



Places for People Living+ Limited

Financial Statements

For the year ending 31 March 2020

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Places for People Living+ Limited
Board of Management, Executives and Advisers
For the year ending 31 March 2020

Board of Management

Non Executives

L Lackey (Chair - Appointed 1 April 2019)
A Aldridge (Appointed 1 October 2019)
H Anderson (Appointed 1 October 2019)
A Daniel (Appointed 1 October 2019)
C Davis (Appointed 1 April 2020)
R Finn (Appointed 1 October 2019)
N Hopkins (Appointed 1 October 2019)
G Kitchen
M Brodtman (Resigned 30 September 2019)

Group Chief Executive

Group Executive Director, Affordable Housing
Managing Director, Living+
Group Executive Director, Finance

D Cowans
D Marriott-Lavery
A Lomas (Appointed 9 December 2019)
A Winstanley

Secretary

C Martin

Registered Office

80 Cheapside
London
EC2V 6EE

Bankers

Barclays Bank Plc
38 Fishergate
Preston
PR1 2AD

Registered Auditors

KPMG LLP
15 Canada Square
London
E14 5GL

Registration of the Association

The Association is registered under the Cooperative and Community Benefit Societies Act 2014 (Registered number 20014R) and is registered under the Housing and Regeneration Act 2008 (Registered number LH3926). It is also affiliated to the National Housing Federation and has charitable status.

Places for People Living+ Limited
Report of the Board
For the year ending 31 March 2020

The Board is pleased to present its report and the financial statements for the year ended 31 March 2020.

Places for People Living+ Limited is a charitable registered provider of social housing which focuses on care and supported housing activities.

Objectives

Places for People Living+ Limited ("the association") is engaged in the development and management of care and supported housing activities for the Places for People Group ("the Group"). It undertakes relevant activities to ensure the future delivery of care and support services to tenants.

Review of the year

The total turnover was £37.9m (2019: £36.7m) including £33.9m (2019: £32.4m) from the letting of housing accommodation and other income of £4.0m (2019: £4.3m).

The operating surplus for the year was £13.1m (2019: £15.5m) including a £0.1m loss (2019: £6.0m gain) on sale of fixed assets and £3.9m gain (2019: £0.2m) on revaluation of investment properties.

At the end of the year the net book value of housing properties amounted to £350.5m (2019: £342.8m). The revenue reserves were £161.0m (2019: £149.7m).

All property maintenance services were provided by Places for People Homes Limited and development services were provided by Places for People Developments Limited.

The Association's key performance indicators are aligned with those of the ultimate parent undertaking, Places for People Group, 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 80 Cheapside, London, EC2V 6EE.

Charitable and political donations

During the year the association made £8k of charitable donations (2019: £9k).

Delegated matters

The Places for People Living+ Limited Board operates to a business plan and budget which has been approved by the Group Board of Directors. Places for People Group exercises control over Places for People Living+ Limited through an Independence and Responsibilities Agreement, a Service Level Agreement and powers granted to the Group in Places for People Living+ Limited rules.

The Group Board has delegated certain matters to committees of the Board of the Places for People Group. Reporting to the Group Board on Group issues are the Audit & Risk Committee, Nominations & Governance Committee and Remuneration Committee.

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.

Internal control and risk management

The Group Board has reviewed the effectiveness of the system of internal control for the year ended 31 March 2020, 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.

Places for People Living+ Limited
Report of the Board
For the year ending 31 March 2020

Corporate Governance

The Association has complied with the UK Corporate Governance Code (the Code) (2018 version) 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.

The Association does not have external shareholders in the sense contemplated by the Code and therefore it addresses the need for scrutiny and evaluation through the board or an appropriate standing committee of the board and it engages with investors through a series of roadshow meetings and through an annual investors forum. In relation to committee structures the Association relies on Group Board level committees, described below, to perform these relevant functions

The Group has an Audit & Risk Committee, a Remuneration Committee, a Nominations & Governance Committee, a Development, Investment & Regeneration 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 and there are members (non-executive and executive) of the Group Board who are also members of the board of the Association, ensuring that information from the committees reaches the Association's board. In this way, 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 People section of 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. The global Covid-19 pandemic has introduced significant levels of uncertainty into most businesses. The Board are paying close attention to the evolving situation and to mitigating the risks for the Group and have assessed the going concern in light of the risks raised by the pandemic.

