PLYMOUTH
COMMUNITY HOMES

Consolidated Financial Statements

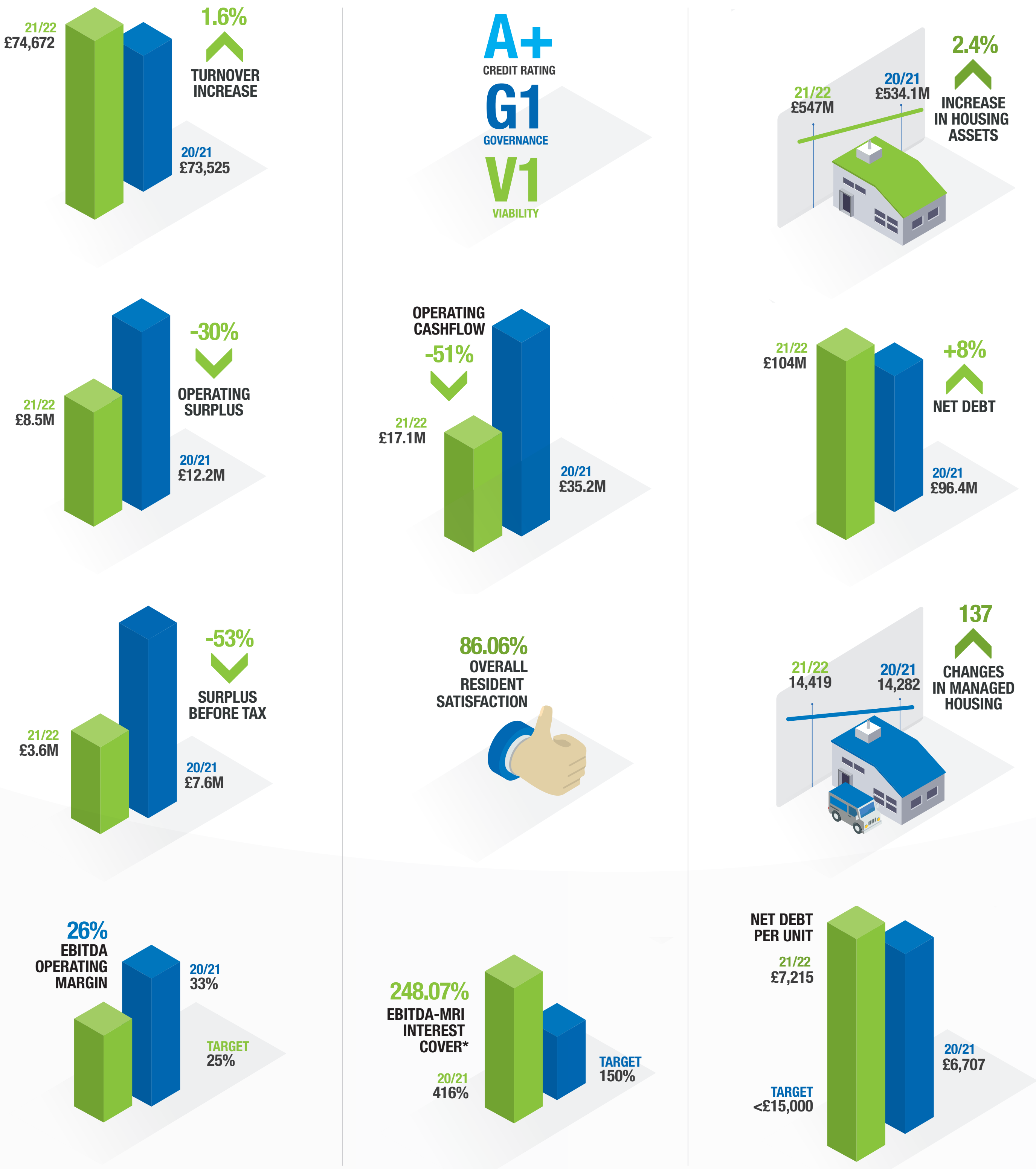
22

YEAR END MARCH 2022

> We are proud to have maintained the highest regulatory judgements of V1 and G1, as well as our A+ credit rating

Contents

The year at a glance 2021/22



* 2021/22 adjusted for Mount Wise Towers and Marlborough House replacement cladding spend of £2.4m, unadjusted 198%.
2020/21 Mount Wise Towers and Marlborough House replacement cladding spend of £5.6m, unadjusted 299%.

Value for money at a glance

Business health	Development (capacity and supply)	Outcomes delivered	Effective asset management	Operating efficiences
★ OPERATING MARGIN 10.11%	HOMES DEVELOPED 122	86.08% CUTOMER SATISFACTION WITH SERVICES	★ RETURN ON CAPITAL EMPLOYED 1.43%	SOCIAL HOUSING COST PER UNIT £4,066 (£4,231)
★ OPERATING MARGIN (Social Lettings) 8.81%	★ HOMES DEVELOPED (as % of Homes Owned) 0.85%	★ 4.91% REINVESTMENT	OCCUPANCY RATE 99.50%	100.32% RENT COLLECTED AS % OF RENT DUE
★ EBITDA-MRI Interest Cover 248.47% (198.24%)	★ GEARING 18.54%	£ INVESTED IN COMMUNITIES £700k	RATIO OF RESPONSE REPAIRS TO PLANNED MAINTENANCE 0.49	OVERHEADS AS % OF ADJUSTED TURNOVER 12.81%

The above figures are benchmarked against the HouseMark Sector Scorecard 'All English' Housing Association Group results, incorporating the Regulator's metrics which are starred. We have adjusted the figures to reflect the underlying position excluding the Mount Wise Towers and Marlborough House replacement cladding spend, where this is different to the strict calculation of the Regulator's metrics we have included the unadjusted figures in brackets.

CEO report

As I write this introduction, the mood is very much a sombre one as the war in Ukraine continues and we are in the worst cost of living crisis in over 40 years, placing a real strain on everyone living in our homes.

We continue to transition out of the Coronavirus pandemic and, like the rest of the country, are learning to live with it. The UK's successful vaccination programme has reduced the overall impact of infections and we have policies and procedures to manage Covid-19 outbreaks as they occur. These focus on the need to protect both our staff and residents, especially those within sheltered housing schemes, which are home to some of the most vulnerable people in our community

Restrictions may be lifted and usual working practices reinstated but the virus has increased staff sickness which, alongside a tight labour market, is making service delivery difficult and more expensive. In this context, it is a major achievement that we are now back up and running with our major investment programme for existing homes as well as our building programme of new homes.

Along with other organisations, we have learned many lessons during the last two years and have adapted our working practices to adopt some of the changes embedded during the pandemic found to offer great benefit, both for our staff and our residents. This includes increased mobile working for staff, thanks in large part to the £4.4m we've invested in our digital and IT services to enable remote working, including £200K in the last year. We are also continuing with our flexible hybrid working policy, offering our staff a better work/life balance whilst ensuring services to residents are more effectively targeted with an increased online offering. We plan to increase this offering as we move forward, embracing an operating model of 'Digital by design/access by choice'.

We were all thrown into shock following the devastating Keyham shooting in August of 2021, and Plymouth Community Homes was part of a multi-agency response, with housing teams out in the community in the weeks that followed to support those affected. Our teams continue to sensitively manage ongoing issues a year on, working in close collaboration with Plymouth City Council, Devon & Cornwall Police and Keyham resident support Groups.

The last year has brought with it many new challenges, and the current cost of living crisis is certainly a major issue impacting heavily on our residents. The need to ensure Plymouth Community Homes operates as a trusted and fair landlord, providing a high standard of social housing with rents which are genuinely affordable, has never been greater.

Underpinning this focus are our primary objectives to improve lives and communities, as well as delivering our strategic business plan to look after our homes, to build new homes in Plymouth and beyond, and to grow our business.

We've risen to meet these challenges in the last year by investing £19m (£1m more than 2020/1) on improving our homes, including £2.4m on completing the recladding work for the Mount Wise Towers and removing cladding from Marlborough House, and £16.6m on improving homes for our residents including thermal efficiency in a time of super inflation for energy costs.

Plymouth Community Homes has invested a further £20.2m on building new homes, completing 122 homes during the last year, and acquiring 78 homes from Sovereign Housing Association. We continue to work with Plymouth City Council in bringing forward new sites for residential homes in the city and are also actively progressing our development programme in the travel to work area.

Over the last year and into the current year, we have spent a great deal of time and effort on catching up with a backlog of repair work curtailed by previous Covid restrictions. This has led to a spend of £23.8m on repairs and void costs which, whilst manageable, was significantly above the budget we had set for the year.

Our staff have more than risen to the challenges this posed, and never more so than in the case of the landmark project to replace cladding on the three Mount Wise Towers, despite ongoing lockdowns causing construction delays.

This work was of critical importance and an investment of £1m was made in the last year to complete the cladding work, the final part of an overall investment of £16 million which was very gratefully funded by central government, with a further £1.4m spent removing cladding from Marlborough House. This work took longer than planned due to construction delays during Covid and my praise and thanks goes to the residents who have shown great patience and understanding throughout.

Our work on this project was noted nationally when Plymouth Community Homes was awarded the 'Winner of Winners', 'Value' and 'Health, Safety & Wellbeing' honours at the Constructing Excellence Awards, which was greatly appreciated.

The wellbeing of our residents remains, as it has always been, at the heart of everything we do, with staff living our values to listen, care, respect and do the right thing.

And keeping in touch with our residents, especially those who are particularly vulnerable, has remained a key priority.

Throughout the last year, our housing with support team made more than 41,000 welfare contact calls to sheltered housing tenants, while our housing management team kept in regular contact with 3,700 of our most vulnerable residents and those over 70, offering support, guidance, and reassurance. We've continued to adopt the Together with Tenants charter and plan, and we've also introduced new ways of working with our tenants, so they can better hold us to account and scrutinise our performance.

Our contact centre managed more than 2000 calls a week from residents in the last year dealing with requests for repairs, housing support and information, and our communities team has focused on supporting tenants' wellbeing through numerous community engagement activities, ranging from gardening sessions to Jubilee celebration parties.

Our Learn for Free training courses help to upskill residents and increase their digital skills, and 119 residents have embraced this free training opportunity during the last year.

We are committed to giving back to the community, and do so in many ways, including by supporting local charities, with grants totalling £45,000 made in the last year to Age UK Plymouth, Tamar Grow Local, Provide Devon, Stonehouse Foodbank and Devon and Cornwall Food Action to help disadvantaged residents in the city.

Our income recovery and financial inclusion team also offers support and practical help to residents whose financial circumstances may have changed, providing help and advice with applying for Universal Credit, with the number receiving this benefit increasing by 619 in the year to 4,565 by end March 2022, as well as providing support to our commercial tenants with applications for business grants.

Last year, we took the sad decision to close our manufacturing division, and our subsidiary business, PCH Manufacturing Service Limited, was formally placed into liquidation in March 2022 after considerable time was spent to collect over 90% of the debts due.

We've continued working towards our objective of ensuring a healthy financial and social return for investment and are proud to have maintained the highest regulatory judgements of V1 and G1, as well as our A+ credit rating, ensuring we continue to be a secure organisation to invest in, and providing us with numerous options for future funding.

We've kept our arrears low, at 1.51% for current tenants (1.36% in 2020/21), despite increased cost of living pressures for many causing a risk factor, while our income loss from voids also remains low at 0.65%, thanks to careful management by our teams, and despite the increased challenge of high turnaround times for lettings during Covid, which we have steadily brought down over the year.

The easing of Covid restrictions and the need to invest in catching up on delayed repair works has meant our operating surplus for 2021/2022 was lower than in the previous year, being £8.5m for 2021/22 (£12.2m in 2020/21) as activities previously suspended were reinstated, and delayed works undertaken alongside new works.

This has resulted in a surplus after tax of £3.6m (£7.5m in 2020/21), and after a non-cash pension gain of £15.1m, we reported a total surplus for the year of £18.9m (deficit £10.0m, 2020/21).

It is rewarding to see our financial strategy targets exceeded with our operating margin on an EBITDA measure at over the 25% target at 26%, our interest cover above our 150% threshold at 248% (198% including cladding replacement spend) and our net debt per home less than our £15k maximum at £7.4k. Our liquidity remains strong with balance sheet cash holdings of £11.4m at year end and £79.5m of undrawn facilities.

We managed to carry on with house viewings in person and remotely over the last year and our shared ownership programme SO Living enjoyed a successful 12 months, with 42 homes sold, generating £3.6M and a surplus of £151K (£426K in 2020/21), and offering a return on investment of 4.1% (12.5% in 2020/21). This was lower than 2021 in number and value as there were still delays in the handover of new homes, and the cost of homes sold at North Prospect carrying the higher costs of regeneration.

The future looks bright for the shared ownership programme, with new developments already secured within Plymouth and the surrounding drive to work area, and in recent months new schemes have started in Saltash and Callington.

Plymouth Community Homes through its subsidiary company Plymouth Community Homes Regeneration Company (PCHR) is also embarking on its first development of open market homes in a joint venture with Halsall Homes, with work now having started on 27 homes at Silver Hill in Crownhill for private sale, alongside six for shared ownership and five for affordable rent. First sales are expected over the summer months.

By expanding our business to develop homes for open market sale as well as shared ownership, we hope to help meet the wider housing need in the city, as well as increasing opportunities to generate funds which can be reinvested into our core work, enabling us to provide more truly affordable homes to local people at a time when the demand for social housing has never been greater.

Our plans for the future centre around enabling further investment in our existing homes, as well as reviewing our corporate office space and investing in our digital and IT resources to enable increased efficiencies and improved customer services across the business. We also intend to invest in more training services, to help grow our own talent, as the labour market remains tight, and to ensure as an organisation, we remain financially secure, despite the prevailing economic climate.

Moving forward, Plymouth Community Homes also remains attuned to the continuing impact of the cost of living crisis, and the high level of inflation with its potential impact on rents, and we will be reflecting on this when assessing rent increases for 2023/2024.

Highlights for the year ending 31 March 2022

Improve lives and communities

- Winner of winners' for 'Value' and 'Health, Safety & Wellbeing' at the Constructing Excellence Awards for our work on the Mount Wise Towers recladding project
- As our residents transitioned from the pandemic restrictions we've continue to keep in touch, our housing management team making over 41,000 calls to our most vulnerable and elderly residents in our sheltered housing schemes.
- Plymouth Community Homes has joined with Plymouth City Council and Devon and Cornwall Police to sign the ASB Pledge, a commitment to support victims of anti-social behaviour by promoting and using the 'community trigger' process. In addition, following our nomination, a PCH resident won the Resident and Community Award at the national Resolve UK Anti-Social Behaviour Awards for their help with resolving ongoing ASB problems.
- In response to the Keyham shooting tragedy, we were part of a multi-agency response, with housing teams out in the community in the weeks that followed to support those affected.
- 119 residents went through our training programmes in the past 12 months, helping to increase their digital skills.

Look after our homes

- We delivered of over £19m of investment into our existing homes as part of our continued commitment to modernise homes and reduce fuel poverty.
- We completed modernisation of blocks of flats on several of our larger sites around the city including Keyham Road and St. Leo's Place, West Hoe Road, and Lofoten Close.
- The project to remove and replace the cladding on the 3 Mount Wise Towers was completed and we remain 100% compliant on the completion of fire risk assessments.

Build new homes in Plymouth and beyond

- Over the year we completed 122 new homes in Plymouth and our travel to work area and acquired a further 78 homes in Barne Barton from another housing Association in the city.
- Despite the pandemic, shared ownership sales continued to do well with 42 sales generating receipts of £3.6M, with the majority sold at a 45% share of open market value.

Grow our business

- As part of our aim to continue to be an employer of choice, we have maintained our Investor in People Gold award.
- As part of our aim to ensure a healthy financial and social return for investment, we maintained the highest regulatory judgements of V1 and G1, as well as our A+ Credit Rating.
- An independent body confirmed our Customer Service Excellence quality mark. As part of our commitment to making sure we care, respect, listen and do the right thing by our customers, we have been awarded a three-year accreditation for the customer service we provide.

Strategic report

Our strategy

We improve lives by providing affordable homes, great services and supporting communities.

We achieve this through delivery of our strategic objectives and living our values:

- **Listen**
- **Care**
- **Respect**
- **Do the right thing**

Our overarching strategy is to support residents by delivering excellent quality homes and services, whilst growing our business by building more homes for the people of Plymouth and the surrounding areas. This will be achieved through excellent leadership, robust financial performance, strong links with our residents and communities, as well as highly skilled and committed staff.

Our purpose, objectives and deliverables

Our overarching strategy is to support residents by delivering excellent quality homes and services.

Business review

Legal and administrative details

Registered office:
Plumer House, Tailyour Road, Plymouth, PL6 5DH

Legal status: Plymouth Community Homes Ltd is registered under the Co-operative and Community Benefit Societies Act 2014 on the Mutual Register held by the Financial Conduct Authority (registration 30637R). The company is registered with the Regulator of Social Housing (registration L4543).

At the time of signing these financial statements Plymouth Community Homes Ltd has two wholly owned subsidiaries:

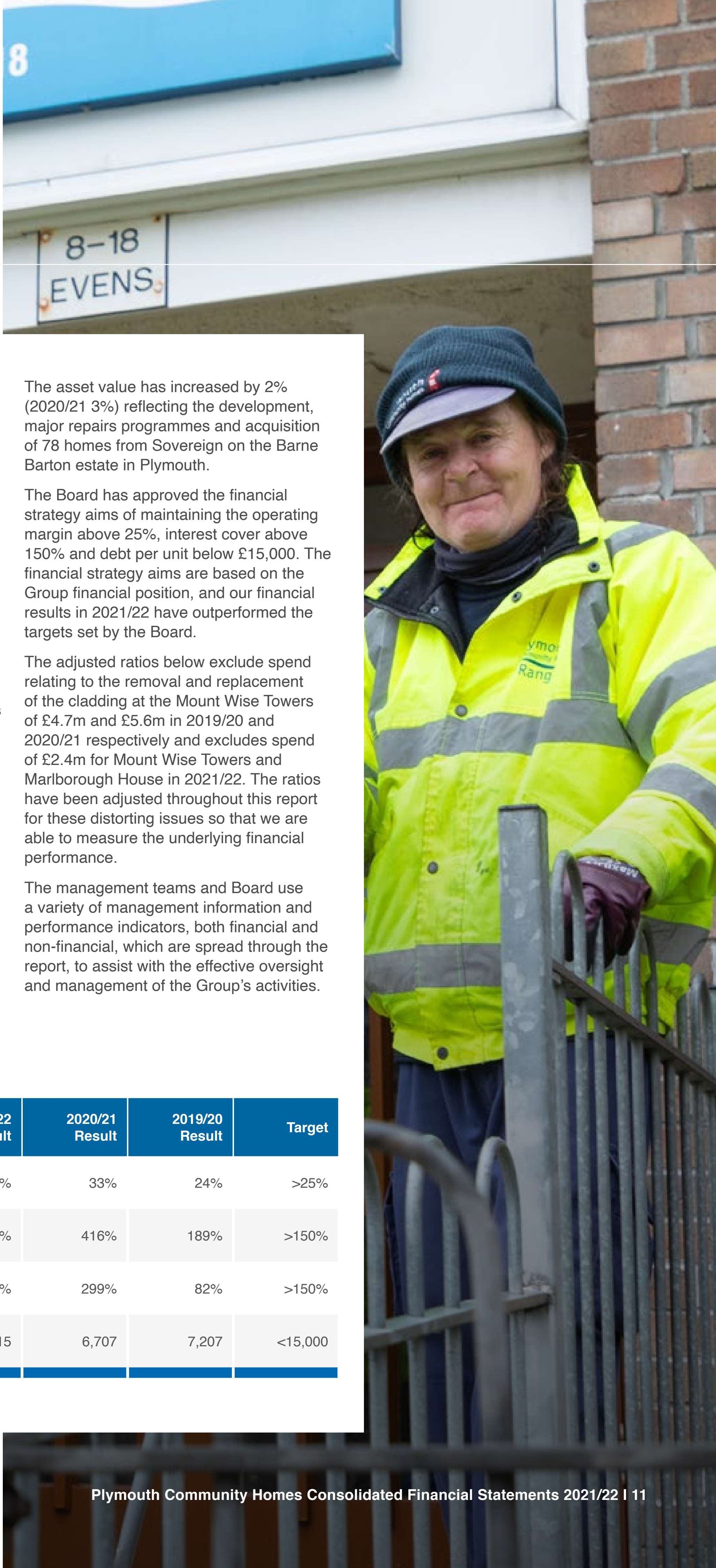
- Plymouth Community Homes Regeneration Company Ltd (PCHR), company number 7272688
- Plymouth Community Homes Energy Ltd (PCHE), company number 8028170.

Both subsidiaries are incorporated under the Companies Act 2006.

A third subsidiary, Plymouth Community Homes Manufacturing Services Ltd (PCHMS), company number 07001677, ceased trading in August 2020 and entered into liquidation in March 2022.

	2021/22 £M	Movement %
Turnover	74.7	1.6%
Reported operating surplus	8.5	(30%)
Reported surplus before tax	3.6	(52%)
Operating cash flow	17.1	(51%)
Housing assets	547.0	2%
Net debt	104.0	8%

Turnover for the Group increased by £1.1m compared with 2020/21, this was mainly due to a rent increase of 1.5% applied to 75% of dwellings rents, a higher level of income for block refurbishment recharges, and receipts from Right to Buy and Right to Acquire sales. Dwelling rents overall are £1m higher due to the general rent increase above, net of a 5% reduction in affordable relet rents for 25% of the stock. We are continuing to reduce this type of rent back to social rent levels as we are close to achieving the additional rent agreed with Homes England to subsidise our development programme. The impact of the pandemic on turnover has not been as severe as anticipated with income levels from routine activities holding up well and void levels reducing to more normal level by the end of the year.



The reported Group operating surplus of £8.5m is £3.7m lower than 2020/21. After allowing for the increase in turnover of £1.4m above, costs are £5.8m higher, and more in line with previous years. Repairs and service costs are £5.6m higher mainly as a result of the impacts of Covid secure measures and then bounce back and catchup works as we came out of the pandemic. Other increases totalling £2m were in management, depreciation, non-cash pension costs and bad debts. This impact was wholly offset as one off costs relating to Covid and our manufacturing subsidiary closure incurred in 2020/21 not replicated in 2021/22.

The cash generated from operating activities in 2021/22 has decreased by £18.1m to £17.1m, this is due to a combination of a decrease of £3.8m to the surplus for the year and movements within working capital. There has been a increase in debtors as a significant grant of £4.8m was outstanding from Homes England as at 31 March in respect of reimbursement for cladding fire safety works, and a decrease in creditors as a significant number of supplier and contractor payments became due in advance of 31 March as opposed to previous years.

The asset value has increased by 2% (2020/21 3%) reflecting the development, major repairs programmes and acquisition of 78 homes from Sovereign on the Barne Barton estate in Plymouth.

The Board has approved the financial strategy aims of maintaining the operating margin above 25%, interest cover above 150% and debt per unit below £15,000. The financial strategy aims are based on the Group financial position, and our financial results in 2021/22 have outperformed the targets set by the Board.

