBS
Discount rate	4.70%	4.90%	4.60%	4.80%
Price inflation (RPI)	3.30%	3.20%	3.40%	3.40%
Price inflation (CPI)	2.80%	-	2.90%	-
Salary growth	3.75%	-	3.69%	-
Rate of increase in pensions in payment LP15%	-	3.10%	-	3.20%
Rate of increase in pensions in payment LP12.5%	-	2.10%	-	2.10%

Amounts recognised in the Statement of Financial Position	SHPS	GRBS	Total
Value at 31 March 2024	£m	£m	£m
Fair value of plan assets	7.2	175.7	182.9
Present value of defined benefit obligation	(9.0)	(164.5)	(173.5)
Net liability recognised in the statement of financial position	<u>(1.8)</u>	<u>11.2</u>	<u>9.4</u>
	SHPS	GRBS	Total
Value at 31 March 2023	£m	£m	£m
Fair value of plan assets	7.2	175.3	182.5
Present value of defined benefit obligation	(9.3)	(173.6)	(182.9)
Net asset/(liability) recognised in the statement of financial position	<u>(2.1)</u>	<u>1.7</u>	<u>(0.4)</u>

The major categories of assets as a percentage of total assets are as follows:

	2024		2023	
	SHPS	GRBS	SHPS	GRBS
Diversified growth funds	14.6%	12.0%	12.1%	8.0%
Equities	10.0%	15.0%	1.9%	8.0%
Liability driven investments	52.8%	33.0%	61.8%	34.0%
Absolute return bonds	3.9%	-	1.4%	-
Corporate bonds	-	35.0%	-	20.0%
Cash	1.9%	5.0%	0.9%	30.0%
Other fixed interest	7.6%	-	7.6%	-
Insurance linked securities	0.5%	-	2.5%	-
Direct lending	3.9%	-	4.5%	-
Property	4.8%	-	7.3%	-
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

## 26. PENSION OBLIGATIONS (Continued)

### Analysis of amounts recognised in the Statement of Comprehensive Income

	SHPS	GRBS	Total
	£m	£m	£m
<b>Year ending 31 March 2024</b>			
Expected return on plan assets	0.3	8.4	8.7
Interest on scheme liabilities	(0.4)	(8.2)	(8.6)
	<u>(0.1)</u>	<u>0.2</u>	<u>0.1</u>

	SHPS	GRBS	Total
	£m	£m	£m
Year ending 31 March 2023			
Expected return on plan assets	0.3	6.9	7.2
Interest on scheme liabilities	(0.3)	(6.5)	(6.8)
Amounts charged to other finance costs	-	0.4	0.4

### Amounts recognised in Other Comprehensive Income

	SHPS	GRBS	Total
	£m	£m	£m
<b>Year ending 31 March 2024</b>			
Actuarial gain in pension scheme	0.1	2.7	2.8

	SHPS	GRBS	Total
	£m	£m	£m
Year ending 31 March 2023			
Actuarial gain in pension scheme	(1.0)	(15.9)	(16.9)

### Movement in fair value of plan assets

	SHPS	GRBS	Total
	£m	£m	£m
As at 1 April 2023	7.2	175.3	182.5
Interest on plan assets	0.3	8.4	8.7
Company contributions	0.4	6.6	7.0
Benefits paid	(0.4)	(6.7)	(7.1)
Return on plan assets less interest	(0.3)	(7.9)	(8.2)
<b>As at 31 March 2024</b>	<u>7.2</u>	<u>175.7</u>	<u>182.9</u>

### Movement in present value of defined benefit obligation

	SHPS	GRBS	Total
	£m	£m	£m
As at 1 April 2023	9.3	173.6	182.9
Interest costs	0.4	8.2	8.6
Benefits paid	(0.4)	(6.7)	(7.1)
Losses/(gains) from changes to demographic assumptions	(0.1)	(7.7)	(7.8)
Gains from changes to financial assumptions	(0.1)	(3.5)	(3.5)
Actuarial (gain)/loss on obligation	(0.1)	0.7	0.6
<b>As at 31 March 2024</b>	<u>9.0</u>	<u>164.5</u>	<u>173.6</u>

## 27. CONTINGENT LIABILITIES

The Association, together with some fellow subsidiaries of the Places for People Group, has guaranteed to holders of debt issued by members of the Places for People Group, the principal amount and interest accrued in respect of certain debts in the event of default by the issuing entity.