At 31 March 2020 the Places for People Group (Group) had cash and undrawn facilities of £918.3m. The Group continues to actively manage its cash flows in order to mitigate any reductions in income.

The Group has reviewed all of its business forecasts and projections and has produced a revised business plan for the year ending 31 March 2021. Although the full impact of Covid-19 is still unknown, the Group has produced its forecasts on the latest information and experience in the markets in which it operates. In addition to the reviewed forecasts, the directors have also undertaken stress testing on these forecasts to understand the impact of an increasing severity of the implications from the pandemic.

Places for People Living+ Limited
Report of the Board
For the year ending 31 March 2020

The directors have reviewed the projected cash flows and the compliance with debt covenants of the Group and have overlaid a number of scenarios reflecting the potential impact of the Covid-19 pandemic. These scenarios include a 10% reduction in rent received for 12 months and a 5% reduction in rent for the following 12 months, no property sales for the remainder of the year with a 20% price reduction for the following 12 months and leisure centres to remain closed until 31 March 2021 with a phased re-opening over the following 12 months. As a result of these assumptions, and before any cost reductions are applied, management believe the liquidity of the Group at 31 March 2021 would be £566m and £346m at 31 March 2022 if the Group did not raise any additional finance to that which is currently available.

Places for People Living+ 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 consider it appropriate to adopt the going concern basis in preparing the financial statements.

Viability statement

The UK Corporate Governance 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 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. There is inherently less certainty in the projections from years four to ten. Consistent with prior years, the directors have therefore determined that three years is an appropriate period for this viability statement.

In assessing the Group's prospects and resilience, the management produced projections which considered the current business position and risk appetite. Despite the rent reductions imposed by the Government on social housing rents which came to an end in 2020, the Group has continued to undertake rigorous single and multi-variate stress testing exercises on its projections, which have included considering the impact of challenging economic conditions including a downturn in the housing market. The results confirmed that the Group would continue to be able to settle projected liabilities as they fall due over a three-year period.

This year, the directors have also considered specifically the impact of the COVID-19 pandemic. This is considered a principal risk given the more immediate nature of the situation, has been considered in more detail within the shorter term going concern considerations above. While the impacts of COVID-19 may well be felt in the longer as well as the shorter term, the prospects of economic recovery taking place after the severe economic shock modelled in the going concern assessment period is complete, are considered strong. The directors have considered several different severe yet plausible scenarios including potentially challenging outcomes such as considerable reductions in turnover. The directors also considered additional impacts, such as restrictions in supply chains, and were satisfied that measures were in place to mitigate significant risks to the Group's operations. The stress testing again demonstrated the ability of the Group to continue to operate effectively.

Having assessed the prospects of the Group and association, including the current funding, forecast requirements and existing committed borrowing facilities, the directors have a reasonable expectation that the Group and association will be able to continue in operation and meet its liabilities as they fall due over the period to March 2023.

In making this statement the directors understand that there is inherent uncertainty in all business planning and therefore as a result it is not possible to take into account every risk and eventuality that the Group may face. The Board is satisfied that the stress testing that is performed on the business plan includes all of the major risks that the Group and association may face and therefore provides strong assurance of the Group's financial viability.

Board

The persons who served on the board throughout the year are shown on page 2.

Places for People Living+ Limited
Report of the Board
For the year ending 31 March 2020

Share capital

The share capital of the Association is held by Places for People Homes (800 shares) and 8 individual shareholders.

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 2019. 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



C Martin

Secretary

5 August 2020

Places for People Living+ Limited
Report of the Independent Auditor
For the year ending 31 March 2020

Independent auditor's report to the members of Places for People Living+ Limited

Opinion

We have audited the financial statements of Places for People Living+ Limited ("the association") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of affairs of the association as at 31 March 2020 and of its income and expenditure for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the association or to cease its operations, and as they have concluded that the association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Board's conclusions, we considered the inherent risks to the association's business model and analysed how those risks might affect the association's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the association will continue in operation.

Other information

The association's Board is responsible for the other information, which comprises the Board's Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Places for People Living+ Limited
Report of the Independent Auditor
For the year ending 31 March 2020

Board's responsibilities

As more fully explained in their statement set out on page 6, the association's Board is responsible for the preparation of financial statements which give a true and fair view; 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; assessing

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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 as a body, for our audit work, for this report, or for the opinions we have formed.