The adjusted ratios below exclude spend relating to the removal and replacement of the cladding at the Mount Wise Towers of £4.7m and £5.6m in 2019/20 and 2020/21 respectively and excludes spend of £2.4m for Mount Wise Towers and Marlborough House in 2021/22. The ratios have been adjusted throughout this report for these distorting issues so that we are able to measure the underlying financial performance.

The management teams and Board use a variety of management information and performance indicators, both financial and non-financial, which are spread through the report, to assist with the effective oversight and management of the Group's activities.

	2021/22 Result	2020/21 Result	2019/20 Result	Target
EBITDA operating margin	26%	33%	24%	>25%
EBITDA – MRI interest cover (adjusted)	248%	416%	189%	>150%
EBITDA – MRI interest cover (unadjusted)	198%	299%	82%	>150%
Debt per unit	7,215	6,707	7,207	<15,000

Our approach to value for money

Central to delivering our business strategy is value for money. This means using our money and other resources on the right things, at the right cost and at the right time so we get the right outcome.

Our value for money strategy sets out the principles for how we will achieve value for money in the delivery of our strategic objectives. It is based on the following actions:

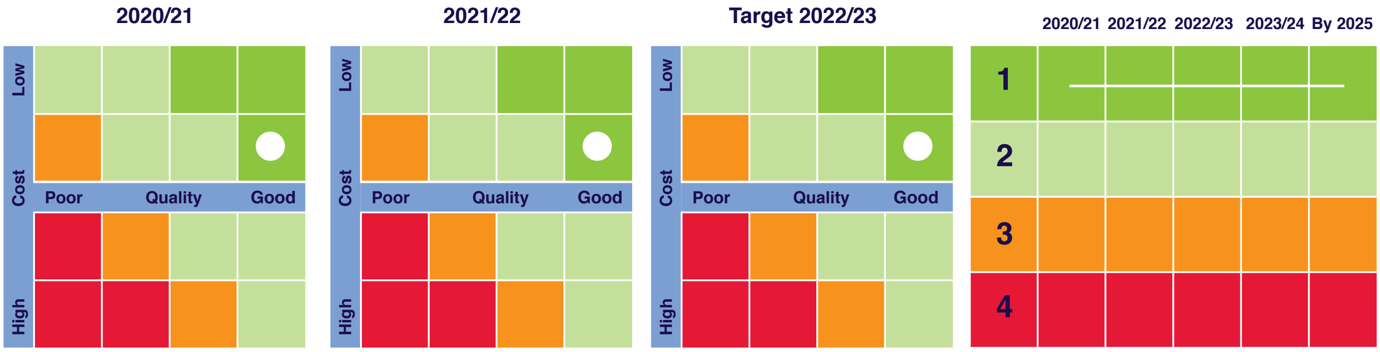
How we assess value for money

Achieving value for money is a key driver of the way we do business; it is considered as part of decision making and ensuring that we deliver the right outcome at the right cost is embedded throughout our organisation. We regularly measure our performance against targets and objectives to ensure that we stay on track in line with the service standards agreed with residents and maintain solid cost control in delivering those services.

It is important to understand how we are performing compared to other landlords, and this is one of our drivers for performance improvement. We participate in HouseMark and Sector Scorecard benchmarking annually, and we also use the regulator's Global Accounts of Registered Providers as an additional source of performance comparison. Our main source of benchmarking is from HouseMark, using a peer Group all English registered providers.

"Achieving value for money is a key driver of the way we do business."

Overall value for money score



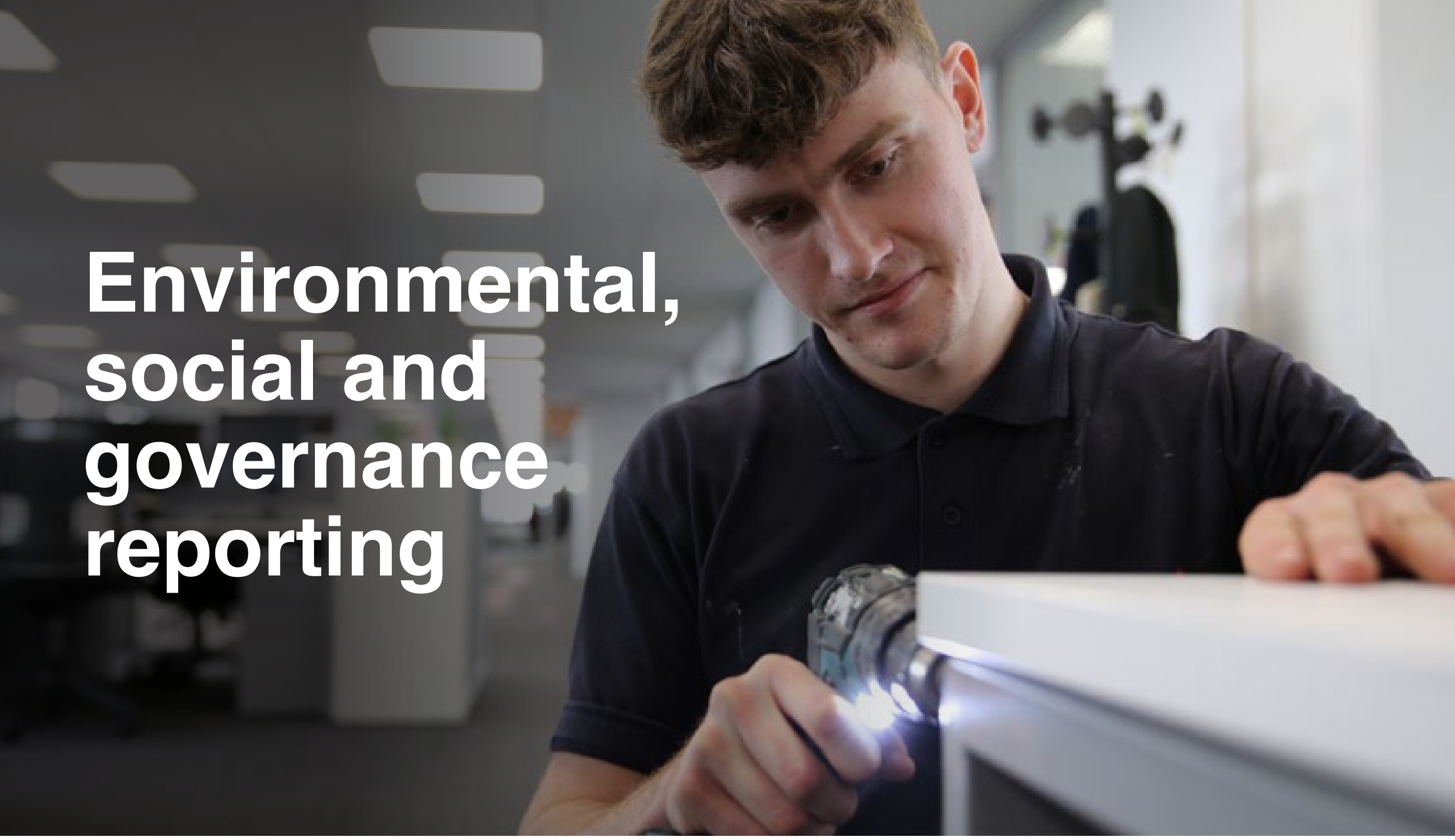
We believe that our overall value for money score is medium cost and high quality. This is evidenced through our strong financial capacity to build more homes, our operational performance which is consistently achieving challenging targets and customer satisfaction scores.

Regulatory metrics

	2021/22	2020//21	Global accounts quartile	Sector scorecard all English HA's quartile
Operating margin	10.1%	16.3%	4th	4th
Operating margin (social housing lettings)	8.8%	17.1%	4th	4th
EBITDA-MRI interest cover (unadjusted)	197.8%	299.1%	2nd	2nd
EBITDA-MRI interest cover (adjusted)	248.1%	416.3%	1st	1st
Homes developed as a % of homes owned	0.8%	0.7%	3rd	3rd
Gearing	18.5%	17.6%	1st	1st
Reinvestment %	4.9%	5.0%	3rd	3rd
Headline social housing cost per unit (unadjusted)	£4,231	£3,731	3rd	4th
Headline social housing cost per unit (adjusted)	£4,066	£3,340	3rd	3rd
Return on capital employed (ROCE)	1.4%	2.1%	4th	4th

The metrics show that we have a strong balance sheet with low debt and high assets giving low gearing. Operating margins are at the lower end for the sector, however this is an expected outcome given our low rents in within the comparator Groups. As 2021/22 has seen the unwinding of larger than usual operating surpluses, as a result of reduced spend in prior years due the pandemic, the operating margin metrics and EBITDA-MRI interest cover metric have reduced this year. The increased spend in comparison to the previous year has also resulted in an increase to our headline social housing cost per unit and return on capital employed metrics.

More detailed commentary is given on the metrics in appropriate sections of the main body of the report.



Environmental, social and governance reporting

All three facets are important to our organisation and are key to Plymouth Community Homes remaining true to its purpose.

We are a social business and hold the highest possible grading for governance from the Regulator of Social Housing. Additionally, good environmental management is a key objective for the organisation, both in terms of the day to day running of the business itself and greening residents' homes and surrounding areas.

We have published a separate report containing information about our environmental, social and governance credentials, and a summary of our performance is below: The report is available on our website via **plymouthcommunityhomes.co.uk/corporate/environmental-social-and-governance/.**

	2021/22	2020/21
Environmental		
Organisational carbon footprint (tonnes Co2e)	675t	616t
Waste diverted from landfill	99%	99%
Energy Performance Certificate >C	71%	72%
Social		
Tenancy sustainment after 24 months	98.03%	96.62%
Community investment	£700k	£789k
TPAS accreditation	Yes	Yes
Governance		
Governance grading	G1	G1
Financial viability grading	V1	V1
Investor In People	Gold	Gold

Good environmental management is a key objective for the organisation

Financial and operational performance

Statement of comprehensive income 5 year comparison

	Group 2021/22 £'000	Group 2020/21 £'000	Group 2019/20 £'000	Group 2018/19 £'000	Group 2017/18 £'000
Turnover	74,672	73,525	76,181	80,178	69,307
Costs	(67,121)	(61,567)	(70,037)	(64,547)	(60,134)
Gain / (loss) on disposal of properties not developed for outright sale	982	288	258	527	(1,363)
Operating surplus	**8,533**	**12,246**	**6,402**	**16,158**	**7,810**
(Deficit) / surplus on sales of fixed assets	(18)	(132)	(3)	92	29
Net interest payable	(4,509)	(4,521)	(4,055)	(4,109)	(5,230)
Cost of cancellation of interest rate hedge	-	-	-	-	(38,380)
Change in value of investment property	(394)	(26)	(261)	730	411
Surplus / (deficit) for the year before Tax	**3,612**	**7,567**	**2,083**	**12,871**	**(35,360)**
Tax	122	(41)	(65)	(7)	(150)
Surplus / (deficit) for the year after Tax	**3,734**	**7,526**	**2,018**	**12,864**	**(35,510)**
Actuarial gain / (loss) on pension scheme	15,156	(17,547)	6,788	392	5,461
Total surplus / (deficit) after actuarial adjustments	**18,890**	**(10,021)**	**8,806**	**13,256**	**(30,049)**

Statement of financial position 5 year comparison

	Group 2021/22 £'000	Group 2020/21 £'000	Group 2019/20 £'000	Group 2018/19 £'000	Group 2017/18 £'000
Fixed assets - housing	547,047	534,091	519,976	504,274	488,302
Tangible assets - other	35,735	36,000	36,399	37,010	36,626
Total fixed assets	**582,782**	**570,091**	**556,375**	**541,284**	**524,928**
Net amount receivable After more than one year	534	1,081	2,295	1,517	-
Cash	11,465	17,077	23,950	13,442	15,927
Other current assets	16,940	11,465	17,153	23,791	15,742
Current liabilities	(15,189)	(19,277)	(16,285)	(17,914)	(18,691)
Net current assets	**13,216**	**9,265**	**24,818**	**19,319**	**12,978**
Creditors falling due > 1 year					
Housing loans	(112,898)	(111,121)	(125,230)	(111,108)	(109,794)
Grant funding	(51,263)	(43,184)	(41,083)	(37,770)	(26,176)
Pension liability	(32,892)	(45,547)	(26,567)	(30,075)	(28,043)
Total	**(197,053)**	**(199,852)**	**(192,880)**	**(178,953)**	**(164,013)**
Provision for removal of tower cladding	-	-	-	(512)	(4,495)
Net assets / reserves	**399,479**	**380,585**	**390,608**	**382,655**	**369,398**

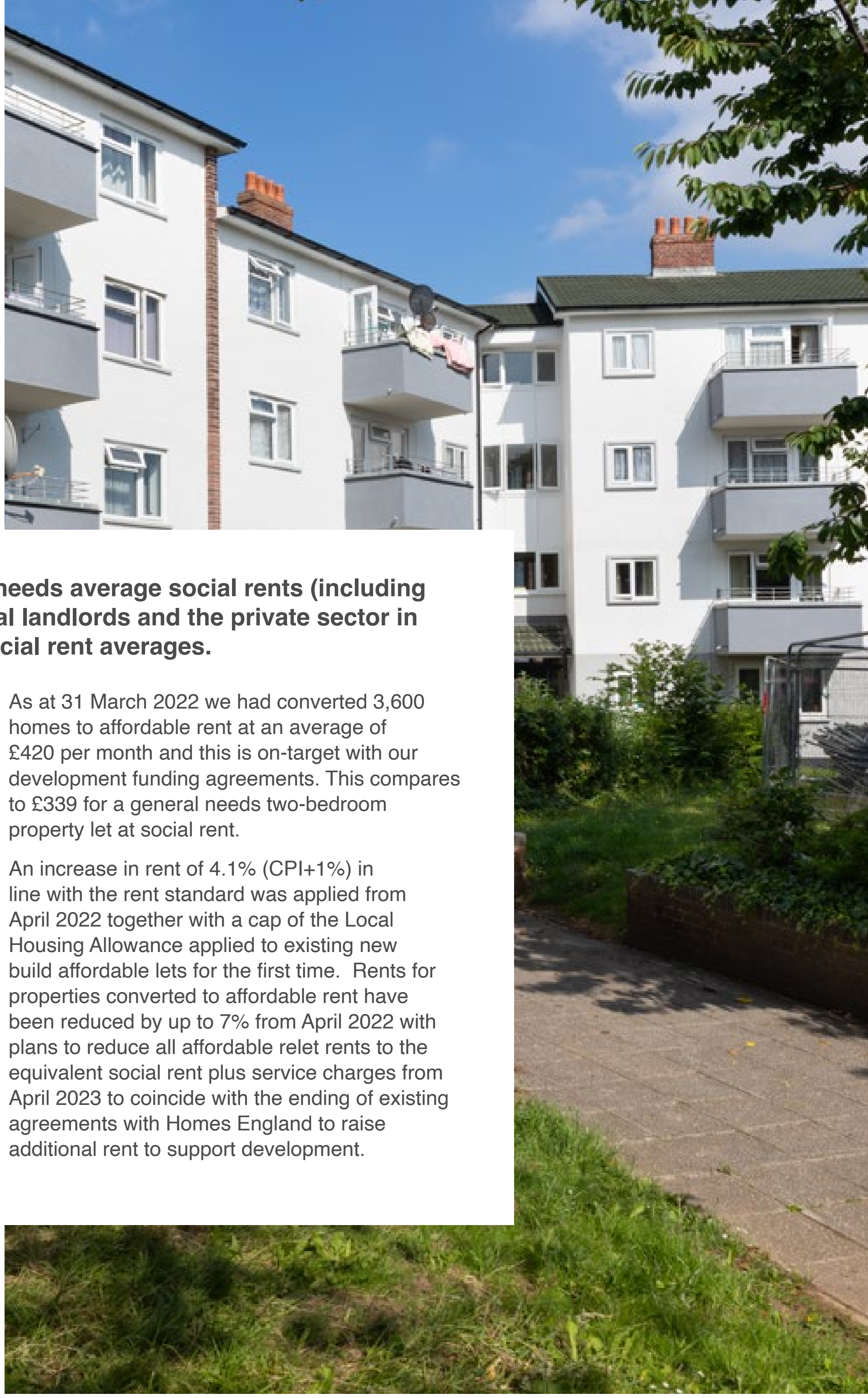
Turnover

Group turnover for the year ended 31 March 2022 increased by 2%, the increase was as a result of:

- Leaseholder block refurbishment recharges of £1.6m (March 2021: £0.2m) as our block refurbishment programme activity increased following the relaxation of government covid restrictions and increased capacity in contractor availability
- Grants from Plymouth City Council for asbestos and Covid related costs £0.9m (March 2021: £0.5m)
- Shared ownership sales income £3.7m (March 2021: £3.4m)
- Social housing lettings income increased to £66m (March 2021: £63.3m), the net increase was as a result of:
  - Social rent increased by 1.6% to £52.3m (March 2021: £51.5m)
  - Affordable rent premiums on homes converted to affordable rent reduced by 18% to £2.7m in line with the aim of steadily bringing affordable rents back to social rent levels (March 2021: £3.2m)
- Social housing lettings share of turnover increased to 88% (March 2021: 86%).
- Our social rents continue to be amongst the lowest in England and this presents us with a challenge. We believe that charging below-market rents provides a social dividend because it helps those on low incomes have a good quality, secure home.
- Our affordable rents, converted from social rent on relet since 2011, are all due to revert back to social rent from April 2023 in line with Homes England development subsidy agreements being achieved. Almost 1,000 properties already reverted back at April 2022. The loss of the additional rent will further reduce turnover in 2022/23 and more significantly 2023/24 before rent levels return to normal levels.
- Grants in 2020/21 for furlough (£0.8m) and North Prospect final phase site assembly (£0.9m) not replicated in 2021/22

	2021/22 £'000	2020/21 £'000	2019/20 £'000
Turnover	74,672	73,525	76,181
% of income from social housing lettings	88%	86%	83%
Increase(decrease) in turnover	1.6%	(3.5%)	(5.05%)

Turnover (rents)



The table below shows the PCH general needs average social rents (including service charges) compared to other social landlords and the private sector in Plymouth, and national general needs social rent averages.

The social rent for a three-bedroom PCH home is over £45 less per month than other Plymouth-based registered providers. Compared to the private rented sector, our rents are almost 60% cheaper. PCH continues to be the main provider of social housing with 60% of Plymouth's social rental market.

As part of our development agreements with Homes England, we have a programme to convert socially-rented homes to affordable rent when they become vacant. This means we can charge up to 80% of market-rent with the income from the additional rent being ring-fenced for development. The required funding will be met by the end of 2022/23. 2021/22 was the 2nd year where we reduced existing affordable rents by 5% per year, with the lower limit being the equivalent social rent plus service charges.

As at 31 March 2022 we had converted 3,600 homes to affordable rent at an average of £420 per month and this is on-target with our development funding agreements. This compares to £339 for a general needs two-bedroom property let at social rent.

An increase in rent of 4.1% (CPI+1%) in line with the rent standard was applied from April 2022 together with a cap of the Local Housing Allowance applied to existing new build affordable lets for the first time. Rents for properties converted to affordable rent have been reduced by up to 7% from April 2022 with plans to reduce all affordable relet rents to the equivalent social rent plus service charges from April 2023 to coincide with the ending of existing agreements with Homes England to raise additional rent to support development.

	PCH social rent 2021/22	Plymouth social rent 2020/21	National rent 2020/21	Plymouth private rent 2022	Local housing allowance maximum
One bedroom	£299	£321	£390	£548	£449
Two bedroom	£339	£374	£432	£685	£583
Three bedroom	£363	£409	£463	£800	£693
Four bedroom	£405	£465	£545	£1,109	£848
Five bedroom	£486	£484	£608	£1,109	£848

Value for money indicators income management

The number of tenants known to be receiving Universal Credit continues to increase and stood at 4,565 on 31 March 2022, and we expect this to increase further as more people transition to Universal Credit.

The average number of days to relet a routine void and rent lost due to voids continues to benchmark well. Whilst they have reduced from 2020/21, they are still higher than pre-pandemic levels and work remains ongoing to return them closer to those levels.

Whilst the continued move to Universal Credit has the potential for higher rent arrears, as tenants become responsible for paying the rent instead of this being paid directly to us, our income recovery and financial inclusion team have successfully worked with tenants to support them through financial difficulties and where applicable assist them in obtaining financial support via Universal Credit. We have seen a small increase to rent arrears to 1.51% of annual debit billed (1.36% in 2020/21), however we remain in the top quartile for benchmarking.

	2021/22 target	Benchmark quartile	2021/22	2020/21	2019/20
Rent collected as a % of Rent Due	100.00%	2nd	100.32%	100.70%	99.61%
Current tenant rent arrears as % annual debit	2%	1st	1.51%	1.36%	1.43%
Occupancy rate	99.2%	1st	99.5%	99.4%	99.6%
Average number of days to relet routine voids	20	2nd	43.15	55.36	23.77
Rent lost during the year due to voids as %	0.80%	1st	0.65%	0.79%	0.46%

Shared ownership

Shared ownership sales were £3.7m (2020/21: £3.4m), giving a surplus of £0.151m (2020/21: £0.426m).

42 Properties were sold this year (2020/21: 43), taking our total shared ownership properties to 317 as at 31 March 2022 (271 March 2021). The return on sales reduced from 12.5% in 2020/21 to 4.1% in 2021/22. The reduction was predominantly due to a higher number of properties sold in year from the North Prospect Regeneration Scheme which included significant land assembly costs.

Shared ownership sales	2021/22 £'000	2020/21 £'000	2019/20 £'000
Shared ownership sales	3,669	3,408	3,597
Cost of sales	(3,518)	(2,982)	(3,328)
Surplus	151	426	269
Return	**4.1%**	**12.5%**	**7.5%**

Subsidiary activity

Year to 31 March 2022	Turnover 2021/22	Turnover 2020/21	Costs 2021/22	Costs 2020/21	Profit / (loss) 2021/22	Profit / (loss) 2021/22
PCH Energy	1,013	1,115	(1,006)	(1,043)	7	72
PCH Regeneration	10,021	9,184	(9,506)	(8,883)	515	301

The income and costs from PCH Energy are consolidated into the Group figures. In 2020/21 the above table included PCH Manufacturing, however this subsidiary ceased trading in 2019/20, with some residual activity remaining in 2020/21, and commenced formal liquidation with no trading activity in 2021/22.

The majority of turnover and costs of PCH Regeneration does not add to the consolidated Group figures as they predominantly arise from intercompany transactions. The relevant Boards review the extent to which they give gift aid to PCH Ltd each year.

Cost of sales

Cost of sales increased from £3.3m in 2020/21 to £3.7m in 2021/22, mainly as a result of the increased cost of sales related to shared ownership properties. External sales costs include the contract for management and maintenance of the PV panels and monitoring equipment for PCH Energy.

Cost of sales	2021/22 £'000	2020/21 £'000	2019/20 £'000
Shared ownership	(3,518)	(2,982)	(3,328)
Land sales	-	-	(1,947)
External sales	(205)	(310)	(2,084)
Total cost of sales	**(3,723)**	**(3,292)**	**(7,359)**

Operating costs

Operating costs increased by £5.1m (9%) from £58.3m in 2020/21 to £63.4 in 2021/22.