The total capital outstanding at 31 March 2024 in respect of such guarantees was £2,556.0m (2023: £1,752.6m). The total interest accrued at 31 March 2024 relating to this debt was £33.5m (2023: £16.1m).

These represent the maximum exposure for the Association.

The directors consider it extremely unlikely that the company would be required to make any payments in respect of this guarantee.

## 28. RELATED PARTY TRANSACTIONS AND ULTIMATE PARENT UNDERTAKING

Under Section 33 of FRS 102 defined benefit pension schemes are considered to be related parties. Employees of the Association are members of the following defined benefit schemes: The Social Housing Pension Scheme, The Places for People Group Retirement Benefit Scheme, The Places for People Group Stakeholder Scheme. Details of transactions with the schemes are disclosed in note 25.

Places for People Homes Limited is a subsidiary of the Places for People Group Limited, 80 Cheapside, London, EC2V 6EE. As the parent company publishes consolidated group accounts, the company has taken advantage of the exemption not to report transactions with other group members as permitted in FRS 102 section 33.1A.

No tenants served on the Board of Places for People Homes Limited during the year.

The Association had the following transactions during the year with joint ventures, associates and other external investments.

	Services provided	Services received	Amounts outstanding at 31 March 2024	Interest received	Dividends received
	£000's	£000's	£000's	£000's	£000's
Brooklands LLP	10,885	1,295	-	-	-
Countryside Places for People (Lower Hearne) LLP	-	-	-	-	162
East Wick & Sweetwater Projects (Holdings) Limited	604	-	142	-	-
East Wick and Sweetwater Projects (Phase 1) Limited	89	-	-	-	-
East Wick and Sweetwater Projects (Phase 2) Limited	101	812	(711)	-	-
Global Habitat Housing SL	-	96	-	-	-
Ickneild Port Loop LLP	867	-	-	-	-
Impact Social Value Reporting Limited	-	29	-	-	-
National Places LLP	-	-	-	-	-
PFP US JV LLP	-	-	-	504	4,000
Picture Living	-	-	-	-	818

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## 29. HOUSING STOCK

The Association owns or manages 50,547 housing properties, a breakdown of these housing properties is shown below:

	2023	Units developed or newly built units acquired	Units sold/demolished	Transfers (to)/from other RPs	Other movements	2024
	No.	No.	No.	No.	No.	No.
<b>Social housing owned</b>						
- General Needs Housing	31,675	23	(29)	2	27	<b>31,698</b>
- Affordable Housing	2,503	600	(3)	1	(14)	<b>3,087</b>
- Supported Housing	440	1	(1)	7	4	<b>451</b>
- Housing for Older people	2,310	-	-	-	-	<b>2,310</b>
- Low cost home ownership accommodation	2,936	242	(339)	-	-	<b>2,839</b>
<b>Total social housing owned</b>	<b>39,864</b>	<b>866</b>	<b>(372)</b>	<b>10</b>	<b>17</b>	<b>40,385</b>
<b>Social housing managed</b>						
- General Needs Housing	33,539	45	(29)	(736)	27	<b>32,846</b>
- Affordable Housing	8,238	773	(3)	(5,380)	(14)	<b>3,614</b>
- Supported Housing	2	-	-	-	-	<b>2</b>
- Housing for Older people	1,892	-	-	-	-	<b>1,892</b>
- Low cost home ownership accommodation	542	-	-	-	-	<b>542</b>
<b>Total social housing managed</b>	<b>44,213</b>	<b>818</b>	<b>(32)</b>	<b>(6,116)</b>	<b>13</b>	<b>38,896</b>
					<b>2024</b>	2023
					<b>No.</b>	No.
Total social housing units managed but not owned					<b>3,755</b>	9,679
Total social housing units owned but not managed					<b>5,244</b>	5,330
					<b>2024</b>	2024
					<b>No.</b>	No.
<b>Non-social housing managed</b>						
- Market rent					<b>622</b>	359
- Leased housing - freehold only					<b>1,424</b>	1,430
- Student accommodation					<b>84</b>	-
<b>Total non-social housing managed</b>					<b>2,130</b>	1,789
Total social housing managed					<b>38,896</b>	47,045
<b>Total housing managed</b>					<b>41,026</b>	48,834
Total non-social housing owned but managed by another body					<b>9,521</b>	10,094
<b>Total housing owned or managed</b>					<b>50,547</b>	58,928
Garages, commercial premises and other non-residential units managed or serviced					<b>1,334</b>	1,435
<b>Total residential and non-residential units managed or serviced</b>					<b>51,881</b>	60,363