Harry Mears
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square,
Canary Wharf,
London
E14 5GL

19 August 2020

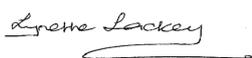
Places for People Living+ Limited
Statement of Comprehensive Income
For the year ending 31 March 2020

	Notes	2020 £'000	2019 £'000
Turnover	2	37,873	36,714
Operating costs	2	(28,609)	(27,365)
(Loss)/surplus on sale of fixed assets	4	(73)	5,985
Gain on revaluation of investment properties	12	3,870	161
Operating surplus before interest	2	13,061	15,495
Interest receivable and similar income	7	206	257
Interest payable and similar charges	8	(1,981)	(1,777)
Surplus for the year		11,286	13,975

The notes on pages 12 to 26 form an integral part of these financial statements.

The Association has not acquired or discontinued activities other than those disclosed above.

The Association has £nil (2019: £nil) other comprehensive income for the year ended 31 March 2020.



L Lackey
Chair



D Cowans
Board Member

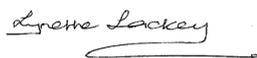


C Martin
Secretary

Places for People Living+ Limited
Statement of Financial Position
As at 31 March 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Housing properties	11	350,537	342,780
Investments	12	56,952	43,150
		407,489	385,930
Current assets			
Stock	13	14	4
Debtors: amounts falling due after more than one year	14	72	72
Debtors: amounts falling due within one year	15	2,203	2,217
Cash and cash equivalents		228	246
		2,517	2,539
Creditors - amounts falling due within one year	16	(11,935)	(13,754)
Net current liabilities		(9,418)	(11,215)
Creditors - amounts falling due after more than one year	17	(214,079)	(202,009)
Net Assets		183,992	172,706
Capital and reserves			
Non-equity share capital	19	1	1
Revenue reserves		160,956	149,670
Restricted reserves		185	185
Revaluation reserves		22,850	22,850
Total capital and reserves		183,992	172,706

The financial statements on pages 9 to 26 were approved by the Board on 5 August 2020 and were signed on its behalf by:



L Lackey
Chair



D Cowans
Board Member



C Martin
Secretary

Places for People Living+ Limited
Statement of Changes in Reserves
For the year ending 31 March 2020

	Revenue Reserve £'000	Restricted Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2019	149,670	185	22,850	172,705
Surplus for the year	11,286	-	-	11,286
Balance at 31 March 2020	<u>160,956</u>	<u>185</u>	<u>22,850</u>	<u>183,991</u>

Places for People Living+ Limited
Notes to the Financial Statements
For the year ending 31 March 2020

1. 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), the Accounting Direction for Private Registered Providers of Social Housing 2019, and with the Companies Act 2006. The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator Social Housing (ROSH) 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, 80 Cheapside, London, EC2V 6EE. 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 a statement of cash flows and related notes).

The financial statements are presented in Sterling (£000's).

Going Concern

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

The Places for People Group (Group) has reviewed all of its business forecasts and projections and has produced a revised 10-year business plan for the year ending 31 March 2021 this was approved by the Board in August 2020. Although the full impact of Covid-19 is still unknown, the Group has produced its forecasts on the latest information and experience in the markets in which it operates. In addition to the reviewed forecasts, the directors have also undertaken stress testing on these forecasts to understand the impact of an increasing severity of the implications from the pandemic.

The directors have reviewed the projected cash flows and the compliance with debt covenants of the Group and have overlaid a number of scenarios reflecting the potential impact of the Covid-19 pandemic. These scenarios include a 10% reduction in rent received for 12 months and a 5% reduction in rent for the following 12 months, no property sales for the remainder of the year with a 20% price reduction for the following 12 months and leisure centres to remain closed until 31 March 2021 with a phased re-opening over the following 12 months. As a result of these assumptions, and before any cost reductions are applied, management believe the liquidity of the Group at 31 March 2021 would be £566m and £346m at 31 March 2022 if the Group did not raise any additional finance to that which is currently available.

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

The board, after reviewing the group budgets for 2020/21 and the group's medium term financial position as detailed in the business plan including changes arising from the Covid-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the association has adequate resources to continue in business for the foreseeable future.