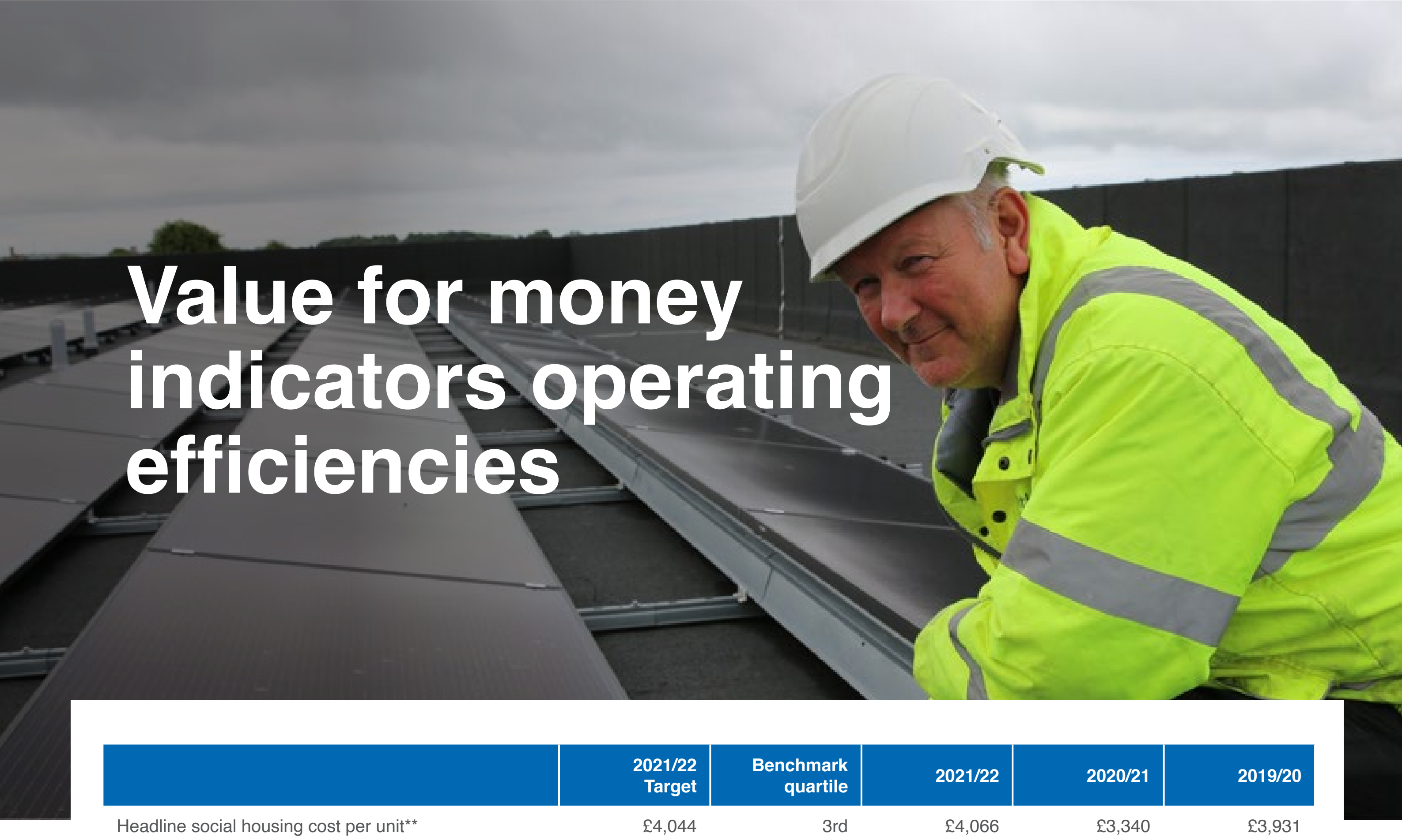
The largest elements of the increase in operating costs relate to planned and responsive repairs £19.5m (2021: £15.9m) Initially this was due to additional cost of Covid secure measures, then the cost of clearing the backlog of work built up during the pandemic as restrictions eased. There were increased costs resulting from disruptions to supply chains and the availability of both labour and materials both internally and with our suppliers and subcontractors. Service costs were similarly affected spending £7.2m (2021: £5.1m) although £1.6m of the £2.1m increase related to major works recharges to leaseholders which are fully recoverable. The cost of utilities increased in 2021/22 and will increase further in 2022/23 and will be continually monitored to ensure we retain best value for both our corporate building and contracts for services passed onto residents. In setting the 2022/23 service charges the Board agreed to cap the increase in utilities costs passed onto residents in anticipation of government or market intervention in the increasing costs.

The impact of Covid-19 continued to have a wide-ranging impact on the delivery of services during the year and as restrictions eased. Our flexible systems of work generally held up well whether this is in our communities, in our workplaces or at home. Hybrid office / home working arrangements were agreed last summer although interrupted due to further lockdown in the autumn/winter. Our aim is to continue to invest heavily in Digital & IT to further drive service and efficiency improvements.

This includes further expanding the mobility of PCH staff to work and deliver services in a flexible and agile way moving away from office bound environments. This involves the modernisation (transformation) of core IT systems and processes becoming ever increasingly digital and paperless. We remain confident that the investments in digital & IT will continue to deliver the expected operational benefits and modernise the delivery of services to our residents, with capital investment of £0.9m and £3.5m revenue expenditure budgeted in 2022/23.

For 2022/23 the Board approved a pay rise for staff of 3%, following an increase of 1.5% in 2021/22. The pay award reflecting an acknowledgement of increasing cost of living spend being experienced and an appreciation of staff's continued hard work.

Group	2021/22 £'000	2020/21 £'000	2019/20 £'000
Costs	63,398	58,275	62,678
Increase / (decrease)	5,123	(4,403)	6,357



Value for money indicators operating efficiencies

	2021/22 Target	Benchmark quartile	2021/22	2020/21	2019/20
Headline social housing cost per unit**	£4,044	3rd	£4,066	£3,340	£3,931
Management cost per unit	£795	1st	£719	£711	£682
Maintenance cost per unit	£902	2nd	£1,034	£814	£851
Major repairs cost per unit	£1,548	4th	£1,474	£1,167	£1,625
Service charge cost per unit	£443	3rd	£496	£359	£369
Other social housing cost per unit	£356	3rd	£343	£290	£404
Ratio of response repairs to planned maintenance	0.40	1st	0.49	0.52	0.44
% repairs completed within published timeframes	99.00%	-	96.51%	98.54%	98.29%
Average number of days sickness per FTE	8 days	3rd	8.66	5.92	8.09
Overheads as a % of adjusted turnover*	12.30%	3rd	12.81%	11.77%	12.40%

**2019/20 headline social housing cost per unit and major repairs cost per unit exclude £4.736m of Mount Wise Towers and Marlborough House replacement cladding spend. Including these costs the unit costs would be £4,260 and £1,955. In 2020/21 headline social housing cost per unit and major repairs cost per unit excludes £5.578m of Mount Wise Towers and Marlborough House replacement cladding spend, including these costs the unit costs would be £3,731 and £1,558. In 2021/22 headline social housing cost per unit and major repairs cost per unit excludes £2.375m of Mount Wise Towers and Marlborough House replacement cladding spend, including these costs the unit costs would be £4,231 and £1,639 respectively.

The increase in the headline social housing cost per unit is expected as activity levels approach or exceed pre-pandemic levels.

The management cost per unit has seen a small increase from £711 to £719, as we have continued to invest in digital and information technology transformation, in addition to increased service delivery costs.

Repair maintenance costs per unit increased in 2021/22 as efforts were made to catch up on delayed works following the pandemic. In addition, we also experienced increased costs for contractors as the local economy unlocked and there was a greater demand for contract works in the region.

Major works remains at 4th quartile reflecting the Board's commitment to a high level of investment, including a block refurbishment programme, to a level above the minimum decent homes standard. The cost per unit has increased from 2020/21, as expected for the previously quoted reasons.

The overhead as a percentage of adjusted turnover has increased this year. This is due predominantly due to one off covid related grants received in 2020/21 increasing turnover, and not being replicated in 2021/22. This indicator continues to be influenced by our low rents; we estimate that if PCH rents were at similar levels to other housing Associations in Plymouth our overhead costs as a percentage of turnover would be close to being in the lowest 25%.

Overall the costs per unit indicators are within target reflecting a tightly managed operating performance. This is illustrated by strong performance measures on repairs and arrears and a tightly managed absence process.

Value for money indicators outcomes delivered

Costs are only one aspect of looking at value for money and we place a strong emphasis on quality and customer satisfaction.

Overall resident satisfaction with PCH as a landlord has declined slightly from 90% to 86.08%, whilst disappointing, it is not unexpected and reflects a downward trend across the sector in recent years. We have also changed the way in which we collect customer satisfaction responses which has increased the number received and also provides greater detail for us to baseline and drive improvements going forward.

Whilst we spent a substantial figure of over £700,000 in community development, the regulator has a tightly defined measure of investment in communities, which does not fully reflect all of our efforts including of our work to manage tenancies, support those in debt, deal with anti-social behaviour and invest in home improvements which contribute to sustaining communities.

The target for reinvestment in new and existing stock reflects our plans to continue to develop new homes and our major repairs programme. Our investment didn't reach pre-pandemic levels in 2021/22, however we forecast that in future years this will increase in line with the Boards wish to invest in our existing stock and growth aspirations.

	2020/21 Target	Benchmark quartile	2021/22	2020/21	2019/20
Customer satisfaction with services (STAR)	94%	3rd	86.08%	91.20%	91.20%
% residents satisfied with the repairs service (transactional)	95%	-	96.34%	97.21%	96.22%
% residents satisfied with the outcome of their anti-social behaviour complaint	92%	1st	96.90%	94.75%	94.75%
% homes with a valid gas safety check	100%	3rd	99.97%	99.95%	99.98%
% reinvestment in new and existing stock	8%	4th	4.9%	5.0%	6.9%
£s invested in communities £000's	£853	2nd	£700	£789	£776

Value for money indicators operating margin

The operating surplus for the year decreased from £12.1m to £8.6m.

This is mainly due to increased costs of service delivery, and to one off grant receipts included in the 2020/21 comparator, partially offset by increased rent income.

The operating margin (operating surplus as a percentage of turnover) on a similar basis decreased from 16.3% to 10% due to the factors above. Using the EBITDA measure the surplus was £19.6m (2021: £24.1m), and the EBITDA operating margin has reduced to 26% from 33% in 2020/21.

The operating margin remains low predominantly because of our low rents and high depreciation charges of over £10m which are an adjusting factor for the EBITDA margin. The operating margin from social housing is low for similar reasons. There would be a financial benefit if there were a change to government policy which would allow us to converge rents to the levels that other housing Associations charge in Plymouth.

	Target	2021/22	2020/21	2019/20
Operating surplus, exc sales of fixed assets* £000's	7,300	8,515	12,114	6,399
Operating margin*	7%	10.1%	16.3%	8.1%
Operating margin (social housing lettings)*	7%	8.8%	17.1%	7.8%
Operating margin - (EBITDA)*	>25%	26%	33%	24%

Sale of properties not developed for outright sale

There was a net gain on sale of properties not developed for outright sale, mainly Right to Buy, of £982k, a significant increase from the prior year due to increasing numbers of Right to Buy or Right to Acquire sales (2021: £288k).

Other fixed asset sales

There was a loss on other fixed asset sales of £18k mainly related to disposal of solar PV panels related to PCH Energy (2021: £132k loss due to manufacturing unit closure).

Interest payable and similar charges

Interest payable and similar charges were £4.5m which was unchanged (2021: £4.5m). As well as interest these total interest figures comprise, non-utilisation fees, arrangement fees and other relevant costs associated with a refinance exercise, amortisation of previous arrangement fees, relevant legal and professional charges, pension interest expense and are net of interest capitalised to development schemes in the year.

Loans increased to £115.5m at the end of the year from an opening level of £113.5m. The average level of borrowings during the year was £114m (2021: £118m). The step up in loan balances is expected financing of the development programme.

Value for money indicators interest cover

	Target	Benchmark quartile	2021/22	2020/21	2019/20
EBITDA interest cover	>250%	--	415%	506%	406%
Interest cover (EBITDA MRI) Group (unadjusted)	>150%	2nd	198%	299%	82%
Interest cover (EBITDA MRI) Group (adjusted)	>150%	1st	248%	416%	189%

Adjusted figures are amended for £4.7m of spend in 2019/20, £5.6m of spend in 2020/21 and £2.4m of spend in 2021/22 in respect of the removal of cladding on Mount Wise Towers and Marlborough House. The underlying result is a strong financial performance reflecting the low gearing of the Association and the effectiveness of debt management.

Group cash flow

The cash generated from operating activities in 2021/22 has decreased by £18.1m to £17.1m, this is due to a combination of a decrease of £3.8m to the surplus for the year and movements within working capital. There has been an increase in debtors as a significant grant of £4.8m was outstanding from Homes England as at 31 March in respect of reimbursement for fire safety works, and an decrease in creditors as a significant number of supplier and contractor payments became due in advance of 31 March as opposed to previous years.

During 2021/22 net borrowing increased by £2m, as we looked to finance development opportunities in line with the 30 year business plan and the Board growth aspirations, (2020/21: £14m decrease).

Housing properties

PCH continued with its substantial investment in its homes. During the year, £26.8m was spent on improving and acquiring housing properties and £1.8m was spent on other fixed assets.

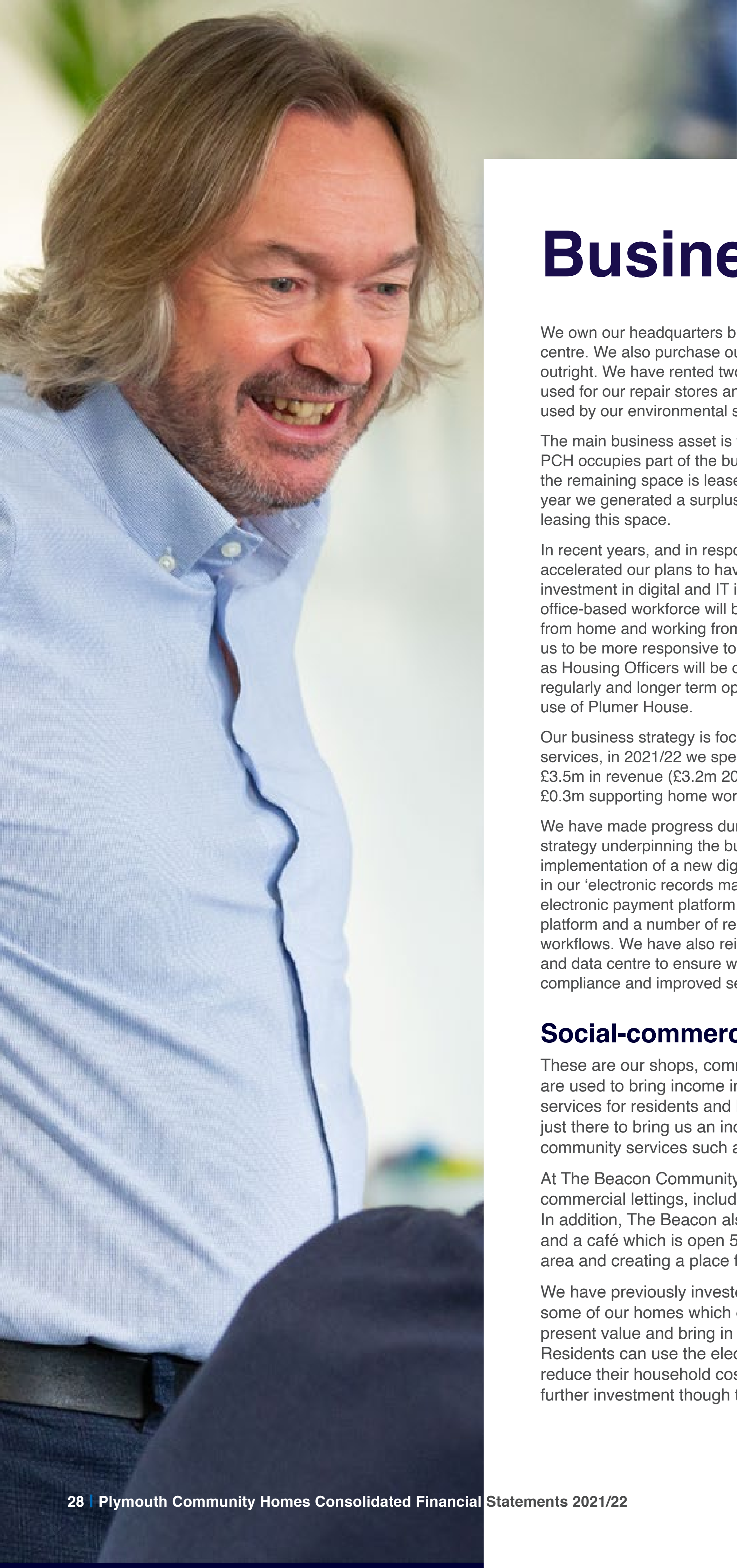
We developed 122 new homes during the year and acquired a further 78 in Barne Barton from Sovereign Housing Association. The net movement to the total stock was an increase of 137 homes (2020/21: 87 decrease). During the financial year ending 31 March 2022, we disposed of 60 social housing homes (53 Right to Buy and 7 Right to Acquire), there were also 2 shared ownership properties that fully staircased. This resulted in a net gain after costs of sale, write out of assets and payment of 50% share of net Right to Buy receipts to Plymouth City Council, of £982k.

Including both capital and revenue expenditure, PCH spent £19.1m improving its existing properties. The work carried out is significantly above the minimum required to maintain the decent homes standard and is delivered in conjunction with feedback and consultation with residents.

Strategic asset management is a core element of our business. We have over 14,000 homes let at social or affordable rent which are our main focus, but we also have over 175 shops, over 2,300 properties with solar panels, over 3,000 garage and parking spaces and we own a large office building.

All of our homes were improved to a standard above the minimum decent homes requirements as part of a large-scale investment programme which took place between 2009 and 2015. Our current asset management strategy is to ensure we maintain this standard and modernise our blocks of flats, improve energy performance certificates and manage fire safety requirements.

“We continued substantial investment in our homes. During the year, £26.8m was spent on improving and acquiring housing properties and £1.8m was spent on other fixed assets.”



Business assets

We own our headquarters building and a satellite office in the city centre. We also purchase our fleet of vehicles and IT equipment outright. We have rented two small industrial units, one of which is used for our repair stores and the other is a PCH recycling centre used by our environmental services team.

The main business asset is the headquarters building, Plumer House. PCH occupies part of the building and, to make best use of the asset, the remaining space is leased to other organisations. During the year we generated a surplus of £315k, including service charges, for leasing this space.

In recent years, and in response to the pandemic we have accelerated our plans to have a more agile workforce, and with investment in digital and IT infrastructure and other equipment, our office-based workforce will be operating a hybrid model of working from home and working from an office location. This model will allow us to be more responsive to residents as frontline workers such as Housing Officers will be out and about in the community more regularly and longer term open the potential for more options for the use of Plumer House.

Our business strategy is focussed on increasing digitalisation of services, in 2021/22 we spent £0.3m on capital (£0.3m 2020/21) and £3.5m in revenue (£3.2m 2020/21). In addition, we spent a further £0.3m supporting home working and other impacts of the pandemic.

We have made progress during 2021/22 in delivering the D&IT strategy underpinning the business strategy including the implementation of a new digital tenancy portal, new (re-investment) in our 'electronic records management platform', new (replacement) electronic payment platform, adoption, and migration to the MS365 platform and a number of replacement digitised services and digitised workflows. We have also reinvested in the D&IT infrastructure and data centre to ensure we remain within vendor support, within compliance and improved security and protection.

Social-commercial assets

These are our shops, community spaces and solar panels. They are used to bring income into PCH which is then used to deliver services for residents and build more homes. Our shops aren't just there to bring us an income - many of them are home to vital community services such as post offices and grocery stores.

At The Beacon Community Hub in North Prospect we have commercial lettings, including a nursery, library and grocery store. In addition, The Beacon also has space for community activities and a café which is open 5 days a week, increasing footfall to the area and creating a place for social interaction.

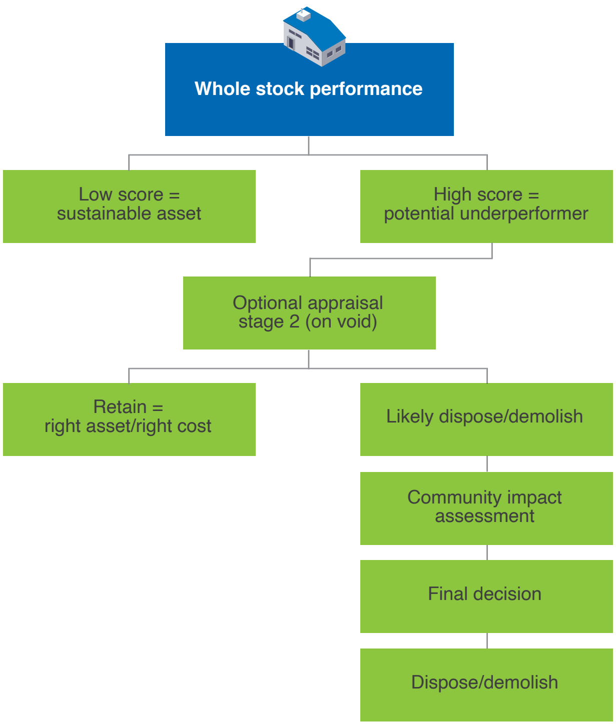
We have previously invested £9.9m in installing solar panels to some of our homes which over their lifecycle have a positive net present value and bring in a financial return through feed in tariffs. Residents can use the electricity generated free of charge and reduce their household costs. There are currently no plans for further investment though this will be reviewed in the coming year.

Strategic asset management

Whilst our policy is to maintain homes to a high standard, sometimes it costs more to maintain a property than the rental return.

Where we identify properties that could fall into this bracket, these assets are subject to an evaluation process taking social, financial and environmental features into account. If the evaluation determines that PCH should consider disposal, this is considered by an internal multidisciplinary panel for a final decision. The process is shown in the diagram below:

Asset evaluation process



We have introduced 3 core programme streams, aiming to maximise the number of homes receiving attention and VFM, co-ordinating works where appropriate to avoid duplication of costs such as access needs.

- Planned programme - for homes that are in good order and high demand, without foreseeable structural or lettability issues, requiring a straightforward programme of cyclical works to keep them in excellent order.
- Planned programme plus - for homes that have some of the following features: recurring external repair issues; lack “kerb appeal” for residents in a way that is straightforward to remedy (poor environment or communal spaces).
- Modernisation - takes account of matters which go beyond the standard requirements of a stock condition survey, including features such as ECO works and the full refurbishment of a block, supporting the wider aims of the organisation.

We have set a budget of £19.7m on major works and improvements to our existing properties of which £8.3m is for refurbishing the building and communal areas in some of our blocks of flats over the coming year. Other works include delivering our programmes of planned maintenance, fire compliance and roof replacement works as well as some kitchen and bathroom replacements. We are also delivering other smaller projects to ensure we continue to maintain our homes at the decent homes standard.

Value for money indicators effective asset management

Return on capital employed (ROCE) remains low which is to be expected for a housing Association focussed on the provision of social and affordable housing. As reported in the section on turnover, we regard our low rents as providing a social dividend with social rents on average at close to 60% of market rents and affordable rents at 80% of market rents.

As the ROCE is a calculation of the operating surplus divided by the asset value it is self-evident that with low rents the return will be very low. The size of the development programme and the focus on affordable rents will only marginally add rental income and proportionately add more to asset costs and so will not increase the ROCE.

	Target	2021/22	2020/21	2019/20
Return on capital employed	1.1%	1.43%	2.07%	1.11%
Operating surplus - £'000	7,300	8,515	12,114	6,399
Total assets less current liabilities £m	602	597	585	583

Value for money indicators development (capacity)

Although the ROCE is low we remain a very low-geared Association given our relatively low level of debt to asset values and this gives assurance that we have capacity to take on more debt to support our planned development programme.

The Board approved a business plan with an assumption of developing 200 homes a year for retention and 20 for open market sale.

Our net debt per unit at just under £7,500 is considerably lower than our most restrictive gearing covenant.

	Target	2021/22	2020/21	2019/20
Gearing	27%	19%	18%	20%
Net debt per home exc shared ownership	<£13,500	£7,377	£6,837	£7,327
Net debt per home inc shared ownership	<£13,500	£7,215	£6,707	£7,207

Value for money indicators development (supply)

Not included with the new supply figures above are 78 properties acquired from Sovereign Housing Association. These properties are excluded from the Regulators definition of New Supply Delivered as they would already be included in the total number of global social housing properties within the sector and deemed as transferred properties.

	Target	Benchmark quartile	2021/22	2020/21
New supply delivered (social housing)	202	-	122	97
New supply delivered as % of homes owned (social housing)	0.78%	3rd	0.85%	0.69%
New supply delivered – number of non-social housing homes	-	-	-	-
New supply delivered as a % of stock – non-social housing homes	-	-	-	-

Between the stock transfer in 2009 and March 2022 PCH has built 997 new homes, 677 for rent and 320 for shared ownership. During 2021/22 we took handover of 73 new affordable homes, 49 shared ownership homes and acquired 78 homes from Sovereign Housing Association.

The regeneration of the North Prospect estate was a promise when we transferred and to date, we have built 463 new homes and an impressive community facility known as The Beacon which contains a library, shops, business offices and community meeting space. The whole regeneration project amounting to 1026 new homes is due to complete in early 2024.

We continue with our ambition to develop more homes within the Plymouth travel-to-work area, and during the year we have taken ownership of further homes in Liskeard, Tavistock, and Yelverton.

Our future strategy includes developing homes in the Plymouth travel to work area including at Sherford a new community on the outskirts of Plymouth and over 140 homes in Millbay, and started on site in Saltash for the delivery of 107 new homes.

Building new social housing requires a financial subsidy in order to make it viable. The funding for our current build programmes consists of a mixture of government grants, subsidy from Plymouth City Council, additional income from temporarily re-letting social rented homes at higher affordable rent levels, internal cost savings made, budget out-performance, cross-subsidy from market sale homes, and a very limited number of disposals of existing homes which are either unpopular with residents, have very high maintenance costs, or both.

We have the financial capacity to undertake a more ambitious programme but obtaining land for development remains difficult. The memorandum of understanding agreement with Plymouth City Council will support our ambitions in terms of providing land and finance to develop 600 homes in Plymouth.

Capital structure and treasury policy

Capital structure

At 31 March 2022 the organisation had £105m of variable rate bank facilities being a £65m revolving credit facility RCF) provided by National Westminster Bank (NatWest), expiring 2028, and a £40m RCF provided by Barclays, expiring 2026. These facilities provide the flexibility we require for the large costs of our development and major works programmes.

In addition to these shorter term facilities, we have longer term fixed rate financing of £90m being £30m of European Investment Bank funding sourced through The Housing Finance Corporation (THFC) and £60m in three £20m private placements (PPs) initially sourced through Barings as an investor agent. In 2021/22 Massachusetts Mutual (the patent of Barings) sold part of its business interest, in two holdings of £2.1m to Great West Life Inc and Great West Life New York Inc.

All borrowing agreements give us the flexibility to obtain additional funding without requiring the consent of existing lenders.

This is a suitable funding structure to support our expansion and to which we expect to add as we continue to build new homes and improve existing homes. The following chart shows the expiry profile of these facilities.

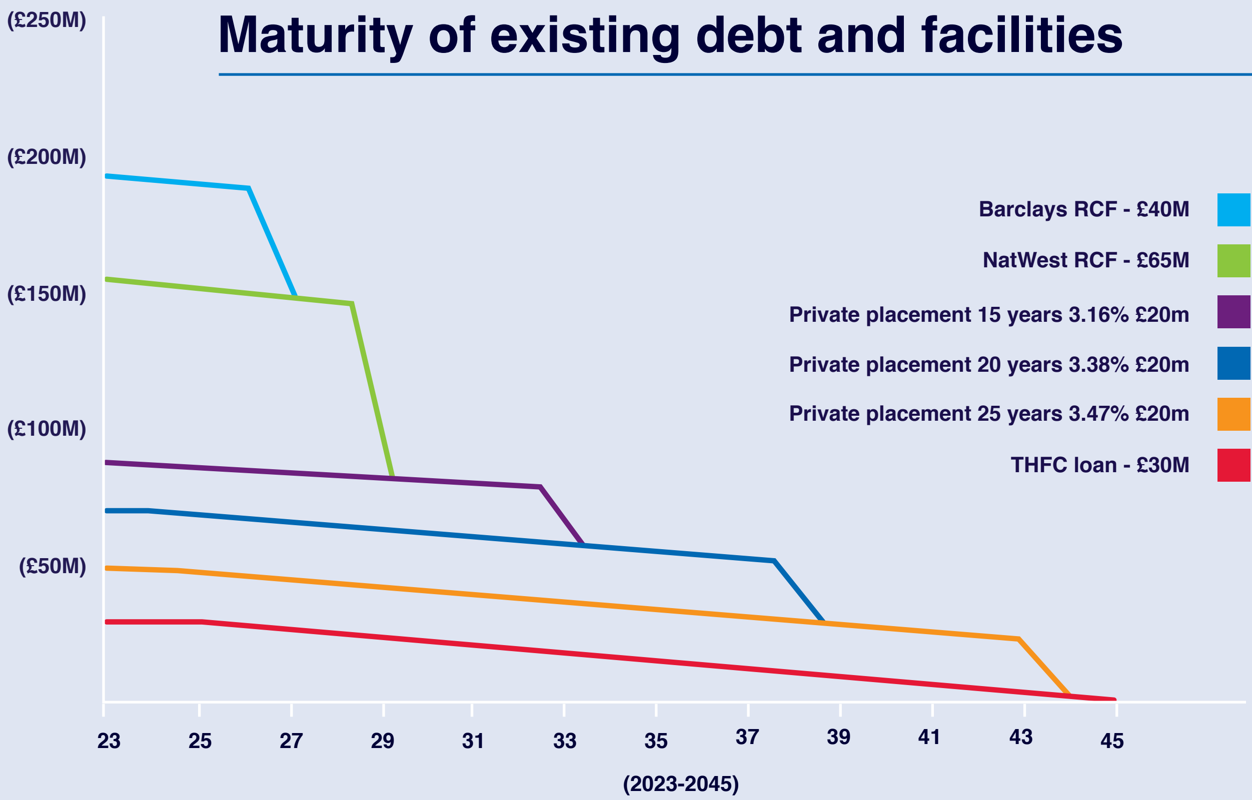
At 31 March 2022, of the £195m facilities available to the organisation, £115.5m had been drawn down, with £79.5m still available.

Repayment profile of current facilities

The period quoted for each private placement is its original term; RBS and Barclays are shown at full facility amounts rather than amounts drawn.

The maturity profile of the current capital structure spreads out the future refinancing risk; being the requirement to replace expiring funding with new funding. The existing main facilities end at well-spaced intervals. The THFC loan is fully drawn and has a fixed repayment schedule as shown by the annual decreasing level of loan.

Maturity of existing debt and facilities



A key measure of our ability to support these loans is the level of security of the housing stock that either is or can be put in charge to secure them. The £195m of facilities are fully secured and there are a further 5,931 homes available for charging giving confidence in the organisation's ability to raise future funding. This capacity is reflected in the low gearing and low level of debt per home.

The Group has relatively low operating margins however because debt multiples of turnover and revenue cash generation are both low there remains a strong ability to meet additional costs of debt.

	2021/22	2020/21	2019/20
Net debt / turnover x	1.4	1.3	1.4
Gross debt per unit	£8,010	£7,947	£8,874
Net debt per home exc shared ownership	£7,377	£6,837	£7,327
Net debt per home inc shared ownership	£7,215	£6,707	£7,207
Gearing	19%	18%	20%

The valuations are at existing use value – social housing (EUV-SH) Basis 1 which assumes that the properties will be re-let as social housing upon void. From time to time properties in charge are required to be revalued under the terms of their funding agreements. Savills, the valuers appointed to revalue the properties held in charge with one of our funders Barings is currently concluding its report on their findings with a substantial uplift in property values expected.

	Valuation date	Homes in charge	Valuation £M	Facility £M	Drawn £M
NatWest Group	Jul-20	2,274	81	65	20
THFC	Nov-20	1,611	52	30	30
Barclays	May-20	1,753	62	40	6
Barings/Great West	Jun-22	2,851	99	60	60
Subtotal - allocated		**8,489**	**294**	**195**	**116**
Unallocated		5,931	139		
Total		**14,420**	**433**		
Gross debt per unit	£8,010				

Treasury management

PCH operates a centralised treasury management function. Its primary duties are to manage liquidity, funding, investment and financial risk including that from interest rate volatility.

Treasury policies are approved by the PCH Board with the latest addition to the policy being the Board-approved golden rules to provide a risk management framework for planning and performance.

Golden rules

AREA	Rule	At 31 March 2022
Cash on hand	Higher of £5m or 3 months' cashflow	£11.5m cash balance (excludes monies on deposit with THFC which are not readily available)
Liquidity	Ready to draw facilities (with security in place) for at least 18 months.	Compliant
	Maintain a forecast minimum of 10% of bank loan facilities undrawn-currently £105m so £10.5m.	Compliant More than> 2 years facilities with over 10% bank facilities undrawn.
	No development contracts may be entered into unless sufficient funding is in place to maintain these liquidity rules when the development contract cashflows are included.	Compliant Funding is in place to meet all contracts entered into and schemes approved by the Board as at 31 March 2022
Interest	Interest cover and forecast interest cover for the next five years is to exceed the tightest covenant by a margin of at least 10%.	Compliant
Gearing	Maintain a minimum of 5% headroom above the tightest covenant over the next five years.	Compliant Gross debt is £115.5m Housing assets are £547m

All of the rules were met during the year and are met in future business plan projections on the assumption that additional funds can be raised in a timely manner.

Interest rate strategy

Our policy is to have a mix of fixed and variable rate debt with the split being agreed by the Board each year. With £90m of fixed funding, being 78% of drawn funds at 31 March 2022, the Board has continued with the policy of drawing down all bank debt on variable rates taking advantage of the current very low rates but has agreed to enter into more fixed debt during the year as rates begin to rise.

The £60m private placement has been drawn at fixed rates of c. 3.3% and the £30m EIB / THFC at c.2.9%. The average all in rate for variable debt during the year including payment of commitment fees was 2.7%.

The weighted average cost of debt was 3.4% (2021: 3.4%); these percentages exclude the pension interest expense and arrangement fees and do not net off the interest capitalised upon development schemes as these amounts are both independent of the level of debt. The amount of facility non-utilisation costs incurred during the year was £0.3m (2021: £0.3m) and the actual cash interest paid during the year was £3.2m (2021: £3.6m).

Cash investment strategy

Surplus cash is invested according to policies approved by the Board keeping to the golden rules and with the preservation of capital value as the primary objective.

The organisation's target cash holding is set at the higher of £5m or three months' expected cash spend, although higher cash levels may be held in anticipation of significant capital expenditure or in periods of higher risk in the financial markets.

At the year-end, cash holdings were £11.5m (2021: £17.1m) reflecting the fact cash funds were used to reduce the bank borrowings. In addition to these holdings, a cash balance of £2.4m (2021: £2.1m) is held within a "sinking fund" controlled by THFC as security for the EIB loan. This can be accessed in the future by substituting existing unencumbered housing properties for this cash.

Liquidity strategy

The policy requires balance sheet cash holdings as explained above. This means having in place facilities for at least 16 months future funding with headroom of 10% (currently £10m) on banking facilities and sufficient facilities to cover all committed and uncommitted development schemes in the business plan.

At 31 March 2022 facilities were sufficient to cover over two years of future financing needs with projected undrawn bank debt of £69m in March 2023.

Counterparty

PCH has approved lending and investment counterparties and monitors counterparty risks based upon independent credit intelligence supported by our treasury advisors.

Share capital

During the year 1 share was issued and 5 were cancelled, leaving a balance in the share capital of the company of £34 (2021: £38)

Managing our risks

Risk management principles

The golden rules are used as a financial risk management framework. There are 2 additional rules to those set out in treasury management, section C, relating to the sales risk of open market and shared ownership sales.

Golden rule

Area	Rule	2021/22 actual
Sales risk	Shared ownership and open market sales as a percentage of gross turnover should not be more than 20%.	5%
Shared ownership sales	Unsold stock which is completed and available for sale against current year's gross turnover not to exceed 15%, with triggerpoints at the levels of 5% and 10%. At 10% the resumption is that no new development schemes will be entered into.	1%

As part of the corporate planning processes, the risks that may prevent the Association achieving its objectives are considered and reviewed six-weekly by the Executive Management Team (EMT), quarterly by Audit & Risk Committee (ARC), and biannually at scheduled meetings of the Board as well as at the biannual Board away day risk workshops.

The risks are recorded and assessed in terms of their impact and probability with major risks being reported together with action taken to manage the risks, including assessments of key controls, levels of assurance and the outcome of the action.

Risk appetite

The Board has defined its risk appetite as follows:

Averse	Avoidance of risk and uncertainty
Cautious	Potential for safe delivery options which have a low degree of risk and may only have limited potential for reward
Open/optimistic	Prepared to consider all potential delivery options and choose the one that is most likely to result in successful delivery of an acceptable level of reward and value for money
Significant	Willing to be innovative and choose options offering potentially higher business rewards (despite greater inherent risk).

Currently the risk appetite across all activities is balanced between cautious and open/optimistic with no significant risks being taken but avoiding being unduly risk averse.

Financial stress testing

There is a formal process of stress testing against strategic risks to which the thirty-year financial plan is subject in order to demonstrate the Group's ability to both withstand and to react to particular adverse risks; both individually and in combination. The risks essentially divide into being either a decrease in income or increase in costs, but their incidence can vary between an immediate short-term impact and something that steadily worsens over time so are modelled as real world scenarios.

The modelling focused on testing the business against:

- Breach of funding covenants;
- running out of cash;
- running out of security (given the high levels of unencumbered assets available for security this is not a critical risk area).

This was looked at from the immediacy of a breach of covenant and loss of cash and then the testing was raised to the point at which viability could no longer be sustained. This was done using low, medium and high shock levels.

Six main scenarios were tested, both individually and in combination:

- Inflation and adverse differential inflation
- Major works and build cost inflation
- Welfare reform (inc void and bad debts)
- Interest rate increase
- Sales market decline
- Single large loss events.

Further five-year multivariate testing was also presented to the Board.

In summary, the Group could withstand low impact shocks, mitigate against moderate shocks, but would have to take more severe action for a high level of adverse impact.

Annually the Board receives a report on how the Group would practically implement the mitigating actions in the case of risk crystallisation such as cancelling contracts, selling assets, reviewing staffing resources etc as included in our strategic recovery plan.

If the risks crystallise to such an extent that all of the mitigating actions have to be carried out then the ultimate action would be to merge with another Association. The Board annually sets out its approach to mergers which can be summed up as sticking to our values and being clear and accountable for any decisions.

Looking forward, the critical risk on the horizon will be differential inflation as we continue to encounter increasing costs to deliver services and build new homes, while conscious of the impact to tenants of increasing rent charged based on a significantly high CPI forecast. This will require consideration and tough decisions will be required in the future.

The actions available to reduce the impact of all the above scenarios are to:

- Utilise major repairs contingency
- Utilise management costs contingency
- Reduce regeneration / other major repairs spend
- Staff cost savings (whether in salaries or staff numbers)
- Stopping / reducing development
- Rent increases
- Raising cash through selling assets
- Raising cash through taking on more debt

Group structure and corporate governance

Profile of Plymouth Community Homes Ltd

Plymouth Community Homes (the ‘Association’ or ‘PCH’) is a high performing, efficient and effective housing business focused on providing good quality homes and services for people in the city.

We (‘the Group’) have a clear corporate structure with the Association being the parent of two subsidiary companies. PCH is the principal asset owning entity and all debt sits with the Association.

The Association Board is ultimately responsible for the control of the Group, which includes approving the overall strategies and policies, and for monitoring performance against targets, within a clearly defined framework of delegation and system of control.

The two subsidiaries allow us to trade in a for-profit context whilst reducing the risks associated with such activities.

Plymouth Community Homes Ltd (PCH)
Registered provider with charitable status

Plymouth Community Homes Regeneration Company Ltd (PCHR)
Non-charitable limited company

Plymouth Community Homes Energy Ltd (PCHE)
Non-charitable limited company

Subsidiary companies

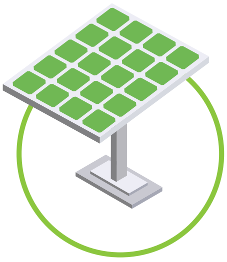
The two subsidiary companies are registered with Companies House and are for-profit organisations. They are not registered with the Regulator for Social Housing (RSH). Surplus funds generated by these companies can be Gift Aided to Plymouth Community Homes to support its work or reinvested in the companies. There are no external shareholders receiving dividends.

Plymouth Community Homes Regeneration Company Ltd (PCHR)

The core business of PCHR is to oversee new-build design and build work for PCH. surplus profits can be paid to PCH under Gift Aid. As PCHR is delivering new open market sales via a joint venture, it will retain the surplus for the year to March 2022 to provide a buffer against market downturns in future schemes and to provide potential working capital.

The terms of reference for the PCHR Board were amended in 2021 to ensure appropriate oversight of open market sales. In addition, the composition of the PCHR Board was reviewed and now consists of at least two members of the PCH Board, one member of the Executive Management Team and up to two non-executive members who are independent of the PCH Board.

PCHR is a company limited by shares. This Board met four times during 2021/22.



Plymouth Community Homes Energy Ltd (PCHE)

The principal activity of this subsidiary is to install and manage photovoltaic panels, under a license agreement, on properties owned by PCH.

Photovoltaic cells are currently installed on 2,312 properties; slightly less than in 2020/21 due to the loss of properties through Right to Buy. The company receives the feed in tariff and export tariff from the panels and sells electricity generated to PCH, which is then passed on free to tenants during the day.

PCHE is a company limited by shares, and has four company directors, consisting of the Executive Management Team. This Board met twice during 2021/22.

Plymouth Community Homes Manufacturing Services Ltd (PCHMS)

The principal activity of this company was the sale of windows, doors, joinery and signs outside the PCH Group. It was noted in the 2020/21 accounts that due to difficult trading conditions during 2019-20 and the ongoing impact of the Covid-19 pandemic, the PCH Board decided in May 2020 it was in the best interests of suppliers, customers and PCH to wind up PCHMS in an orderly manner.

PCHMS was set up as a company limited by guarantee, with four company directors, consisting of three PCH Board members and one member of the Executive Management Team. This Board met three times during 2021/22; including a meeting in February 2022 it was resolved that the company would be wound up via a creditors voluntarily liquidation and Richard J Smith & Co were appointed as liquidators.

The Plymouth Community Homes Ltd Board

The Board members holding office during the period 1 April 2021 to 31 March 2022 and up to the date of signing these accounts are listed in note 37. The Board consists of members from a wide variety of backgrounds with a broad range of skills and knowledge. There are no members of the Executive on the PCH Board.

The principal role of the Board is:

(1) Setting and ensuring compliance with the values, vision, mission and strategic objectives of PCH, ensuring its long-term success.

(2) Establishing a culture that is positive, focused on the needs of current and future residents, other customers and other key stakeholders, and embeds equality, diversity and inclusion in PCH.

(3) Ensuring PCH operates effectively, efficiently and economically.

(4) Providing oversight, support, direction and constructive challenge to PCH's CEO and other executives.

(5) Appointing and, if necessary, dismissing the CEO.

(6) Satisfying itself as to the integrity of financial information, and setting and approving each year's budget, business plan and annual accounts prior to publication.

(7) Establishing, overseeing and regularly reviewing a framework of delegations to committees and staff.

(8) Establishing and overseeing control and risk management frameworks in order to safeguard the assets, compliance and reputation of PCH.

(9) Holding to account PCH's subsidiary Boards, committees and senior staff for the exercise of any powers delegated to them.

Individual Board members must uphold the highest standards of probity including:

- having no financial interest either personally or through a related party in any contract or transaction of the Association, except as permitted under the Association's rules
- acting only in the interests of the Association (or its subsidiaries) whilst undertaking its business

Committee structure

Reporting to the Board are the following committees:

Audit and Risk Committee:

It convened four times during 2021/22, addressing internal and external audit issues, and ensuring compliance with systems of internal control. It advises the Board on risk management policies and processes.

Customer Focus Committee:

It convened four times during 2021/22 and is tasked with monitoring compliance with the consumer related standards in the RSH's Regulatory Framework, approving service delivery related policies, monitoring the implementation of customer service-related strategies and landlord KPIs, and the implementation of the stock investment programme.

Development Committee:

It convened four times during 2021/22 and is tasked with overseeing the implementation of the PCH development strategy and programme, including the approval of development contracts.

Remuneration and Nominations Committee (formerly Remuneration Panel):

It convened twice during 2021/22 and is tasked with reviewing the salaries of staff including the Executive Management Team and ensuring that Board member pay is reviewed in line with the agreed Pay and Performance Policy. In response to adoption of the new NHF Code of Governance, from 2021 it is also responsible for oversight of the Board succession plan and recruitment, including diversity of membership and the balance of skills, knowledge and experience.

Board and Board members

The Board members are drawn from a wide background and members are selected to ensure they bring relevant experience, skills and understanding to the discussions and decision-making process of the Board.

On a regular basis, the Board reviews the effectiveness of governance arrangements within the Association. The Board's skills matrix is regularly updated and is used as a basis for the Board's succession planning process and Board training.

The Board adopted the NHF Code of Governance 2020 in April 2021. After consideration of reports by the executive and other third parties, the Board certifies that to the best of its knowledge the Association complies with the majority of the NHF Code of Governance 2020. The five non-compliant areas are low-risk and clearly stated in an action plan which is monitored by the Board, with the aim to be fully compliant by March 2023. The Board has also chosen to extend the term of office of one resident Board member beyond the recommended six years, as there are currently no natural successors, and one independent with financial skills until March 2023, to ensure continuity.

Three Board members stood down in 2021/22 as part of the Code of Governance transitional plan. Board member recruitment was undertaken in May 2022 resulting in the appointment of three new PCH Board members and a new PCHR Board member. The Board membership, including appointments and leavers to date of signing, is shown in note 37.