Consequently, the Directors are confident that the association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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. 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. The Association's ultimate parent undertaking, Places for People Group Limited, includes a full review of going concern and is set out in the Going Concern and Viability Statement of the consolidated financial statements. 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. Sensitivity testing, involving challenging scenarios including reasonable worst case scenarios in respect of Covid-19, has been undertaken in respect of the assumptions used within the going concern assessment. As a result of these considerations the financial statements have been prepared on a going concern basis.

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 Section 16 of FRS 102 that precludes the classification of property held primarily for the provision of social benefits being classified as investment property. The Association has applied this by judging that rental properties without public subsidy attached to them are 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 £344.6m. The residual value of social housing property structure is £32.0m above the carrying value as at 31 March 2020. A 10% reduction in residual value would result in no impact to the depreciation charge.

Investment properties

In addition to judging whether or not properties are categorised as investment properties, the Association is also required to estimate the fair value of investment properties on an annual basis. To facilitate this estimation, the Association engaged Savills, a leading professional adviser, to use RICS guidance and the requirements of the Red Book to complete a full valuation of the Association's investment properties. The results of the valuation exercise have been subjected to management scrutiny and challenge.

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 and revenue grants from local authorities and Homes England and other income.

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

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. Other income is recognised upon the delivery of services. Government grants are recognised on turnover over the expected lives of the assets to which it relates.

All turnover arises from activities within the United Kingdom.

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

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.

Places for People Living+ Limited
Notes to the Financial Statements
For the year ending 31 March 2020

1. 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.

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.

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.

Assets	Depreciation period (years)
<u>Rented housing & 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	20
Social Alarms	From 20-40
Surveys	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 of lease or 100 years
<u>Shared Ownership housing:</u>	
All elements (new build)	100
All elements (rehab)	80
All elements (leasehold)	Lesser of term of lease or 100 years
<u>Other fixed assets:</u>	
Offices (new build)	100
Offices (rehab)	80
Office refurbishment	From 10-20
Offices (long leasehold)	Lesser of term of lease or 100 years
Offices (short leasehold)	Terms of lease
Plant & Equipment	5
Cars and commercial vehicles	5
Computer hardware, software and infrastructure	From 3-15

1. ACCOUNTING POLICIES (Continued)

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.

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. Investments in joint ventures are recognised initially at cost and subsequently measured using the equity method.

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 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 Disposal Proceeds and 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.

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:

- 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
- 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.

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 day 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.

Restricted Reserves

The Association has a reserve which is only expendable in accordance with the wishes of the funder. The transfers to/from restricted reserves are shown in other comprehensive income.

Places for People Living+ Limited
Notes to the Financial Statements
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2. TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	2020					2019				
	Turnover	Cost of sales	Operating costs	Other operating items	Operating surplus/ (deficit)	Turnover	Cost of sales	Operating costs	Other operating items	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 3)	33,906	-	(24,746)	-	9,160	32,446	-	(23,265)	-	9,181
Other social housing activities										
Social housing property sales	-	-	-	-	-	-	-	(207)	-	(207)
Charges for support services	3,963	-	(3,549)	-	414	4,264	-	(3,684)	-	580
Charges for domiciliary care services	-	-	(2)	-	(2)	-	-	(2)	-	(2)
Other	4	-	(293)	-	(289)	4	-	(203)	-	(199)
	37,873	-	(28,590)	-	9,283	36,714	-	(27,361)	-	9,353
Non social housing activities	-	-	(19)	-	(19)	-	-	(4)	-	(4)
	37,873	-	(28,609)	-	9,264	36,714	-	(27,365)	-	9,349
(Loss)/surplus on sale of fixed assets (note 4)	-	-	-	(73)	(73)	-	-	-	5,985	5,985
Gain on revaluation of investment properties (note 12)	-	-	-	3,870	3,870	-	-	-	161	161
	37,873	-	(28,609)	3,797	13,061	36,714	-	(27,365)	6,146	15,495

3. INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	2020			2019
	Supported housing and housing for older people	Other	Total	Total
	£'000	£'000	£'000	£'000
Income from social housing lettings activities				
Rent receivable net of identifiable service charges	14,537	-	14,537	13,783
Service charge income	10,532	-	10,532	9,938
Amortised government grants	1,104	1,116	2,220	2,258
Other income	1,215	5,402	6,617	6,467
Turnover from social housing lettings	27,388	6,518	33,906	32,446
Expenditure on social housing lettings activities				
Management costs	(6,553)	(68)	(6,621)	(6,503)
Service charge costs	(9,779)	(80)	(9,859)	(9,271)
Routine maintenance	(2,244)	(65)	(2,309)	(2,226)
Planned maintenance	(567)	(36)	(603)	(627)
Major repairs expenditure	(423)	(7)	(430)	(510)
Bad debts	(179)	-	(179)	(193)
Depreciation on housing assets	(1,979)	(781)	(2,760)	(2,310)
Intra group property recharges	(1,950)	-	(1,950)	(1,591)
Other costs	(34)	(1)	(35)	(34)
Total expenditure on lettings	(23,708)	(1,038)	(24,746)	(23,265)
Operating surplus	3,680	5,480	9,160	9,181
Void losses	(598)	-	(598)	(318)

4. (LOSS)/SURPLUS ON SALE OF FIXED ASSETS

	2020	2019
	£'000	£'000
Sale proceeds	284	11,356
Cost of sales	(289)	(5,356)
Sales costs	(68)	(15)
	(73)	5,985

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5. DIRECTORS' EMOLUMENTS

The ultimate parent, Places for People Group Limited (the Group), 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.

Board Members' emoluments during the year 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

	2020	2019
	No.	No.
The average number of employees expressed as full time equivalents employed during the year was:		
Central administration services	18	14
Care services	300	298
	318	312

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.

	2020	2019
	£'000	£'000
Staff costs (for the above persons):		
Wages and salaries	6,808	6,896
Severance pay	61	199
Social security costs	569	553
Other pension costs	549	527
	7,987	8,175

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 Group management team, which includes staff with authority and responsibility for planning, directing and controlling activities of the Group's operations.

	2020	2019
	No.	No.
£60,000 - £69,999	1	3
£90,000 - £99,999	2	-
£110,000 - £119,999	-	1
£190,000 - £199,999	-	1

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7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£'000	£'000
Interest on fixed asset investments	75	-
Interest receivable on cash deposits	4	7
Dividend receivable	127	250
	206	257

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2020	2019
	£'000	£'000
In respect of housing and bank loans	728	832
In respect of loans from related undertakings	1,293	981
In respect of Recycled Capital Grant Fund	32	6
Less: Capitalised interest	(72)	(42)
	1,981	1,777

Capitalisation rate used to determine the finance costs capitalised during the year:	3.00%	3.95%
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9. SURPLUS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION

	2020	2019
	£'000	£'000
The surplus on ordinary activities before and after taxation is stated after charging:	£'000	£'000
Depreciation	2,760	2,310
Auditor's remuneration	25	30
Payments under operating leases:		
Motor vehicles	69	89

10. TAXATION

The Association has charitable status and is exempt from corporation taxation under the provisions of Section 505 of the Income and Corporation Taxes Act 1988 therefore there is no corporation tax payable in either 2020 or 2019.

11. HOUSING PROPERTIES

	Completed housing properties £'000	Completed LSE & shared ownership housing properties £'000	Housing properties in the course of construction £'000	LSE & Shared Ownership properties in the course of construction £'000	Total housing properties £'000
Cost					
At 1 April 2019	385,654	5,733	1,380	-	392,767
Additions	-	-	10,770	14	10,784
Change of tenure	-	-	(9)	-	(9)
Transfer to completed schemes	6,251	-	(6,251)	-	-
Disposals	(253)	(34)	-	-	(287)
At 31 March 2020	391,652	5,699	5,890	14	403,255
Depreciation and Impairment					
At 1 April 2019	(49,245)	(742)	-	-	(49,987)
Charge for year:					
Depreciation	(2,760)	-	-	-	(2,760)
Eliminated on disposal:					
Depreciation	24	5	-	-	29
At 31 March 2020	(51,981)	(737)	-	-	(52,718)
Net book value at 31 March 2020	339,671	4,962	5,890	14	350,537
Net book value at 1 April 2019	336,409	4,991	1,380	-	342,780

LSE denotes Leasehold Schemes for the Elderly.

	2020 £'000	2019 £'000
Housing properties comprise, at cost:		
Freehold	333,417	324,221
Long leasehold	67,497	66,434
Short leasehold	2,341	2,112
	403,255	392,767

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 amounting to £0.1m (2019: £0.1m).

Expenditure on major works to existing properties during the year was £6.3m (2019: £7.7m).