Recruitment of two new tenant co-optees to the Customer Focus Committee took place this year to enhance resident representation within PCH's governance structure and nurture successors. Further recruitment will take place in 2022/23 to fill additional committee positions, which will include leaseholders/shared owners. The Board also reappointed a co-optee to the Development Committee to further strengthen its skills base in this area.

Board members are paid for their services, with pay levels confirmed following an annual independent benchmarking exercise. Board pay is accompanied by clear expectations of individuals and collective Board member performance. A full independent market pay review for Board members will be carried out in 2022/23.

The Regulation of Social Housing (Influence of Local Authorities) (England) regulations 2017 require that no more than 24% of the total Board membership may be local authority officers; PCH complies with this requirement.

Board members and staff have continued to adapt to new ways of working to ensure that the Board can carry out its duties during the Covid pandemic. Board and committee meetings have been held using a hybrid approach dependent on current restrictions. In 2021 the PCH Annual General Meeting was held in person with those unable to attend given the option to dial in virtually.

Board members are requested to declare interests annually and at the start of each meeting; a public register of interests is available on request.

Shareholding membership

PCH has an open shareholding membership which aims to:

- allow people to express support for and a commitment to PCH
- enhance PCH's accountability to the wider community within which it operates
- allow residents and other service users to have a role to play in the affairs of PCH as their landlord and/or service provider

There are currently 34 shareholders who attend general meetings and an annual meeting with CEO; see Note 28.

Executive Management Team

The Chief Executive and the Executive Management Team (EMT) of the Association and subsidiaries are responsible for the day-to-day operations and the subsequent monitoring and reporting of performance to the Board and its committees. Details of the directors are given in Note 9: Board members and Executive Directors.

Regulation

The Regulator for Social Housing (RSH) has assessed our compliance with its Governance and Financial Viability Standard via an In-depth assessment in summer 2021 and their usual annual stability check during December 2021. This is expressed as grading G1 to G4 for governance and V1 to V4 for viability.

The latest judgement for the Association stated the following:

G1: The provider meets our governance requirements.

V1: The provider meets our viability requirements. It has the financial capacity to deal with a reasonable range of adverse scenarios but needs to manage material risks to ensure continues compliance.

Regulatory compliance statement

After consideration of reports by the Executive Management Team and other third parties, the Board certifies that to the best of its knowledge the Association complies with the RSH economic and consumer standards in all material respects, except for Governance Standard SE 2.1 which requires us to comply with the 2020 NHF code of governance adopted by Board in April 2021. We continue to work towards compliance and Board is monitoring progress with the aim to be fully compliant by March 2023.

Board report

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, including 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 Group and the Association and of the income and expenditure of the Group and the Association 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;
- assess the Group's and 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 Group or 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.

The Board's report on internal controls assurance

The PCH Board has overall responsibility for establishing and maintaining the Group's system of internal control and for reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance against financial misstatement or loss, fraud or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved.

It also exists to give reasonable assurance about the preparation and reliability of financial statements and operational information and for the safeguarding of the Group's and Association's assets and interests.

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing, has been in place throughout the period commencing 1 April 2021 and up to the date of approval of the report and financial statements.

In reaching this conclusion, the Board has reviewed the key elements of the control environment, including:

- The Board and committee structure, constitution, governance framework and financial regulations.
- Assurances received from management evidenced through comprehensive operational reports.
- Board approval of all short/medium terms plans and the risk assessments of those plans, reviewed quarterly by Audit and Risk Committee and twice a year by Board.
- Risk management activities supported using dedicated project Groups, which look at particular aspects of the Group's work.
- The Group's audit arrangements both for internal and external audit.
- Performance indicators across all major activities.
- Reports from, and submitted to, the Regulator of Social Housing (ROSH) on the Group's compliance with all aspects of its regulatory code.
- Board approved anti-fraud policy, covering prevention, detection, and reporting of fraud, and the recovery of assets.

The Audit and Risk Committee has reviewed the Fraud Register and can advise that there were no material incidents of fraud recorded during the year to 31 March 2022 and up to the date of signing these financial statements.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Audit and Risk Committee to regularly review the effectiveness of the system of internal control. The Board receives minutes of the Audit and Risk Committee meetings and can ask for specific reports to be referred to it.

The Board has received the Chief Executive's annual review of the effectiveness of the system of internal control, as it applies across the Group, and the Audit and Risk Committee has received the annual report of the internal auditor; this report is made available to the Board.

The Board particularly reviews the service provided by its internal auditors and external auditors; these provide independent, trusted and objective reports which are reviewed initially by the Audit and Risk Committee and then by the Board.

The auditors have direct access to the Board and have review meetings with the Audit and Risk Committee. The internal audit service is outsourced and follows an audit needs assessment plan agreed with the Board. The Board is of the view that this internal audit service should remain as one of the cornerstones of our internal control system.

The Board confirms that during 2021/22 PCH have a compliant G1 and V1 grading from the social housing regulator for our governance and viability. There have been no other regulatory concerns which have led the Regulator of Social Housing to intervene in the affairs of the Association.

The Board further confirms that there have been no significant problems in relation to failures in internal controls which require disclosure in the financial statements in the period since 1 April 2021 to the date of signing these financial statements.

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 Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in March 2022 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

The Board has an approved set of golden rules and trigger points at which to review and if necessary, commence mitigating actions.

The Board, after reviewing the Group and company budgets for 2022/23, the long-term business plan, and relying on the assurance from the stress testing and mitigations, is of the opinion that, taking account of severe but plausible downsides, the Group and company have adequate resources to continue in business for the foreseeable future. In order to reach this conclusion, the Board have considered:

- The property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales and reductions in sales values;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with future spend being controlled through careful programming of major works contracts and review of specifications;
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents;
- Liquidity – current available cash and unutilised loan facilities of £79.5m which gives significant headroom for committed spend and other forecast cash flows that arise;
- The Group's ability to withstand other adverse scenarios such as higher interest rates.
- The Group's ability to withstand one off shocks of whatever nature to a value for £20m and £40m in the current and following year;
- The Board has an approved set of golden rules and trigger points at which to review and if necessary, commence mitigating actions.

The Board believe the Group and company has sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the directors are confident that the Group and 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.

Internal audit annual report

Mazars LLP completed 12 planned reviews during the year, including two compliance reviews and one follow up review. These identified 1 high, 8 moderate and 14 minor risk findings to improve controls.

The ‘high’ finding in the area of lift safety (as part of the key controls review) was resolved immediately and by way of further assurance and control measures a separate audit is scheduled for this area within the 22/23 audit plan.

Mazars confirmed:

On the basis of our audit work, our opinion on the framework of governance, risk management, and control is Moderate in its overall adequacy and effectiveness.

We noted some areas in which the control environment could be improved. For instance, during our review of complaints we awarded am adequate assurance rating and raised three recommendations of moderate rating.

These matters have been discussed with management, to whom we have made several recommendations. All of these have been, or are in the process of being addressed, as detailed in our individual reports.

Mazars define moderate as - Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.

Disclosure of information to auditor

In the case of each director in office at the date the directors’ report is approved, the following applies:

- so far as the director is aware, there is no relevant audit information of which the Association’s auditors are unaware, and
- he/she has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Association’s auditors are aware of that information.

Auditor

Following a competitive tendering exercise, KPMG LLP was reappointed as external auditor of the Association at the annual general meeting in September 2019. The appointment was for the audit of the five years ending 31 March 2020 to 2024.

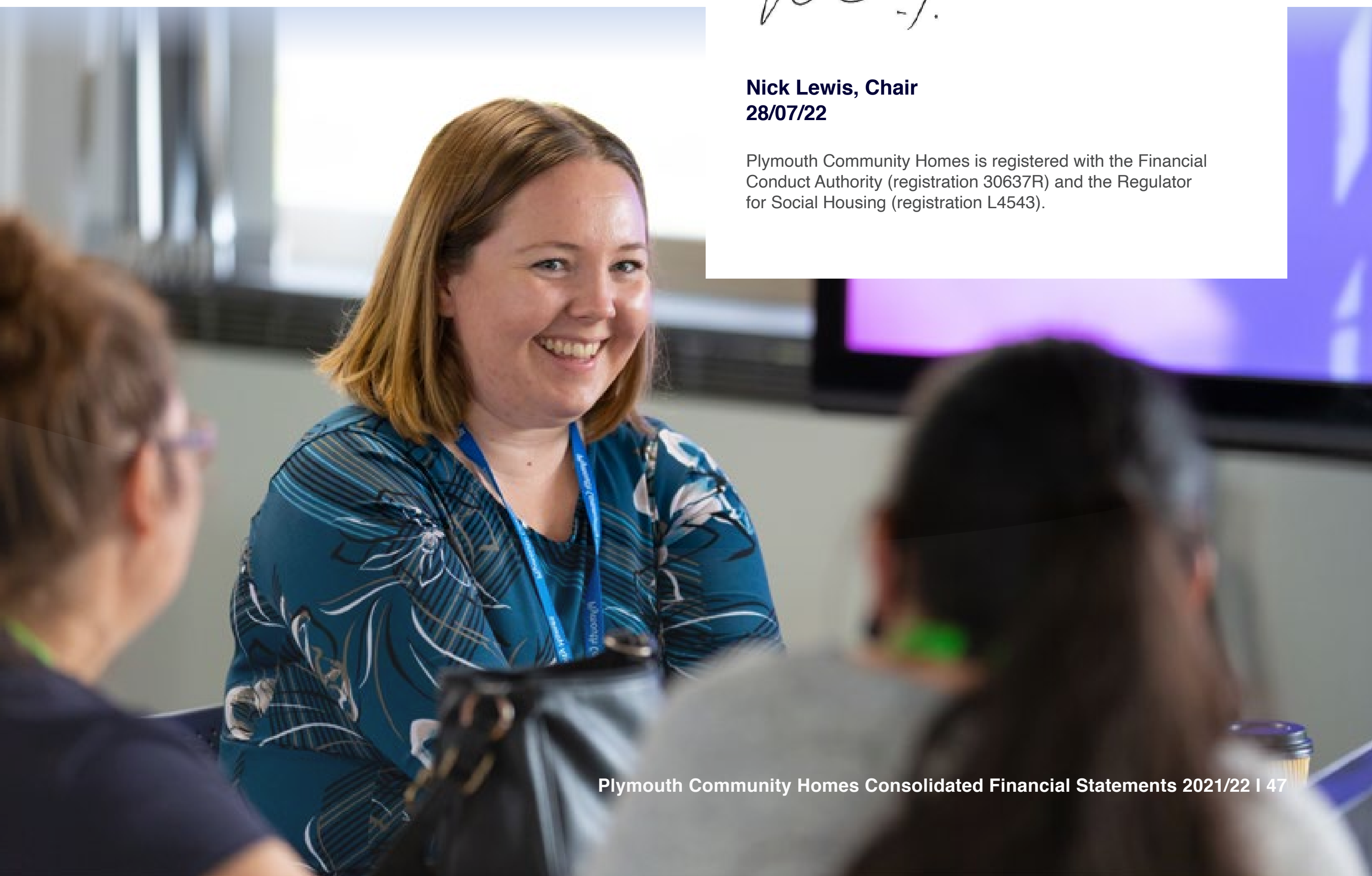
Statement of compliance

In preparing this Operating and Financial Review and Board report, the Board has followed the principles set out in the 2018 Statement of Recommended Practice: Accounting by Registered Social Housing Providers (SORP).

By order of the Board

Nick Lewis, Chair
28/07/22

Plymouth Community Homes is registered with the Financial Conduct Authority (registration 30637R) and the Regulator for Social Housing (registration L4543).



Independent auditor's report to Plymouth Community Homes Limited

Opinion

We have audited the financial statements of Plymouth Community Homes Limited ("the Association") for the year ended 31 March 2022 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows 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 Group and the Association as at 31 March 2022 and of the income and expenditure of the Group and the Association for the year then ended;
- 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 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 Group and 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 Group or the Association or to cease their operations, and as they have concluded that the Group's and 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 their 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").

In our evaluation of the Board's conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group's and the Association's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Association's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Group or the Association will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Board, the audit and risk committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, and audit and risk committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Obtaining a copy of the Group's fraud register.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet loan covenants and regulatory performance targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk of bias in accounting estimates such as pension assumptions;
- the risk that income from property sales and non-social housing income is recorded in the wrong period; and
- the risk that Group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted to accounts linked to a fraud risk, unbalanced journal entries, unexpected journals posted to stock and work in progress and cash at bank and in hand.
- Assessing whether the judgements made in the accounting estimates are indicative of potential bias including assessing the assumptions used in pension valuations and the value of housing stock held in current assets.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Independent auditor's report continued

The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related co-operative & community benefit society legislation), pensions legislation, specific disclosures required by housing legislation, and requirements imposed by the Regulator for Social Housing and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Association's Board is responsible for the other information, which comprises the Strategic Report, Group Structure and Corporate Governance statement, and the Board Report (incorporating the Statement on Internal Control). 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 its 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.

Board's responsibilities

As explained more fully in their statement set out on page 42 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 the Group and 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 it either intends to liquidate the Group or the Association or to cease operations, or has no realistic alternative but to do so.

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

Mark Dawson
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants, Suite 23, BLOCK, Royal William Yard, Plymouth PL1 3RP
29 July 2022

Financial statements

Statement of comprehensive income for the year ended 31 March 2022

Continuing activities	Note	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Turnover	3	74,672	73,525	73,994	72,498
Cost of sales	3	(3,723)	(3,292)	(3,617)	(3,084)
Operating costs	3	(63,398)	(58,275)	(62,993)	(57,570)
Gain on sale of properties not developed for outright sale	10	982	288	982	288
Operating surplus	**3**	**8,533**	**12,246**	**8,366**	**12,132**
(Loss) / gain on sale of fixed assets	5	(18)	(132)	-	(99)
Interest receivable	11	4	20	190	202
Interest payable and similar charges	12	(4,513)	(4,541)	(4,513)	(4,541)
Change in value of investment property	15	(394)	(26)	(394)	(26)
Gift aid receivable		-	-	-	-
Surplus before taxation		**3,612**	**7,567**	**3,649**	**7,668**
Tax	13	122	(41)	-	-
Surplus for the year		**3,734**	**7,526**	**3,649**	**7,668**
Other comprehensive income					
Movements on the pension liabilities	26 & 27	15,156	(17,547)	15,156	(17,547)
Total surplus / (deficit) recognised for the year		**18,890**	**(10,021)**	**18,805**	**(9,879)**

Chair:

Vice Chair:

Secretary:

Statement of financial position at 31 March 2022

Fixed assets	Note	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Tangible assets					
Housing properties	14	547,047	534,091	553,110	539,603
Other tangible assets	14	20,131	20,101	14,036	13,510
Investments in subsidiary	15	-	-	3,300	3,300
Investments	15	271	275	271	275
Commercial property	15	15,333	15,624	15,333	15,624
Total		**582,782**	**570,091**	**586,050**	**572,312**
Assets : amounts receivable after more than one year					
Development debtor		-	4,449	-	4,449
Group debtors > 1 year		-	-	5,584	5,681
Due for land sale		534	1,081	-	-
Total	19	**534**	**5,530**	**5,584**	**10,130**
Current assets					
Shared ownership properties in progress	17	1,165	2,422	1,165	2,422
Development land held for sale		-	-	-	-
Stock	18	2,273	1,413	896	1,007
Debtors	19	13,502	7,630	12,841	9,346
Cash at bank and short term deposits	20	11,465	17,077	8,589	12,941
Total		**28,405**	**28,542**	**23,491**	**25,716**
Creditors: amounts falling due within one year	21	(15,189)	(19,277)	(13,582)	(18,170)
Net current assets		**13,216**	**9,265**	**9,909**	**7,546**
Creditors : amounts falling due after one year					
Loans	22	(112,898)	(111,121)	(112,898)	(111,121)
Grant funding	22	(51,152)	(43,084)	(51,152)	(43,084)
Development creditor	22	-	(4,449)	-	(4,449)
RCGF	22	(111)	(100)	(111)	(100)
		(164,161)	(158,754)	(164,161)	(158,754)
Pension liability LGPS	26	(31,692)	(41,869)	(31,692)	(41,869)
Pension liability SHPS	27	(1,200)	(3,678)	(1,200)	(3,678)
Total		**(197,053)**	**(204,301)**	**(197,053)**	**(204,301)**
Net assets		**399,479**	**380,585**	**404,490**	**385,687**

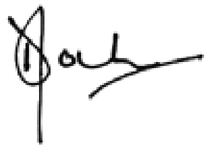
Statement of financial position at 31 March 2022

Capital & reserves	Note	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Share capital		-	-	-	-
Restricted reserves		56	67	56	67
Designated reserves		282	1,728	282	1,728
Revenue reserve		169,821	157,964	174,833	163,066
Revaluation reserve		262,212	266,373	262,211	266,373
Pension fund reserve SHPS	27	(1,200)	(3,678)	(1,200)	(3,678)
Pension fund reserve LGPS	26	(31,692)	(41,869)	(31,692)	(41,869)
Total funds		**399,479**	**380,585**	**404,490**	**385,687**

The financial statements and related notes on pages 59 to 104 were approved by the Board on 28 July 2022 and were signed on its behalf by:

Chair:

Vice Chair:



Secretary:

“We have adapted our working practices to adopt some of the changes embedded during the pandemic especially those found to offer great benefit, both for our staff and our residents.”

Statement of changes in equity

Group	Restricted reserve Sundry property sales £'000	Designated reserve Sundry property sales £'000	Revaluation reserve Housing £'000	Revaluation reserve Commercial £'000	Revenue reserve £'000	Pension fund reserve SHPS £'000	Pension Fund reserve LGPS £'000	Total Equity £'000
Balance at 1st April 2021	**67**	**1,728**	**252,786**	**13,586**	**157,965**	**(3,678)**	**(41,869)**	**380,585**
Transfer	-	-	-	-	-	-	-	**-**
Total comprehensive income for the period	-	-	-	-	6,235	(40)	(2,461)	**3,734**
Actuarial losses	-	-	-	-	-	2,518	12,638	**15,156**
Reserves transfer	(11)	(11)	-	-	22	-	-	**-**
Reserves transfer	-	(1,435)	-	-	1,435	-	-	**-**
Reserves transfer	-	-	(3,767)	-	3,767	-	-	**-**
Reserves transfer	-	-	-	(393)	397	-	-	**4**
Balance at 31st March 2022	**56**	**282**	**249,019**	**13,193**	**169,821**	**(1,200)**	**(31,692)**	**399,479**

Association	Restricted reserve Sundry property sales £'000	Designated reserve Sundry property sales £'000	Revaluation reserve Housing £'000	Revaluation reserve Commercial £'000	Revenue reserve £'000	Pension fund reserve SHPS £'000	Pension Fund reserve LGPS £'000	Total Equity £'000
Balance at 1 April 2021	**67**	**1,728**	**252,786**	**13,586**	**163,066**	**(3,678)**	**(41,869)**	**385,686**
Transfer	-	-	-	-	-	-	-	**-**
Revalue commercial props in year	-	-	-	-	-	-	-	**-**
Total comprehensive income for the period	-	-	-	-	6,149	(40)	(2,461)	**3,648**
Actuarial losses	-	-	-	-	-	2,518	12,638	**15,156**
Reserves transfer	(11)	(11)	-	-	22	-	-	**-**
Reserves transfer	-	(1,435)	-	-	1,435	-	-	**-**
Reserves transfer	-	-	(3,767)	-	3,767	-	-	**-**
Reserves transfer	-	-	-	(393)	393	-	-	**-**
Balance at 31 March 2022	**56**	**282**	**249,019**	**13,193**	**174,832**	**(1,200)**	**(31,692)**	**404,490**

Statement of cash flows for year ended 31 March 2022

Group Cashflows from operating activities	2022 £'000	2021 £'000
Surplus for the year	3,734	7,526
Corporation tax	-	(41)
Depreciation & impairment	13,456	12,735
Interest receivable	(4)	(20)
Interest payable	4,513	4,541
Gain on sale of housing properties	(982)	(288)
Loss/(gain) on sale of other FA	18	132
Change in FV of investment properties	394	26
(Increase) / decrease in stock	397	1,766
(Increase) / decrease in debtors	(1,906)	4,520
Increase / (decrease) in creditors	(3,350)	3,996
Difference between pension charge and cash contributions	1,594	824
Grant amortised	(749)	(520)
Net cash inflow from operating activities	**17,115**	**35,197**
Cashflows from investing activities		
Grants received and land proceeds	4,132	2,725
Additions to housing properties	(26,624)	(26,471)
Cash paid for removal of cladding	-	-
Sale of housing properties	4,416	2,551
Acquisitions of other fixed assets	(1,772)	(1,533)
Sale of other fixed assets	1	159
Payment to PCC	(745)	(1,137)
Net cash outflow from investing activities	**(20,592)**	**(23,706)**
Cashflows from financing activities		
Interest received	4	20
Interest paid	(3,807)	(4,269)
Loans (Repaid) / Received	2,000	(14,000)
Movement on investments	(332)	(115)
Net cash from financing activities	**(2,135)**	**(18,364)**
Net cash outflow from financing activities	**(5,612)**	**(6,873)**
Cash at beginning of year	17,077	23,950
Net increase / (decrease)	(5,612)	(6,873)
Cash at end of year	**11,465**	**17,077**

Statement of cash flows for year ended 31 March 2022

Association Cash flows from operating activities	2022 £'000	2021 £'000
Surplus for the year	3,649	7,668
Depreciation & impairment	12,979	12,255
Interest receivable	(190)	(202)
Interest payable	4,513	4,541
Gain on sale of housing properties	(982)	(288)
Surplus on sale of other FA	-	99
Change in FV of investment properties	394	26
Gift Aid	-	-
(Increase) / decrease in stock	1,368	2,080
(Increase) / decrease in debtors	16	3,979
Increase / (decrease) in creditors	(3,856)	4,159
Difference between pension charge and cash contributions	1,594	824
Grant amortised	(749)	(520)
Net cash inflow from operating activities	**18,736**	**34,621**
Cash flows from investing activities		
Grants received and land proceeds	4,143	2,795
Additions to housing properties	(27,176)	(26,781)
Cash paid for removal of cladding	-	-
Sale of housing properties	4,405	2,481
Acquisitions of other fixed assets	(1,772)	(1,533)
Sale of other fixed assets	1	159
Payment to PCC	(745)	(1,137)
Net cash outflow from investing activities	**(21,144)**	**(24,016)**
Cash flows from financing activities		
Interest received	190	202
Interest paid	(3,807)	(4,269)
Loans Received	2,000	(14,000)
Movement on investments	(332)	(115)
Gift Aid received	5	-
Net cash from financing activities	**(1,944)**	**(18,182)**
Net cash outflow from financing activities	**(4,352)**	**(7,577)**
Cash at beginning of year	12,941	20,518
Net increase / (decrease)	(4,352)	(7,577)
Cash at end of year	**8,589**	**12,941**

Net debt reconciliation can be found in note 20

Notes to the financial statements

1.Principal accounting policies

The financial statements of the Group and Association are prepared in accordance with Financial Reporting Standard 102 – the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice: Accounting 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Association (Plymouth Community Homes Ltd) and its subsidiary undertakings, Plymouth Community Homes Manufacturing Services Ltd (for 11 months to liquidation), Plymouth Community Homes Regeneration Company Ltd and Plymouth Community Homes Energy Ltd.