Additions to housing properties in the course of construction during the year include capitalised interest of £72k (2019: £42k).

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12. FIXED ASSETS INVESTMENTS

	2020	2019
	£'000	£'000
External investments and investment in related undertakings (a)	9,108	5,368
Investment property (b)	47,844	37,782
Total fixed asset investments	56,952	43,150

(a) External investments and investment in related undertakings

	2020	2019
	£'000	£'000
External investments		
Romsey Extra Care Limited	3,737	-
Triple Point Social Housing REIT plc	5,000	5,000
	8,737	5,000
Grace Gillett restricted reserve - investment portfolio	188	188
Equity loans	183	180
At 31 March	9,108	5,368

The Grace Gillett reserve resulted from a legacy left to the residents of River Street. These funds are invested with Barclays Wealth and are managed by Places for People Living+ Limited.

(b) Investment Properties

	£'000
At 1 April 2019	37,782
Additions	6,192
Revaluation	3,870
At 31 March 2020	47,844

For the year ended 31 March 2020, the Places for People Group has obtained an independent valuation of the investment property portfolio. This was performed in accordance with the Appraisal and Valuation manual of the Royal Institution of Chartered Surveyors (a "red book" valuation). The valuation was undertaken by Savills who are independent, RICS qualified, have a strong professional reputation with and considerable experience in producing red book valuations.

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. The valuation was performed as at 31 December 2019, management have considered the roll forward of the valuation to year end and have carried out an impairment review.

Places for People Living+ Limited
Notes to the Financial Statements
For the year ending 31 March 2020

13. STOCK

	2020	2019
	£'000	£'000
Buildings - Work in progress	<u>14</u>	<u>4</u>

14. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£'000	£'000
Agency leases	<u>72</u>	<u>72</u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£'000	£'000
Rental debtors	1,246	1,085
Less: Provision for bad and doubtful debts	(536)	(490)
	<u>710</u>	<u>595</u>
Other trade debtors	1,196	1,420
Other taxes	8	-
Capital development debtor	198	10
Sundry debtors, prepayments and accrued income	73	168
Loans to employees	18	24
	<u>2,203</u>	<u>2,217</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£'000	£'000
Housing and bank loans - principal payable within one year	1,636	1,548
Deferred government grant	2,213	2,221
Recycled Capital Grant Fund (note 18)	47	-
Interest on loans	871	498
Trade creditors	1,114	658
Amounts owed to related undertakings	1,563	5,214
Other creditors and accruals	4,186	3,347
Prepaid rent	305	267
Other taxes	-	1
	<u>11,935</u>	<u>13,754</u>

Places for People Living+ Limited
Notes to the Financial Statements
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17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£'000	£'000
Debt		
Housing and bank loans	6,375	8,041
Amounts owed to related undertakings	56,100	41,250
	<u>62,475</u>	<u>49,291</u>
Other Financial Liabilities		
Capital creditor	481	860
Recycled Capital Grant Fund (note 18)	4,888	4,682
Deferred government grant	146,235	147,176
	<u>214,079</u>	<u>202,009</u>

Analysis of debt

	2020	2019
	£'000	£'000
These are repayable as follows:		
In one year or less	1,636	1,548
In one year or more but less than two years	1,756	1,593
In two years or more but less than five years	56,719	43,698
In five years or more		
By instalments	-	-
Not by instalments	4,000	4,000
	<u>64,111</u>	<u>50,839</u>

All loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest, from 1.08% - 10.24% in instalments.

18. RECYCLED CAPITAL GRANT FUND

	Homes England		Greater London Authority	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
At 1 April	613	231	4,069	134
Inputs to RCGF:				
Grant recycled	221	382	-	4,037
Interest Accrued	3	-	29	6
Transfers from other group members	-	1,440	-	-
Recycling of grant: New Build	-	(1,440)	-	-
Repayment of grant to the HCA/GLA	-	-	-	(108)
	<u>837</u>	<u>613</u>	<u>4,098</u>	<u>4,069</u>
Amounts 3 years old or older where repayment may be required	47	-	-	-
Total recycled capital grant fund	<u>4,935</u>	<u>4,682</u>		

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19. NON-EQUITY SHARE CAPITAL	2020	2019
	£	£
Shares of £1 each Authorised, Issued, Allotted and Fully Paid		
At 1 April and 31 March	805	805

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

20. PENSION OBLIGATIONS

The pension costs for Places for People Living+ Limited relate to two schemes of which employees are members; the Social Housing Pension Scheme and a Stakeholder scheme.