All entities are registered in England.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- Fair value or revaluation as deemed cost – The fair value at 1 April 2014 has been used as deemed cost for housing assets.
- For leases commenced before 1 April 2014 the Association continued to account for lease incentives under previous UK GAAP.

Key estimates and judgements

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 35.

FRS 102

In accordance with Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments' of FRS 102 that deal with recognising, de-recognising, measuring and disclosing financial instruments, the Group has chosen to apply the requirements of FRS 102 sections 11 and 12 and the presentation requirements, as appropriate, of 11.38A or 12.25B as permitted by paragraph 11.2(b) and 12.2(b).

Measurement convention

The financial statements are prepared on the historical cost basis except that investment properties are stated at their fair value, as are pensions and non-basic financial instruments.

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 Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in March 2022 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

The Board has an approved set of golden rules and trigger points at which to review and if necessary, commence mitigating actions.

The Board, after reviewing the Group and company budgets for 2022/23, the long-term business plan, and relying on the assurance from the stress testing and mitigations, is of the opinion that, taking account of severe but plausible downsides, the Group and company have adequate resources to continue in business for the foreseeable future. In order to reach this conclusion, the Board have considered:

- The property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales and reductions in sales values;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with future spend being controlled through careful programming of major works contracts and review of specifications;
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents;
- Liquidity – current available cash and unutilised loan facilities of £79.5m which gives significant headroom for committed spend and other forecast cash flows that arise;
- The Group's ability to withstand other adverse scenarios such as higher interest rates.
- The Group's ability to withstand one off shocks of whatever nature to a value for £20m and £40m in the current and following year;
- The Board has an approved set of golden rules and trigger points at which to review and if necessary, commence mitigating actions.

The Board believe the Group and company has sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Directors are confident that the Group and 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.

Basic financial instruments

Tenant arrears, trade and other debtors

Tenant arrears, trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Bank loans classified as basic financial instruments

Bank loans are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Association's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Tangible fixed assets

Tangible fixed assets, excluding housing properties, are stated at cost less accumulated depreciation and accumulated impairment losses. Housing properties, except new build, were revalued to fair value on the 1 April 2014 and this value treated as deemed cost thereafter. New build housing properties are shown at cost.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The Association assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

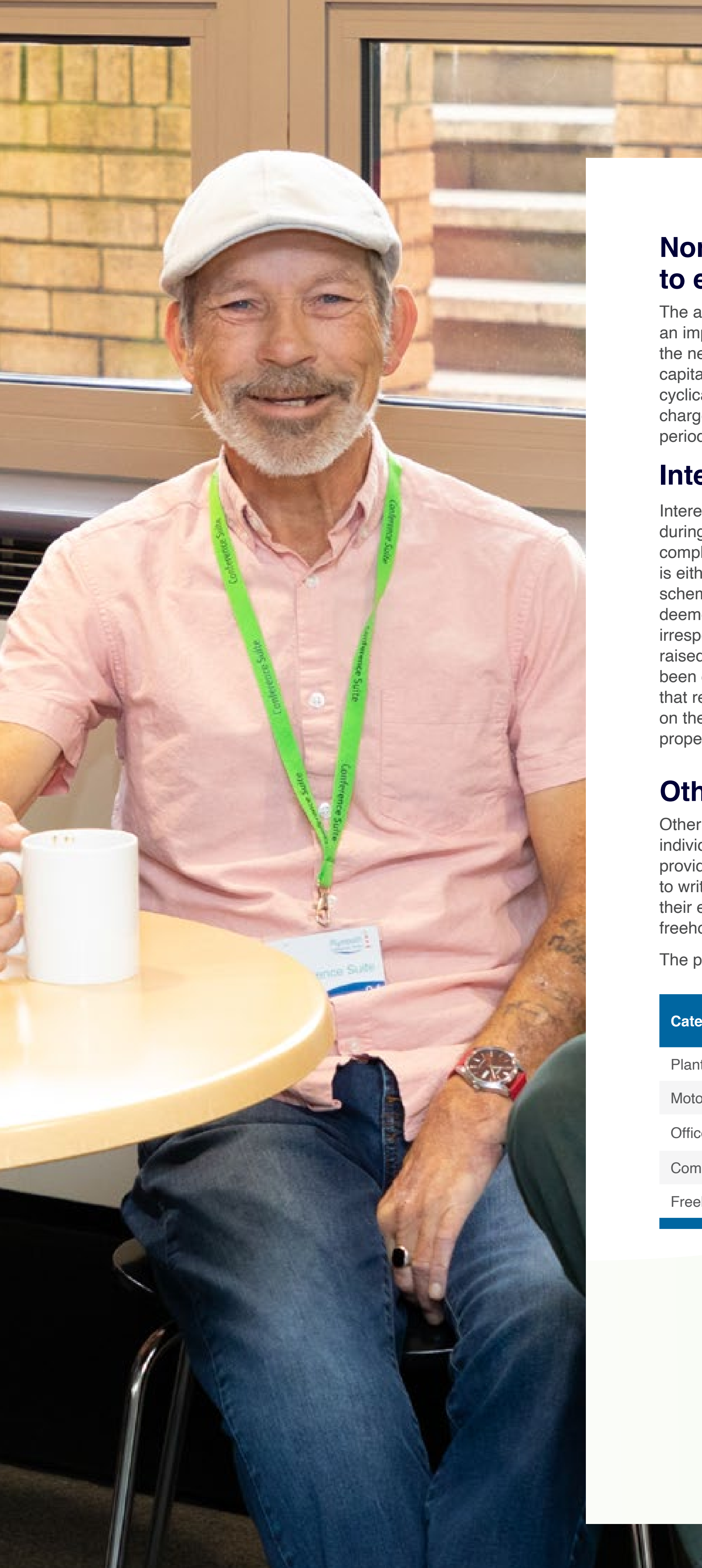
Housing properties

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses, or cost (for new build properties and components added since 1 April 2014). Cost includes the cost of acquiring land and buildings, directly attributable development costs, interest at the average cost of borrowing for the development period, and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties. Shared ownership properties are included in housing properties at cost related to the percentage of equity retained, less any provisions needed for impairment or depreciation.

Depreciation

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each component part of housing properties. Land is not depreciated. The estimated useful lives are as follows:

Category	Years
Structure of building	80
Kitchens	20
Bathrooms	30
Heating systems	15
Windows	30
Cladding	25
Roofs:	15-80
Flat roofs – felt	15
Pitched roofs - concrete	55
Pitched roofs – slate	80
Towers roofs - flat	25
Guttering	30
Lifts	25
Alarm systems	3
Photovoltaic panels	20-25
Flooring	10
Capitalised salaries	20
Tower heat sensors	10



Non component works to existing properties

The amount of expenditure incurred which relates to an improvement, which is defined as an increase in the net rental stream or the life of a property, has been capitalised. Expenditure incurred on other major repairs, cyclical and day-to-day repairs to housing properties is charged to the income and expenditure account in the period in which it is incurred.

Interest capitalised

Interest on borrowings is capitalised to housing properties during the course of construction up to the date of completion of each scheme. The interest capitalised is either on borrowings specifically taken to finance a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was raised. For the year ending 31 March 2022, interest has been capitalised at an average rate of 1.7% (2021: 1.7%) that reflects the weighted average effective interest rate on the Group's borrowings required to finance housing property developments.

Other fixed assets

Other tangible assets include those assets with an individual value in excess of £1,000. Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land.

The principal annual rates used for other assets are:

Category	Years
Plant & machinery	5
Motor vehicles	5 - 7
Office and estate equipment and furniture	5
Computer equipment	5
Freehold office properties	50

Intangible assets

Software is held at cost less any accumulated depreciation. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful life of the asset which is assumed to be five years.

Grants

Social Housing Grant

Social Housing Grant (SHG) is initially recognised as a long-term liability, specifically as deferred grant income, and released through the income and expenditure account as income over the life of the structure of housing properties in accordance with the accrual method applicable to social landlords accounting for housing properties at cost.

On transition to FRS 102, an election was taken to treat fair value as deemed cost for housing properties. As a result, the performance method for accounting for grant has been applied as the fair value application to deemed cost is treated as a revaluation at the transition date and SHG in respect of those items has been taken to revenue reserves. An amount equivalent to SHG taken to revenue reserves is disclosed as contingent liability., reflecting the potential future obligation to repay SHG where properties are disposed.

On disposal of properties, all associated SHG is transferred to the recycled capital grant fund (RCGF) until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

Other Government Grants

Other government grants are initially recognised as a long term liability and released through the income and expenditure account over the life of the structure of housing properties. This is the accrual method applicable to social landlords accounting for housing properties at cost.

Where grants are repayable and the associated asset is disposed, the remaining grant and any clawback amount will be held as a liability until repaid to the grant issuer. Where grants are not repayable and the associated asset is sold, the unamortised balance will be recognised as income.

Non-government grants

Non-government grants are recognised through income and expenditure in the year in which the terms of the grant are met.

Investment property

Investment properties are;

- commercial properties (shops) which are held either to earn rental income or for capital appreciation or for both.
- the part of Plumer House that is let to tenants to earn rental income.

Investment properties are recognised initially at cost. Subsequent to initial recognition:

- investment properties are held at fair value. Any gains or losses arising from changes in the fair value are recognised in income and expenditure in the period that they arise; and
- no depreciation is provided in respect of investment properties applying the fair value model.

Rental income from investment property is accounted for as described in the turnover policy.

Properties held for sale and work in progress

Completed properties and properties under construction for open market sales are recognised at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Interest incurred is also capitalised during the course of obtaining planning and throughout the work in progress up to the point of practical completion of the development scheme. Assessing net realisable value requires use of estimation techniques. In making this assessment, management considers publicly available information and internal forecasts on future sales activity. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Impairment excluding investment properties

Financial assets (including trade and other debtors)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Association's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Groups of assets (the "cash-generating unit").

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Association pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income and expenditure account in the periods during which services are rendered by employees. The Group participates in the SHPS defined contribution scheme.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The cost of providing retirement pensions and related benefits is accounted for in accordance with FRS 102 - 'Retirement Benefits'.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using a projected unit method and discounted at the rate of return on a high-quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit pension scheme expected to arise from employee service in the

The Group participates in two defined benefit pension plans as set out below:

Devon County Council Local Government Pension Scheme

The LGPS scheme is administered by Devon County Council and is independent of the Group's finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuary to enable the scheme to meet the benefits accruing in respect of current and future service. Details of the LGPS scheme can be found in note 26.

Social Housing Pension Scheme

The Social Housing Pension Scheme (SHPS) provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group.

SHPS is a multi-employer scheme which provides benefits to non-associated employers. The scheme is classified as a defined benefit scheme. Details of the SHPS scheme can be found in note 27.

Expenses

Cost of sales

Cost of sales represents the costs including capitalised interest and direct overheads incurred in the development of the properties, and marketing, and other incidental costs incurred in the sale of the properties.

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance leases

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and interest payable

Interest payable and similar charges include interest payable and unwinding of the discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of housing properties that take a substantial time to be prepared for use are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

period is charged to operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income/charges. Actuarial gains and losses are recognised in the consolidated statement of total recognised surpluses and deficits. The pension scheme's surpluses to the extent that they are considered recover- able, or deficits are recognised in full and presented on the face of the balance sheet

Provisions

A provision is recognised in the balance sheet when the Association has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date. The value of provisions is re-assessed each year in light of estimated future income and costs as appropriate.

Turnover

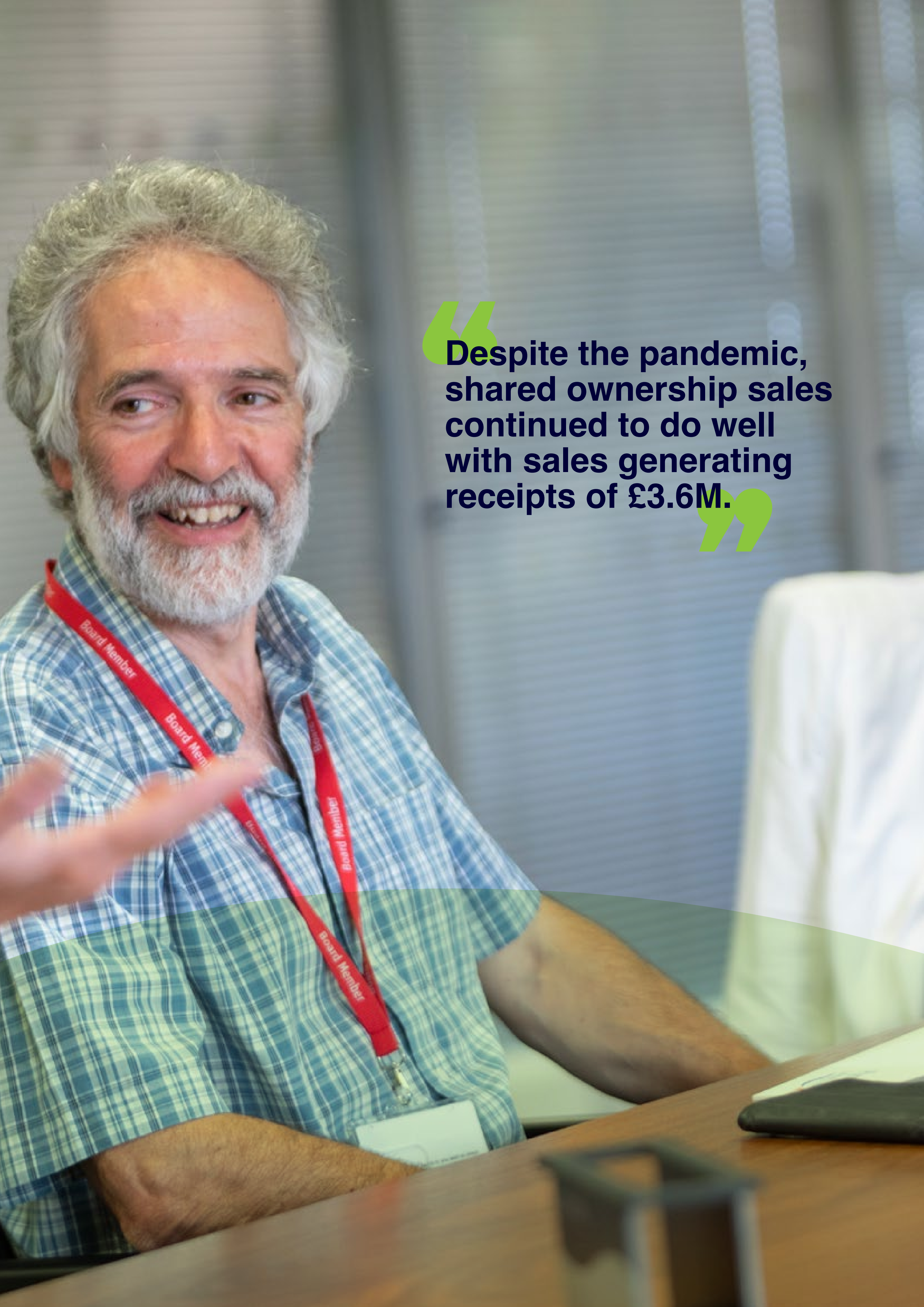
Turnover represents rental and service charge income receivable (net of void losses), fees receivable, proceeds from first tranche sales of low-cost home ownership and from properties developed for open market sales, and amortisation of Social Housing Grant (SHG) under the accrual model. Rental income is recognised on the execution of tenancy agreements. Proceeds on sales are recognised on practical completions. Other income is recognised as receivable on the delivery of services provided.

Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The Association is liable for corporation tax on non-charitable income, such as overage earned on developments. The subsidiary companies are liable for corporation tax. The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting.



"Despite the pandemic, shared ownership sales continued to do well with sales generating receipts of £3.6M."

2. Social housing lettings – Group & Association

Group & Association	General needs £'000	2022 supported housing £'000	Shared Ownership £'000	Total £'000	2021 Total £'000
Rents	51,399	6,804	819	59,022	58,069
Service charges	4,534	840	41	5,415	4,132
Net rents receivable	**55,933**	**7,644**	**860**	**64,437**	**62,202**
British Gas funding release	557	78	-	635	599
Other grant funding release	9	-	-	9	-
Plymouth City Council funding	766	-	-	766	520
Government grant	146	-	-	146	-
Total income from lettings	**57,411**	**7,722**	**860**	**65,993**	**63,320**
Expenditure on lettings					
Management	(8,645)	(1,683)	(41)	(10,369)	(10,156)
Services	(6,003)	(1,109)	(41)	(7,153)	(5,123)
Response repairs	(13,572)	(1,341)	-	(14,913)	(11,619)
Cyclical & planned maintenance	(4,364)	(203)	-	(4,567)	(4,250)
Major repairs	(7,937)	(250)	-	(8,187)	(8,107)
VAT recovered	-	-	-	-	-
Bad debts	(368)	(52)	-	(420)	(173)
Depreciation housing properties	(10,243)	(1,487)	-	(11,730)	(11,121)
Depreciation other	(1,138)	(110)	-	(1,248)	(1,134)
Impairment	-	-	-	-	-
Non cash pension charges	(1,594)	-	-	(1,594)	(824)
Total expenditure on lettings	**(53,864)**	**(6,235)**	**(82)**	**(60,181)**	**(52,507)**
Operating surplus on lettings	**3,547**	**1,487**	**778**	**5,812**	**10,813**
Void loss	**(336)**	**(34)**	**-**	**(370)**	**(452)**

3. Social housing - Group

	2022					2021				
Group	**Turnover**	**Cost of sales**	**Operating costs**	**Surplus on sale of properties**	**Operating (deficit) / surplus**	**Turnover**	**Cost of sales**	**Operating costs**	**Surplus on sale of properties**	**Operating (deficit) / surplus**
Social housing lettings	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
General needs	57,411	-	(53,864)	-	3,547	54,939	-	(47,004)	-	7,935
Supported housing	7,722	-	(6,235)	-	1,487	7,651	-	(5,411)	-	2,240
Low cost home ownership	860	-	(82)	-	778	730	-	(92)	-	638
Total	**65,993**	**-**	**(60,181)**	**-**	**5,812**	**63,320**	**-**	**(52,507)**	**-**	**10,813**
Other social housing activities										
Shared ownership sales	3,669	(3,518)	-	-	151	3,408	(2,982)	-	-	426
Development not capitalised	-	-	(926)	-	(926)	-	-	(909)	-	(909)
Community involvement	-	-	(700)	-	(700)	-	-	(789)	-	(789)
Garage lettings	1,752	-	(211)	-	1,541	1,611	-	(246)	-	1,365
Social housing grant release	192	-	-	-	192	95	-	-	-	95
Proceeds from land sales	-	-	-	-	-	-	-	-	-	-
Grant release PCC	-	-	-	-	-	924	-	-	-	924
Other	289	-	(265)	-	24	280	-	(241)	-	39
Surplus on sale of properties not developed for outright sale	-	-	-	982	982	-	-	-	288	288
Total	**5,902**	**(3,518)**	**(2,102)**	**982**	**1,264**	**6,318**	**(2,982)**	**(2,185)**	**288**	**1,439**
Non social housing activities										
Commercial properties	1,825	-	(803)	-	1,022	1,903	-	(609)	-	1,294
External sales	830	(205)	(405)	-	220	1,132	(310)	(705)	-	117
Other	122	-	93	-	215	852	-	(2,269)	-	(1,417)
	2,777	**(205)**	**(1,115)**	**-**	**1,457**	**3,887**	**(310)**	**(3,583)**	**-**	**(6)**
Total	**74,672**	**(3,723)**	**(63,398)**	**982**	**8,533**	**73,525**	**(3,292)**	**(58,275)**	**288**	**12,246**

Social housing - Association

	2022					2021				
Association	**Turnover**	**Cost of sales**	**Operating costs**	**Surplus on sale of properties**	**Operating (deficit) / surplus**	**Turnover**	**Cost of sales**	**Operating costs**	**Surplus on sale of properties**	**Operating (deficit) / surplus**
Social housing lettings	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
General needs	57,411	-	(53,864)	-	3,547	54,939	-	(47,004)	-	7,935
Supported housing	7,722	-	(6,235)	-	1,487	7,651	-	(5,411)	-	2,240
Low cost home ownership	860	-	(82)	-	778	730	-	(92)	-	638
Total	**65,993**	**-**	**(60,181)**	**-**	**5,812**	**63,320**	**-**	**(52,507)**	**-**	**10,813**
Other social housing activities										
Shared ownership sales	3,669	(3,518)	-	-	151	3,408	(2,982)	-	-	426
Development not capitalised	-	-	(926)	-	(926)	-	-	(909)	-	(909)
Community involvement	-	-	(700)	-	(700)	-	-	(789)	-	(789)
Garage lettings	1,752	-	(211)	-	1,541	1,611	-	(246)	-	1,365
Social housing grant release	192	-	-	-	192	95	-	-	-	95
Proceeds from land sales	-	-	-	-	-	-	-	-	-	-
Grant release PCC	-	-	-	-	-	924	-	-	-	924
Other	289	-	(265)	-	24	280	-	(241)	-	39
Surplus on sale of properties not developed for outright sale	-	-	-	982	982	-	-	-	288	288
Total	**5,902**	**(3,518)**	**(2,102)**	**982**	**1,264**	**6,318**	**(2,982)**	**(2,185)**	**288**	**1,439**
Non social housing activities										
Commercial properties	1,825	-	(803)	-	1,022	1,903	-	(609)	-	1,294
External sales	152	(99)	-	-	53	105	(102)	-	-	3
Other	122	-	93	-	215	852	-	(2,269)	-	(1,417)
	2,099	**(99)**	**(710)**	**-**	**1,290**	**2,860**	**(102)**	**(2,878)**	**-**	**(120)**
Total	**73,994**	**(3,617)**	**(62,993)**	**982**	**8,366**	**72,498**	**(3,084)**	**(57,570)**	**288**	**12,132**

4. Housing stock

Housing stock	Group 2022 NO.	Group 2021 NO.	Association 2022 NO.	Association 2021 NO.
Under development at end of period:				
Housing accommodation	405	441	405	441
Shared ownership	213	206	213	206
	618	**647**	**618**	**647**
Under management at end of period:				
General needs				
Properties let or available for let	12,303	12,203	12,303	12,203
Unavailable for letting	21	30	21	30
	12,324	**12,233**	**12,324**	**12,233**
Supported housing				
Supported housing	1,773	1,770	1,773	1,770
Unavailable for letting	5	8	5	8
	1,778	**1,778**	**1,778**	**1,778**
Social housing rental accommodation	14,102	14,011	14,102	14,011
Other / temp housing	-	-	-	-
Shared ownership	317	271	317	271
	14,419	**14,282**	**14,419**	**14,282**
Social housing managed & owned				
Non social housing homes	9	9	9	9
Long leaseholders	1,684	1,669	1,684	1,669
Total	**16,112**	**15,960**	**16,112**	**15,960**

5. Expenses and auditor's remuneration

Group Expenses & auditor's remuneration	2022 £'000	2021 £'000
Depreciation and Impairment on housing properties	11,734	11,124
Depreciation on other fixed assets	1,722	1,611
Accelerated depreciation on Phase 4	-	-
Restructuring costs expensed as included in administrative expenses	2	189
Gain on sale of housing properties	982	288
(Loss) / surplus on sale of other fixed assets	(18)	(132)
Change in fair value of investments	(394)	(26)
Operating lease charges	352	412
External auditors remuneration (exclusive of VAT)		
Audit of these financial statements	46	45
Audit of financial statements of subsidiaries	11	18
Tax compliance	8	7
Other tax advisory services	30	9
Other assurance services	6	8
	101	**87**
Internal audit related assurance services	**31**	**37**

6. Staff numbers

Staff numbers	2022 No.	2021 No.
The average number of persons employed during the period (full time equivalents of 37 hours) was:	610	629
Full time equivalents at 31 March	**598**	**618**

7. Staff costs

Staff costs	2022 £'000	2021 £'000
Wages and salaries	18,671	19,081
Social security costs	1,770	1,769
Other pension costs	2,192	2,417
Restructure costs	2	189
Total	**22,635**	**23,456**

8. Staff pay bands

The full time equivalent number of staff who received remuneration of £60,000 and above:

Full time equivalent staff	2022 No.	2021 No.
£60,001 to £70,000	9	9
£70,001 to £80,000	5	5
£80,001 to £90,000	3	2
£90,001 to £100,000	2	2
£100,001 to £110,000	-	-
£110,001 to £120,000	-	-
£120,001 to £130,000	-	-
£130,001 to £140,000	-	-
£140,001 to £150,000	-	-
£150,001 to £160,000	1	1
£160,001 to £170,000	2	1
£170,001 to £180,000	-	-
£180,001 to £190,000	-	-
£190,001 to £200,000	-	-
£200,001 to £210,000	1	1

Remuneration in this instance is defined as basic salary, car allowance, benefits in kind and employers pension contributions.

9. Board members and Executive Directors

The emoluments of the Board members were as follows:

Board members & Executive Directors	2022 £	2021 £
Nicholas Lewis (Chair)	15,000	15,000
Debra Roche (Vice Chair)	7,500	7,500
Simon Ashby	5,500	6,694
Graham Stirling	7,187	7,500
Christina Tuohy until 31 May 2021	917	5,500
Graham Clayton	5,500	5,500
Madeline Bridgeman	5,500	5,500
Lavinia Porfir (Chair of Customer Focus Committee)	7,500	6,667
Elizabeth Nicolls (Chair of Audit & Risk Committee)	7,500	6,306
Richard Connolly (Co-optee to Development Committee)	2,000	2,000
Valerie Lee	5,500	2,979
Julie White (Chair of Development Committee from 19 April 2021)	7,400	2,979
Ian Tuffin from 1 August 2021	3,667	-
Jillian Gregg from 30 November 2021 (Independent Board member : Regeneration)	672	-
Katie McBride until 31 August 2020	-	3,125
Nigel Pitt until 31 March 2021	-	7,500
Maureen Alderson until 15 September 2020	-	2,597
Total	**81,343**	**87,347**

The emoluments of the Executive Management Team were as follows:

Executive management team	2022 Basic salary & car allowance £'000	2022 Employer pension contributions £'000	2022 Total £'000	2021 Total £'000
John Clark (Chief Executive)	188	19	207	201
Nicholas Jackson	153	15	168	166
Gillian Martin	136	26	162	160
Carl Brazier (from 10th March 2021)	136	17	153	9
Susan Shaw (to 31st August 2020)	-	-	-	62
Total	**613**	**77**	**690**	**598**

The Chief Executive, John Clark, is a member of SHPS and there are no additional pension arrangements in place. Nicholas Jackson and Carl Brazier are members of SHPS, Gillian Martin is a member of LGPS. Susan Shaw was a member of SHPS.

10. Surplus/(deficit) on disposal housing properties

Surplus/(deficit) on disposal housing properties	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Right to buy sales	3,207	1,957	3,207	1,957
Right to acquire	968	278	968	278
Open market sales	5	111	5	111
Shared ownership staircasing	298	257	298	257
Cost of sales	(44)	(101)	(44)	(101)
Net book value of components removed on disposal	(2,179)	(1,469)	(2,179)	(1,469)
PCC share under the clawback	(1,273)	(745)	(1,273)	(745)
TOTAL	**982**	**288**	**982**	**288**

11. Other interest receivable and similar income

Other interest receivable & similar income	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Bank interest receivable	4	20	190	202
Total interest received and similar income	4	20	190	202

12. Interest payable and similar charges

Interest payable & similar charges	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Interest	3,222	3,497	3,222	3,497
Non utilisation fee	346	294	346	294
Amortisation of arrangement fees	210	335	210	335
Interest capitalised	(216)	(216)	(216)	(216)
Legal, professional & bank fees	44	22	44	22
Net interest expense on net defined pension benefit liabilities	907	609	907	609
Total other interest payable and similar charges	4,513	4,541	4,513	4,541

13. Tax on surplus on ordinary activities for the period

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

Tax on surplus on ordinary activities for the period	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Current tax				
Current tax on income for the period	-	57	-	-
Adjustment in respect of prior periods	(122)	(16)	-	-
Total current tax	**(122)**	**41**	**-**	**-**
Deferred tax				
Origination and reversal of timing differences	-	-	-	-
Change in tax rate	-	-	-	-
Total deferred tax	**-**	**-**	**-**	**-**
Total tax	**(122)**	**41**	**-**	**-**

Reconciliation of effective tax rate

Reconciliation of effective tax rate	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Surplus for the year	3,734	7,526	3,648	7,668
Add back tax charge	-	41	-	-
Less tax credit	(122)	-	-	-
Surplus excluding taxation	**3,612**	**7,567**	**3,648**	**7,668**
Tax using the UK corporation tax rate of 19% (2021: 19%)	686	1,438	693	1,457
Tax exempt revenues	(686)	(1,397)	(693)	(1,457)
Total tax expense included in profit & loss	**-**	**41**	**-**	**-**

14. Housing fixed assets - Group

Housing fixed assets: Group	Housing property general needs £'000	Completed leasehold shared ownership property £'000	Development property under construction £'000	Shared ownership property under construction £'000	Total housing properties £'000
Cost					
At 1 April 2021	**572,998**	**19,403**	**15,119**	**10,502**	**618,022**
Additions	10,874	-	12,861	3,105	26,840
Completed properties	5,685	-	(5,685)	-	-
Completed SO properties	-	460	-	(460)	-
Reclassification	-	-	-	-	-
Disposals	(2,213)	(312)	-	-	(2,525)
Impairment	-	-	-	-	-
Land sales	-	-	-	-	-
At 31 March 2022	**587,344**	**19,551**	**22,295**	**13,147**	**642,337**
Depreciation					
At 1 April 2021	(83,287)	(644)	-	-	(83,931)
Depreciation charge for period	(11,534)	(200)	-	-	(11,734)
Reallocation of accumulated depreciation	(231)	231	-	-	-
Demolitions	-	-	-	-	-
Disposals	356	19	-	-	375
At 31 March 2022	(94,696)	(594)	-	-	(95,290)
Net book value at 31 March 2022	**492,648**	**18,957**	**22,295**	**13,147**	**547,047**
Net book value at 1 April 2021	**489,711**	**18,759**	**15,119**	**10,502**	**534,091**

All fixed assets - Group

All fixed assets: Group	Total housing properties £'000	Freehold offices £'000	Vehicles £'000	Equipment & furniture £'000	Computers & software £'000	Photo - voltaic Panels £'000	Total assets £'000
Cost							
At 1 April 2021	**618,022**	**10,777**	**2,913**	**2,765**	**7,972**	**9,724**	**652,173**
Additions	26,840	53	491	547	681	-	28,612
Reclassification	-	-	-	-	-	-	-
Disposals	(2,525)	-	(166)	-	(2,073)	(28)	(4,792)
Impairment	-	-	-	-	-	-	-
Land sales	-	-	-	-	-	-	-
At 31 March 2022	**642,337**	**10,830**	**3,238**	**3,312**	**6,580**	**9,696**	**675,993**
Depreciation							
At 1 April 2021	**(83,931)**	**(1,565)**	**(2,126)**	**(1,722)**	**(5,504)**	**(3,134)**	**(97,982)**
Charge for period	(11,734)	(197)	(177)	(123)	(748)	(477)	(13,456)
Demolitions	-	-	-	-	-	-	-
Disposals	375	-	166	-	2,072	10	2,623
At 31 March 2022	**(95,290)**	**(1,762)**	**(2,137)**	**(1,845)**	**(4,180)**	**(3,601)**	**(108,815)**
Net book value at 31 March 2022	**547,047**	**9,068**	**1,101**	**1,467**	**2,400**	**6,095**	**567,178**
Net book value at 1 April 2021	**534,091**	**9,212**	**787**	**1,043**	**2,468**	**6,590**	**554,191**

Housing fixed assets - Association

Housing fixed assets: Association	Housing property general needs £'000	Completed leasehold shared ownership property £'000	Development property under construction £'000	Shared ownership property under construction £'000	Total housing properties £'000
Cost					
At 1 April 2021	**572,998**	**19,639**	**20,200**	**10,696**	**623,533**
Additions	10,874	-	13,413	3,105	27,392
Completed properties	5,685	-	(5,685)	-	-
Completed SO properties	-	460	-	(460)	-
Reclassification	-	-	-	-	-
Disposals	(2,213)	(312)	-	-	(2,525)
Impairment	-	-	-	-	-
Land sales	-	-	-	-	-
At 31 March 2022	**587,344**	**19,787**	**27,928**	**13,341**	**648,400**
Depreciation					
At 1 April 2021	**(83,287)**	**(644)**	**-**	**-**	**(83,931)**
Depreciation charge for period	(11,534)	(200)	-	-	(11,734)
Reallocation of accumulated depreciation	(231)	231	-	-	-
Demolitions	-	-	-	-	-
Disposals	356	19	-	-	375
At 31 March 2022	**(94,696)**	**(594)**	**-**	**-**	**(95,290)**
Net book value at 31 March 2022	**492,648**	**19,193**	**27,928**	**13,341**	**553,110**
Net book value at 1 April 2021	**489,711**	**18,995**	**20,200**	**10,696**	**539,602**

All fixed assets: Association

All fixed assets: Association	Total housing properties £'000	Freehold offices £'000	Vehicles £'000	Equipment & furniture £'000	Computers & software £'000	Total assets £'000
Cost						
At 1 April 2021	**623,533**	**10,777**	**2,913**	**2,765**	**7,972**	**647,960**
Additions	27,392	53	491	547	681	29,164
Reclassification	-	-	-	-	-	-
Disposals	(2,525)	-	(166)	-	(2,073)	(4,764)
Impairment	-	-	-	-	-	-
Land sales	-	-	-	-	-	-
At 31 March 2022	**648,400**	**10,830**	**3,238**	**3,312**	**6,580**	**672,360**
Depreciation						
At 1 April 2021	**(83,931)**	**(1,565)**	**(2,126)**	**(1,722)**	**(5,504)**	**(94,848)**
Charge for period	(11,734)	(197)	(177)	(123)	(748)	(12,979)
Demolitions	-	-	-	-	-	-
Disposals	375	-	166	-	2,072	2,613
At 31 March 2022	**(95,290)**	**(1,762)**	**(2,137)**	**(1,845)**	**(4,180)**	**(105,214)**
Net book value at 31 March 2022	**553,110**	**9,068**	**1,101**	**1,467**	**2,400**	**567,146**
Net book value at 1 April 2021	**539,602**	**9,212**	**787**	**1,043**	**2,468**	**553,112**

Fixed assets continued

The total expenditure on works to existing housing properties during the year to 31 March 2022 for the Group and Association was as follows:

Fixed assets continued	2022 £'000	2021 £'000
Revenue	8,187	8,107
Capital	10,874	9,888
Total	**19,061**	**17,995**

Fixed assets continued The capitalised work consists of:	2022 Group £'000	2021 Group £'000
Towers spend	971	5,578
EWI spend	735	1,055
Other works to existing properties	9,168	3,255
Total	**10,874**	**9,888**

Interest of £215,701 (2021: £216,083) was capitalised (both Group and Association). Interest was capitalised at the rate of 1.7% (2021: 1.7%) during the development period. Cumulative interest of £2,144,190 (2021: £1,928,489) has been capitalised to 31 March 2022. This was incurred on new build housing developments.

Net book value of property assets by tenure:

All property assets are freehold. The housing and commercial properties were disclosed at deemed cost with effect from 1 April 2014 on transition to FRS 102. New additions since April 2014 are disclosed at cost. Office premises are included at cost.

Housing property valuation for security purposes:

Completed housing properties were last valued as at 31 March 2017 by Bruton Knowles, Chartered Surveyors, on basis 1: the existing use value – social housing ('EUV-SH') assuming homes are re-let at a social rent and under the loan agreement.

Valuation basis 1 was £354,972,000.

The properties were revalued at 31 May 2017 as part of the refinancing exercise with a value of £372,642,000.

15. Fixed asset investment

Fixed asset investment	Group			Association			
	Investment in commercial property £'000	Other investments £'000	Total £'000	Shares in Group undertakings £'000	Investment in commercial property £'000	Other investments £'000	Total £'000
Cost (or valuation)							
At beginning of year	15,624	275	15,899	3,300	15,624	275	19,199
Transfer	-	-	-	-	-	-	-
Additions	103	-	103	-	103	-	103
Disposals	-	(4)	(4)	-	-	(4)	(4)
Revaluation	(394)	-	(394)	-	(394)	-	(394)
At end of year	**15,333**	**271**	**15,604**	**3,300**	**15,333**	**271**	**18,904**
Net book value							
At 31 March 2022	**15,333**	**271**	**15,604**	**3,300**	**15,333**	**271**	**18,904**
At 31 March 2021	15,624	275	15,899	3,300	15,624	275	19,199

The commercial properties were valued on 'Market Value' basis at £15,333,000 at 31 March 2022 (31 March 2021: £15,624,000) by Bruton Knowles, an independent valuer who holds a recognised and relevant professional qualification.

PCH holds the following other investments:

- £60,000 in Plymouth Energy Community (2021 : £60,000), an independent 'not-for-profit' co-operative. Its work focuses on three goals for Plymouth residents: reducing energy bills and fuel poverty, improving energy efficiency and generating green energy.
- £30,000 in MorHomes (2021 : £30,000) , an aggregator, owned by housing associations and facilitated by JCRA for the sector with the purpose of obtaining lower cost finance.
- £5,000 in Nudge Community Builders (2021 : £5,000), a community benefit society, which restores unused buildings.
- £176,000 Secured loans to homeowners (2021 : £180.000) to assist their relocation from our development sites.

16. Investments in subsidiaries

The company has the following investments in subsidiaries and jointly controlled entities:

Investments in subsidiaries	Cost of Investment £'000	Aggregate of capital & reserves £'000	Profit or loss for the year £'000	Country of incorporation	Class of shares held	Ownership 2022 %	Ownership 2021 %
PCH Regeneration Limited	-	1,036	515	England	Ordinary	100	100
PCH Energy Limited	3,300	3,449	7	England	Ordinary	100	100

All investments in subsidiaries are held at fair value. Details of Group loans can be found in note 19 – Debtors.

17. Properties held for sale

Properties held for sale	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Shared ownership properties in the course of construction	1,165	2,422	1,165	2,422
Total	**1,165**	**2,422**	**1,165**	**2,422**

18. Stock

Stock	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Raw materials	896	1,007	896	1,007
Work in progress	1,377	406	-	-
Total	**2,273**	**1,413**	**896**	**1,007**

19. Debtors

Stock	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Amounts falling due after one year				
Development debtor (VAT shelter)	-	4,449	-	4,449
Group debtors > 1 year	-	-	5,584	5,681
Trade debtors	534	1,081	-	-
Total	**534**	**5,530**	**5,584**	**10,130**
Amounts falling due within one year				
Trade debtors	767	1,074	232	269
Less provision for doubtful debts	-	(394)	-	(252)
Current tenant rent arrears	529	762	529	762
Current tenant non rent arrears	322	340	322	340
Less provision for doubtful debts	(851)	(870)	(851)	(870)
Former tenant rent arrears	840	995	840	995
Former tenant non rent arrears	947	908	947	908
Less provision for doubtful debts	(1,787)	(1,903)	(1,787)	(1,903)
Prepayments and accrued income	2,392	1,763	2,376	1,763
Intercompany trade debtors	-	-	-	2,571
VAT	392	559	389	557
Leaseholder debt	1,607	558	1,607	558
Less provision for doubtful debts	(105)	(105)	(105)	(105)
Corporation tax refund due	122	16	-	-
Other debtors	1,512	257	1,527	83
Less provision for doubtful debts	(357)	(83)	(357)	(83)
Development debtor	-	1,385	-	1,385
Homes England grant receivable	7,172	2,368	7,172	2,368
Total	**13,502**	**7,630**	**12,841**	**9,346**

Group debtors > 1 year

The Group debtors are comprised of a £3.5m loan to PCH Energy (2021 : £4m), a £1,550,000 loan to PCH Regeneration (2021 : £600,000) and a £534,345 intercompany balance with PCH Regeneration (2021 : £1,081,225).

The loan to PCH Energy is a revolving credit facility, terminating in 2029.The facility is £5m and interest is charged at 4%.

The loan to PCH Regeneration is a revolving credit facility, terminating in 2026. The facility is £4m and interest is charged at 4%.

The intercompany balance with PCH Regeneration relates to the transfer of land and is repayable on demand. No interest is charged on this balance.

Amounts falling due within 1 year

Amounts due from Group undertakings are trading balances repayable on demand and are non-interest bearing.

20. Cash, cash at bank and short-term deposits

Group	1 April 2021 £'000	Cashflows £'000	31 March 2022 £'000
Cash & cash equivalents			
Cash at bank and in hand	17,077	(5,612)	11,465
Overdraft	-	-	-
Cash equivalents	-	-	-
	17,077	**(5,612)**	**11,465**
Borrowing			
Debt due within one year	-	-	-
Debt due after one year	(113,500)	(2,000)	(115,500)
	(113,500)	(2,000)	(115,500)
Total	**(96,423)**	**(7,612)**	**(104,035)**

Association	1 April 2021 £'000	Cashflows £'000	31 March 2022 £'000
Cash & cash equivalents			
Cash at bank and in hand	12,941	(4,352)	8,589
Overdraft	-	-	-
Cash equivalents	-	-	-
	12,941	**(4,352)**	**8,589**
Borrowing			
Debt due within one year	-	-	-
Debt due after one year	(113,500)	(2,000)	(115,500)
	(113,500)	(2,000)	(115,500)
Total	**(100,559)**	**(6,352)**	**(106,911)**

Amounts owed to Group undertakings are trading balances repayable on demand and are non-interest bearing.

21. Creditors: amounts falling due within one year

Creditors amounts falling due within one year	Note	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Trade creditors		4,631	5,804	3,369	3,916
Amounts owed to Group undertakings		-	-	297	1,679
Taxation and social security		449	435	449	435
Corporation tax		-	57	-	-
Pension contributions		262	260	262	260
VAT		-	4	-	-
Rent received in advance		2,615	2,752	2,615	2,752
Other creditors		673	1,411	673	1,410
Year end interest accrual		752	745	752	745
Accruals and deferred income		4,728	5,385	4,086	4,549
Development creditor		-	1,385		1,385
Grant funding	24	1,049	931	1,049	931
Recycled capital grant fund	23	30	108	30	108
Total funds		**15,189**	**19,277**	**13,582**	**18,170**

22. Creditors: amounts falling due after more than one year

Creditors: amounts due falling after more than one year	Note	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Bank loans					
Due in five years or more		115,500	113,500	115,500	113,500
Deferred loan costs		(226)	(236)	(226)	(236)
THFC holding account		(2,376)	(2,143)	(2,376)	(2,143)
Total housing loans		**112,898**	**111,121**	**112,898**	**111,121**
Grant funding	24	51,152	43,084	51,152	43,084
Development creditor		-	4,449	-	4,449
Recycled capital grant fund	23	111	100	111	100
Total		**164,161**	**158,754**	**164,161**	**158,754**

23. Recycled capital grant fund

Creditors: amounts falling due after more than one year	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
At beginning of the year	208	138	208	138
Allocated during year	(108)	-	(108)	-
Transferred to fund during year	41	70	41	70
At end of the year	**141**	**208**	**141**	**208**
Disclosed as:				
Creditors < 1 year	30	108	30	108
Creditors > 1 year	111	100	111	100
Total	**141**	**208**	**141**	**208**

24. Capital grant funds

Social housing grant	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
At beginning of the year	21,918	21,739	21,918	21,739
Additions	3,317	294	3,317	294
Amortised within the consolidated statement of comprehensive income	(192)	(95)	(192)	(95)
Transfer from recycled capital grant fund	108	-	108	-
Transfer to recycled capital grant fund	(11)	(20)	(11)	(20)
Transfer from disposal proceeds fund	-	-	-	-
Disposals	-	-	-	-
At end of the year	**25,140**	**21,918**	**25,140**	**21,918**
Recognised in:				
Creditors: amounts falling due within one year	192	155	192	155
Creditors: amounts falling due after one year	24,948	21,763	24,948	21,763
Total	**25,140**	**21,918**	**25,140**	**21,918**

British Gas grant	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
At beginning of the year	10,816	11,414	10,816	11,414
Additions	-	-	-	-
Amortised within the consolidated statement of comprehensive income	(529)	(549)	(529)	(549)
Disposals	(106)	(49)	(106)	(49)
At end of the year	**10,181**	**10,816**	**10,181**	**10,816**
Recognised in:				
Creditors: amounts falling due within one year	536	549	536	549
Creditors: amounts falling due after one year	9,645	10,267	9,645	10,267
Total	**10,181**	**10,816**	**10,181**	**10,816**