The Places for People Group Stakeholder Scheme

Employees joining the Group 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 £543k (2019: £519k) represents contributions payable to these schemes by the Association at rates specified in the rules of the plan.

21. CAPITAL COMMITMENTS

	2020	2019
	£'000	£'000
Capital expenditure that has been authorised and contracted for but has not been provided for in the financial statements	3,903	7,608
Additional Capital expenditure that has been authorised by the Board of directors	168,270	108,442

The commitments under non-cancellable operating leases for the following year, analysed according to the period in which each lease expires, are set out below:

	Motor vehicles	Motor vehicles
	2020	2019
	£'000	£'000
In one year or less	40	35
Between one and two years	21	-
Between two and five years	12	41
	73	76

22. 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 2020 in respect of such guarantees was £1,586.4m (2019: £1,257.7m). The total interest accrued at 31 March 2020 relating to this debt was £17.0m (2019: £13.3m). 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.

23. RELATED PARTY TRANSACTIONS AND ULTIMATE PARENT UNDERTAKING

Transactions with Group companies

Places for People Living+ Limited is a subsidiary of Places for People Group Limited, 80 Cheapside, London, EC2V 6EE. Since the parent company publishes consolidated Group accounts, the Association has utilised the exemption not to report transactions with other Group members as permitted in FRS102 section 33.1A..

Defined benefit schemes

Under Section 33 of FRS 102 defined benefit pension schemes are considered to be related parties. Employees of the Association are members of the Social Housing Pension Scheme.

Key management personnel of the entity or its parent

During the year Living+ had a £5,000,000 (2019: £5,000,000) investment in a listed social housing REIT, on the 17th June 2020 the shares in this entity were sold for £4,700,000. In the year to 31st March 2020 dividends of £127,000 were received from this investment.

24. EVENTS AFTER THE REPORTING DATE

Material transactions

On the 17th June 2020 Places for People Living+ Limited sold its investment in a listed social housing REIT, these shares were sold for £4,700,000, the carrying value of the investment was £5,000,000.

Covid-19

On 11 March 2020, Covid-19 was declared a global pandemic by the World Health Organisation. The United Kingdom Government announced lockdown measures on 23 March 2020 which has continued past the end of the reporting period.

As a result of the Government imposed lockdown and in order to comply with the social distancing rules, the Association's development expenditure was suspended with all development sites and sales offices closing on the 25 March 2020. Following confirmation from the Government that development sites could re-open, the Association has recommenced its development activity whilst complying with the latest government guidelines.

The impact of Covid-19 on the Group has been discussed at length in the Going Concern and Viability Statement on pages 4 and 5 and in the Significant Judgements section of the Principle Accounting Policies on page 12.

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25. HOUSING STOCK

The Association owns or manages 6,626 housing properties, a breakdown of these housing properties is shown below:

	2019 No.	Units developed or newly built units acquired	Units sold/ demolished	Transfers (to)/from other RPs	Other movements	2020 No.
Social housing owned						
- General Needs Housing	2,907	-	(1)	-	29	2,935
- Affordable Housing	125	-	-	-	1	126
- Supported Housing	2,153	35	(6)	8	6	2,196
- Housing for Older people	406	-	-	-	104	510
- Low cost home ownership accommodation	40	-	-	-	25	65
Total social housing owned	5,631	35	(7)	8	165	5,832
Social housing managed						
- Supported Housing	1,266	35	(6)	8	(29)	1,274
- Housing for Older people	881	-	-	-	-	881
- Low cost home ownership	6	-	-	-	(1)	5
Total social housing managed	2,153	35	(6)	8	(30)	2,160
					2020 No.	2019 No.
Non-social housing managed						
- Leased housing - freehold only					17	-
- Staff					36	36
Total Social housing managed					2,160	2,153
Total housing managed					2,213	2,189
Total housing owned but managed by another body					4,413	4,361
Total housing owned or managed					6,626	6,550
Garages, commercial premises and other non-residential units managed or serviced					37	-
Total residential and non-residential units managed or serviced					6,663	6,550

The Association manages 740 units (2019: 777) which are owned by other Registered Providers.