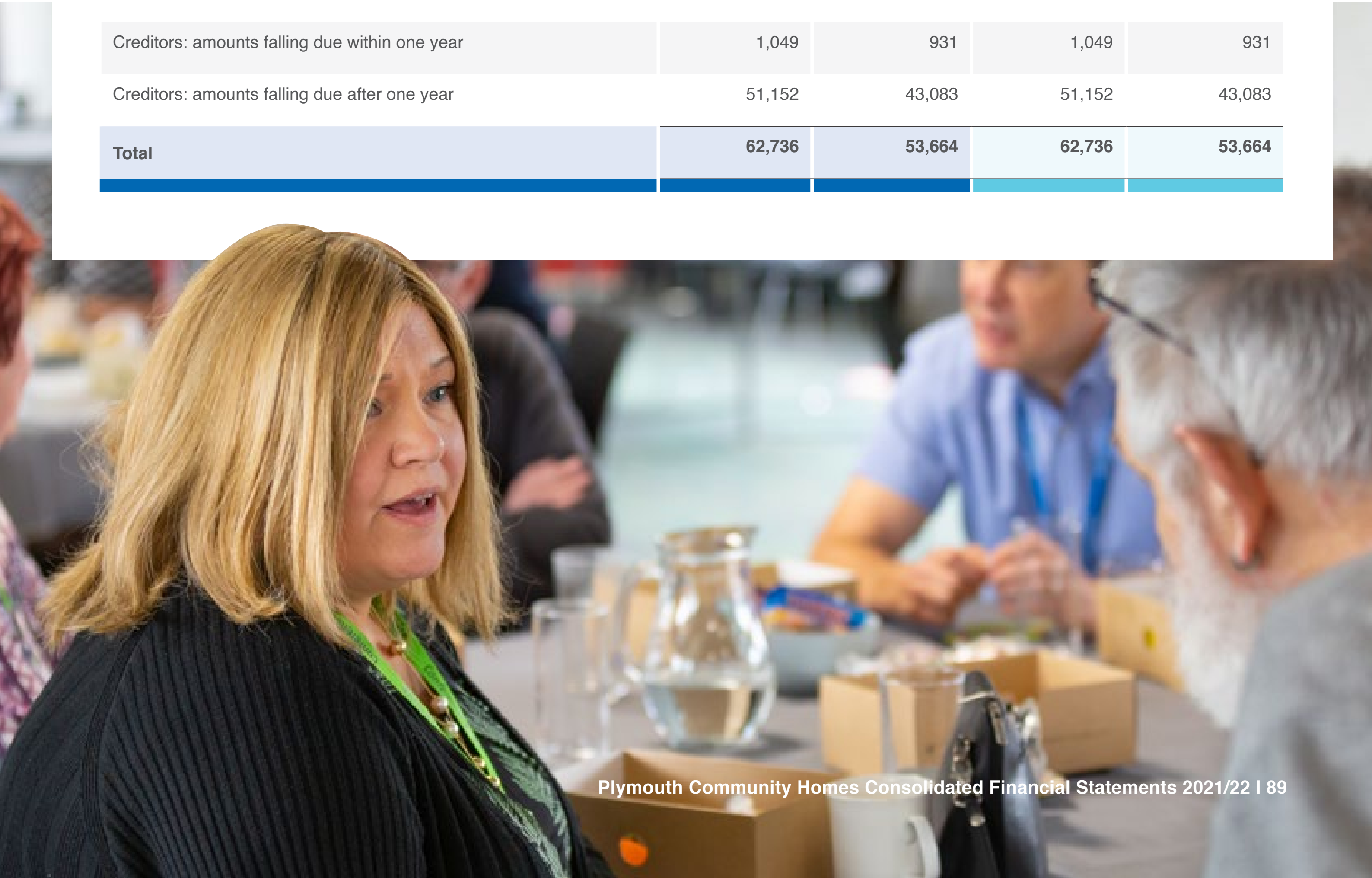
Capital grant funds continued

Homes England towers grant	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
At beginning of the year	7,342	7,347	7,342	7,347
Additions	4,089	-	4,089	-
Amortised within the consolidated statement of comprehensive income	-	(5)	-	(5)
Disposals	-	-	-	-
At end of the year	**11,431**	**7,342**	**11,431**	**7,342**
Recognised in:				
Creditors: amounts falling due within one year	294	220	294	220
Creditors: amounts falling due after one year	11,137	7,122	11,137	7,122
Total	**11,431**	**7,342**	**11,431**	**7,342**

Other grants	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
At beginning of the year	3,938	1,308	3,938	1,308
Additions	1,666	3,555	1,666	3,555
Amortised within the consolidated statement of comprehensive income	(9)	(1)	(9)	(1)
Disposals	(146)	(924)	(146)	(924)
At end of the year	**5,449**	**3,938**	**5,449**	**3,938**
Recognised in:				
Creditors: amounts falling due within one year	27	7	27	7
Creditors: amounts falling due after one year	5,422	3,931	5,422	3,931
Total	**5,449**	**3,938**	**5,449**	**3,938**

Total grant	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Creditors: amounts falling due within one year	1,049	931	1,049	931
Creditors: amounts falling due after one year	51,152	43,083	51,152	43,083
Total	**52,201**	**44,014**	**52,201**	**44,014**

Government grants received to date	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Social housing grant	25,625	22,308	25,625	22,308
British Gas grant	14,650	14,650	14,650	14,650
Homes England towers grant	15,931	11,842	15,931	11,842
Other grant	6,530	4,864	6,530	4,864
Total received	**62,736**	**53,664**	**62,736**	**53,664**
Recognised in:				
Revenue reserve	10,535	9,650	10,535	9,650
Creditors: amounts falling due within one year	1,049	931	1,049	931
Creditors: amounts falling due after one year	51,152	43,083	51,152	43,083
Total	**62,736**	**53,664**	**62,736**	**53,664**



25. Interest-bearing loans and borrowings

The loan and borrowing facilities are held at amortised cost. All facilities are fully secured by fixed charges over the organisation's properties except the THFC loan which currently requires cash to be held equating to the security value of properties removed through RTB/RTA disposals, or for properties charged to THFC being reduced to a nil value until remedial work is completed as these properties are treated in the same way as properties removed from security. The remedial work is expected to be completed within 3 years. The facilities each have different covenants but all include a requirement to cover their interest costs, either from those properties in charge to them or at a whole-organisation level, and to have sufficient properties charged as security

Interest-bearing loans and borrowings	2022 £'000	2021 £'000
Due in less than five years	13,250	13,250
Due in five years or more	102,250	100,250
Deferred loan costs	(226)	(236)
THFC holding account	(2,376)	(2,143)
Total	**112,898**	**111,121**

26. Devon County Council pension scheme

The Local Government Pension Scheme is a multi-employer scheme which provides benefits to non-associated employers. The scheme is classified as a defined benefit scheme. The last triennial valuation of the scheme was 2019.

Devon County Council is the administering authority to the Devon County Council Pension Fund ("the fund"). The Local Government Pension Scheme ("LGPS") provides pension benefits to employees of Plymouth Community Homes Ltd ("the employer"). The staff working for Plymouth Community Homes Regeneration Company Ltd and Plymouth Community Homes Energy Ltd are employed by Plymouth Community Homes and their costs of employment are charged to those companies. All pension costs are therefore included in these notes.

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings.

Group & Association net pension liability	March 31 2022 £'000	March 31 2021 £'000
Present value of funded defined benefit obligations	(124,904)	(128,894)
Fair value of plan assets	93,212	87,025
Net pension liability	**(31,692)**	**(41,869)**

Devon County Council pension scheme continued

Reconciliation of opening & closing balances of the present value of the defined benefit obligation

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	March 31 2022 £'000	March 31 2021 £'000
Defined benefit obligation at 1 April	128,894	95,031
Current service cost	2,751	2,040
Interest cost	2,561	2,216
Actuarial losses/(gains)	(7,818)	33,054
Change in demographic assumptions	-	(983)
Experience loss/(gain) on defined benefit obligation	206	(942)
Estimated benefits paid net of transfers in	(2,071)	(2,293)
Past service costs, including curtailments	-	346
Contributions by scheme participants	381	425
Defined benefit obligation at 31 March	**124,904**	**128,894**

Reconciliation of opening & closing balances of the fair value of fund assets

Reconciliation of opening & closing balances of the fair value of fund assets	March 31 2022 £'000	March 31 2021 £'000
Fair value of scheme assets at 1 April	87,025	69,774
Interest on assets	1,735	1,635
Return on assets less interest	5,026	16,082
Other actuarial gains/(losses)	-	-
Administration expenses	(53)	(53)
Contributions by employer (including unfunded)	1,169	1,455
Contributions by scheme participants	381	425
Estimated benefits paid net of transfers in (including unfunded)	(2,071)	(2,293)
Fair value of scheme assets at 31 March	**93,212**	**87,025**

The total return on the fund assets for the year to 31 March 2022 is £6,761,000.

Devon County Council pension scheme continued

Expense recognised in the profit and loss account

Expense recognised in the profit and loss account	March 31 2022 £'000	March 31 2021 £'000
Service cost	2,751	2,386
Net interest on the defined liability (asset)	826	581
Administration expenses	53	53
Total	**3,630**	**3,020**

The total loss recognised in the consolidated statement of total recognised gains and losses in respect of actuarial gain is £12,638,000 (2021: loss £15,047,000).

The estimated asset allocation for Plymouth Community Homes as at 31 March 2022 is as follows:

Employer asset share - bid value	March 31 2022 £'000	March 31 2021 £'000
Gilts	12,397	2,960
Equities	8,308	9,638
Overseas equities	46,877	44,942
Property	8,782	6,990
Infrastructure	5,263	3,526
Target return portfolio	8,616	8,193
Cash	1,101	897
Other bonds	1,907	3,902
Alternative assets	(39)	5,977
Private equity	-	-
Total	**93,212**	**87,025**

Devon County Council pension scheme continued

Financial assumptions as at	March 31 2022 %PA	March 31 2022 %PA
Discount rate	2.60%	2.00%
Pension increases	3.20%	2.85%
Salary increases	4.20%	3.85%

These assumptions are set with reference to market conditions at 31 March 2022. Our estimate of the duration of the Employer's past service liability duration is 23 years. These assumptions are set with reference to market conditions at 31 March 2022. Our estimate of the duration of the Employer's past service liability duration is 23 years.

Retiring age	Life expectancy at age 65 (years)
Male retiring in 2022	22.7
Female retiring in 2022	24.0
Male retiring in 2042	**24.0**
Female retiring in 2042	**25.4**

The Group expects to contribute approximately £1m to the LGPS defined benefit plan in the next financial year.

27. Social housing pension scheme

SHPS is a multi-employer scheme which provides benefits to non-associated employers. The scheme is classified as a defined benefit scheme. The last triennial valuation of the scheme was 2019.

Social housing pension scheme	March 31 2022 £'000	March 31 2021 £'000
Present value of funded defined benefit obligations	(11,913)	(11,972)
Fair value of plan assets	10,713	8,294
Net pension liability	**(1,200)**	**(3,678)**

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	March 31 2022 £'000	March 31 2021 £'000
Defined benefit obligation at 1 April	11,972	8,289
Current service cost	430	319
Expenses	13	13
Interest cost	271	197
Contributions by scheme participants	132	143
Actuarial losses/(gains) due to scheme experience	703	(480)
Actuarial (gains)/losses due to changes in demographic assumptions	(162)	37
Actuarial (gains)/losses due to changes in financial assumptions	(1,386)	3,497
Benefits	(60)	(43)
Defined benefit obligation at 31 March	**11,913**	**11,972**

Reconciliation of opening & closing balances of the fair value of fund assets	March 31 2022 £'000	March 31 2021 £'000
Fair value of scheme assets at 1 April	8,294	6,979
Interest on assets	190	169
Experience on plan assets (excl amounts included in interest income) gain (loss)	1,673	554
Contributions by employer	484	492
Contributions by plan participants	132	143
Benefits paid and expenses	(60)	(43)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of scheme assets at 31 March	**10,713**	**8,294**

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2021 to 31 March 2022 was £1,863,000.

Social housing pension scheme continued

Expense recognised in the profit and loss account

Social housing pension scheme	March 31 2022 £'000	March 31 2021 £'000
Current service cost	430	319
Expenses	13	13
Net interest expense	81	28
TOTAL	**524**	**360**

The estimated asset allocation for Plymouth Community Homes as at 31 March 2022 is as follows:

Employer asset share - bid value	Assets March 31 2022 £'000	Assets March 31 2021 £'000
Absolute return	430	458
Alternative risk premia	353	312
Corporate bond fund	715	490
Opportunistic liquid credit	360	211
Liquid credit	-	99
Credit relative fund	356	261
Distressed opportunities	383	240
Emerging markets debts	312	335
Fund of hedge funds	-	1
Global equity	2,056	1,322
Infrastructure	763	553
Insurance-linked securities	250	199
Liability driven investment	2,989	2,108
Long lease property	276	163
Net current assets	30	50
Private debt	275	198
Property	289	172
Risk sharing	353	302
Secured income	399	345
High yield	92	248
Opportunistic credit	38	227
Cash	36	-
Current hedging	(42)	-
Total expected return on assets	**10,713**	**8,294**

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Social housing pension scheme continued

Financial assumptions as at	March 31 2022 % P.A.	March 31 2021 % P.A.
Discount rate	2.77%	2.22%
RPI increases	3.39%	3.17%
CPI increases	3.11%	2.88%
Salary growth	4.11%	3.88%
Allowance for commutation of pension cash at retirement	75% of maximum allowance	75% of maximum allowance

These assumptions are set with reference to market conditions at 31 March 2022. The average duration of the defined benefit obligation at the period ended 31 March 2022 is 29 years. The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

Life expectancy at age 65	(Years)
Male retiring in 2022	21.1
Female retiring in 2022	23.7
Male retiring in 2042	22.4
Female retiring in 2042	25.2

SHPS scheme review

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 given the current level of uncertainties, 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.

28. Share capital

Ordinary shares of £1 each. Allotted, called up and fully paid.

Share capital	2022 No.	2021 No.
At 1 April	38	38
Issued during the year	1	2
Cancelled during the year	(5)	(2)
At 31 March	**34**	**38**

29. Operating leases

	2022		2021	
Operating leases	**Land & buildings £'000**	**Other £'000**	**Land & buildings £'000**	**Other £'000**
Less than one year	32	140	54	123
Between one and five years	3	23	37	46
More than five years	-	-	-	-
Total	**35**	**163**	**91**	**169**

30. Leases as lessor

Leases as lessor	2022 No.	2021 No.
Less than one year	1,313	1,767
Between one and five years	2,148	2,029
More than five years	1,357	469
Total	**4,818**	**4,265**

Leases relate to the length of commercial tenancies for shops and offices.

31. Commitments

Commitments	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
The company contractual commitments to purchase tangible fixed assets at the year-end were	36,055	40,506	36,055	40,506
The company has expenditure authorised by the Board but has not yet been contracted for of	36,477	21,982	36,477	21,982
Total	**72,532**	**62,488**	**72,532**	**62,488**

32. Contingencies

Social Housing Grant of £25,946,000 (2021: £22,629,000) has been received. Should the related properties be sold and the grant not reinvested in new properties this amount could be repayable to the Homes & Communities Agency.

33. Related party transactions

The Board members who served during the period and are also tenants have a standard tenancy agreement and are required to fulfil the same obligations and receive the same benefit as other tenants.

Two Board members are nominees of Plymouth City Council (PCC), both serving councillors. All transactions with PCC during the year were conducted at arm's length and on normal commercial terms.

Under Section 33 of FRS 102 defined benefit pension schemes are considered to be related parties. Plymouth Community Homes is a member of the following defined benefit schemes: Social Housing Pension Scheme and Devon County Council Local Government Pension Scheme. Details of transactions with the schemes are disclosed in note 26 and 27.

All trading transactions between Plymouth Community Homes and its non-regulated subsidiaries are charged at the cost of providing the service between the subsidiaries. Recharges are determined by an appropriate allocation depending on the nature of the cost, such as headcount, floor space and services.

The value of transactions between PCH Ltd and its subsidiaries was as follows:

PCH Manufacturing Services Ltd: costs incurred by PCH Manufacturing: £7,600 (2021: £121,357).

PCH Regeneration Company Ltd: service charge from PCH Ltd to PCH Regeneration: £370,109 (2021: £362,821); design & build work invoiced from PCH Regeneration to PCH Ltd: £10,021,000 (2021: £9,814,000).

PCH Energy Ltd: service charge from PCH Ltd to PCH Energy: £32,485 (2021: £32,004); charge from PCH Ltd to PCH Energy for lease of roofs: £104,895 (2021: £105,435). charge from PCH Energy to PCH Ltd for electricity: £93,942 (2021: £97,025).

The intercompany debtor and creditor balances as at 31 March are disclosed in Note 19 and Note 21.

34. Subsequent events

There are no subsequent events to report.

35. Accounting estimates and judgements

Key sources of estimation uncertainty

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives of the assets so these are re-assessed annually and amended when necessary to reflect current estimates. See note 14 for the carrying amount of the property plant and equipment, and note 1 for the useful economic lives for each class of assets.

Impairment of debtors

The company makes an estimate for the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including, the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 19 for the net carrying amount of the debtors and associated impairment provision.

Pensions

FRS 102 requires that certain assumptions are made in order to determine the amount to be recorded for retirement benefit obligations and pension plan assets, in particular for defined benefit plans.

Valuation of housing properties

The company tests annually whether there are any impairment triggers that would require the company to undertake a full impairment review of housing properties under FRS 102. No other triggers were identified for the 2021/22 financial year

Critical accounting judgements in applying the company's accounting policies

There are no such judgements in either the current or prior year.

36. Status

Registered Office:

Plumer House, Tailyour Road, Plymouth PL6 5DH.

Plymouth Community Homes Group

At the time of signing these financial statements Plymouth Community Homes had two wholly owned subsidiaries - Plymouth Community Homes Regeneration Company Ltd (company number 7272688) and Plymouth Community Homes Energy Ltd (company number 8028170). Both subsidiaries are incorporated under the Companies Act 2006.

- Plymouth Community Homes Regeneration Company Ltd oversees the design and build work for redevelopment projects.
- Plymouth Community Homes Energy Ltd oversees the installation of photovoltaic panels on properties owned by Plymouth Community Homes Ltd.

Prior years also included Plymouth Community Homes Manufacturing Services Ltd (company number 07001677), which sold manufactured goods to third parties; it ceased trading during 2020/21 and put into liquidation in March 2022.

"The future looks bright for the shared ownership programme, with new schemes started in Saltash and Callington."

37. Board members, executives and advisors

The Board members, executives and advisors during the year and up to the date of signing these accounts were:

Members of the Board

Nicholas Lewis	Chair of Plymouth Community Homes Ltd
Debra Roche	Vice Chair of Plymouth Community Homes Ltd. Chair of Remuneration and Nominations Committee (formerly Remuneration Panel) Chair of PCH Regeneration Ltd Board
Lavinia Porfir	Chair of Customer Focus Committee
Simon Ashby	Board member to 31 March 2022
Elizabeth Nicolls	Chair of Audit and Risk Committee
Graham Stirling	Board member to 31 March 2022. Chair of PCH Manufacturing Services Ltd
Graham Clayton	Board member
Madeline Bridgeman	Board member to 20 May 2022
Valerie Lee	Board member
Julie White	Chair of Development Committee from 1 April 2021
Ian Tuffin	Board member from 29 July 2021 to 20 May 2022
Tasawar Nawaz	Board member from 25 May 2022
Maja Jorgenson	Board member from 25 May 2022
Jillian Gregg	Board member from 25 July 2022
Sally Haydon	Board member from 25 July 2022

Directors of Plymouth Community Homes Manufacturing Services Ltd (in liquidation):

Graham Stirling	Chair to 17 February 2022
Madeline Bridgeman	Vice Chair
Nicholas Jackson	Chair from 17 February 2022
Simon Ashby	Board member

Directors of Plymouth Community Homes Regeneration Company Ltd:

Executive Directors

John Clark	Chair to 6 July 2021
Gillian Martin	Board member to 7 July 2021
Nicholas Jackson	Board member to 7 July 2021
Carl Brazier	Board member from 7 July 2021 to 26 July 2022

Non-Executive Directors:

Debra Roche	Chair from 7 July 2021
Graham Stirling	Board member from 7 July 2021 to 31 March 2022
Jillian Gregg	Independent Director from 25 November 2021 to 1 July 2022 Board member from 1 July 2022
Michael Day	Independent Director from 1 July 2022

Directors of Plymouth Community Homes Energy Ltd

John Clark	Chair
Nicholas Jackson	Board member
Gillian Martin	Board member
Carl Brazier	From 29 July 2021 to 26 July 2022

Board members executives and advisors continued

Audit and Risk Committee

Elizabeth Nicolls	Chair
Simon Ashby	Committee Member to 31 March 2022
Madeline Bridgeman	Committee Member to 29 July 2021
Ian Tuffin	Committee Member from 29 July 2021 to 26 November 2021
Graham Clayton	Committee Member
Valerie Lee	Committee Member from 25 November 2021

Customer Focus Committee

Lavinia Porfir	Chair
Tina Tuohy	To 31 May 2021
Valerie Lee	To 25 November 2021
Madeline Bridgeman	From 29 July 2021
Ian Tuffin	From 25 November 2021
Ember Wolffire	Co-optee to 1 November 2021
Kelly Wilding	Co-optee to 28 January 2022
Gaynor Sotherton	Co-optee from 20 December 2021
Joanne Bowden	Co-optee from 20 December 2021
Graham Clayton	From 24 November 2020

Development Committee

Julie White	Chair
Graham Stirling	Vice Chair to 31 March 2022
Debra Roche	Committee member
Elizabeth Nicolls	Committee member
Richard Connelly	Co-optee

Remuneration and Nomination Committee

Debra Roche	Chair
Nicholas Lewis	Committee member
Lavinia Porfir	Committee member

Scrutiny Steering Group

Joanne Bowden

Patrick Gillespie

Mel Leonis

Elaine Pellow

Ann-Marie Maddock

Gaynor Southerton

Executive Management Team

John Clark	Chief Executive
Nicholas Jackson	Director of Business Services and Development
Gillian Martin	Director of Corporate Services
Carl Brazier	Director of Homes and Neighbourhoods to 26 July 2022

Company Secretary

Belinda Pascoe	Head of Governance to 25 October 2021
Lucy Rickson	Head of Governance from 25 October 2021

Board members executives and advisors continued

External auditor:

KPMG LLP
Suite 23
BLOCK
Royal William Yard
Plymouth PL1 3RP

Internal auditor:

Mazars LLP
The Pinnacle
160 Midsummer Boulevard
Milton Keynes MK9 1FF

Tax advisor:

KPMG LLP
66 Queen Square
Bristol BS1 4BE

Principal bankers:

National Westminster Bank PLC
14 Old Town Street
Plymouth PL1 1DG

Funders:

National Westminster Bank PLC
250 Bishopsgate
London EC2M 4AA

Barclays Bank PLC
Third Floor, 3 Bedford Street
Exeter EX1 1LX

Barings
1500 Main Street – Suite 2200
PO Box 15189
Springfield, MA 01115-5189 USA

Great-West Life & Annuity Insurance Company
8525 East Orchard Road,
2T3 Greenwood Village,
CO 80111, USA

Great-West Life & Annuity Insurance Company of New York
50 Main St
White Plains, NY, 10606-1901
USA

The Housing Finance Corporation Ltd
3rd Floor
17 St Swithin's Lane
London EC4N 8AL

Security trustees:

Prudential Trustees
Governors House
Laurence Pountney Hill,
London EC4R 0HH

Solicitors:

Penningtons Manches LLP
125 Wood Street,
London, EC2V 7AW

Womble Bond Dickinson
Ballard House,
West Hoe Road,
Plymouth, PL1 3AE

Capsticks Solicitors LLP
1 St George's Road,
London, SW19 4DR

Capsticks Solicitors LLP
1 St George's Road,
London, SW19 4DR

Devonshires
30 Finsbury Circus,
London, EC2M 7DT

Tozers LLP
Broadwalk House,
Southernhay West,
Exeter EX1 1UA.

Stephens Scown Solicitors
3 Elizabeth Close,
Plymouth, PL1 2DH

Trowers & Hamlins
First Floor/The Senate,
Southernhay Gardens,
Exeter, EX1 1UG

Property valuers:

Savills
Sterling Court
17 Dix's Field,
Exeter, EX1 1QA

Bruton Knowles
Plumer House,
Tailyour Road,
Plymouth, PL6 5DH

Treasury advisors:

Chatham Financial Europe Ltd
12 St James Square,
London, SW1Y 4LB

Our primary objectives are still to improve lives and communities, to look after our homes, to build new homes in Plymouth and beyond, and to grow our business.

Plymouth Community Homes

Plymouth Community Homes Plumer House, Tailyour Road
Crownhill, Plymouth PL6 5DH

info@plymouthcommunityhomes.co.uk I www.plymouthcommunityhomes.co.uk