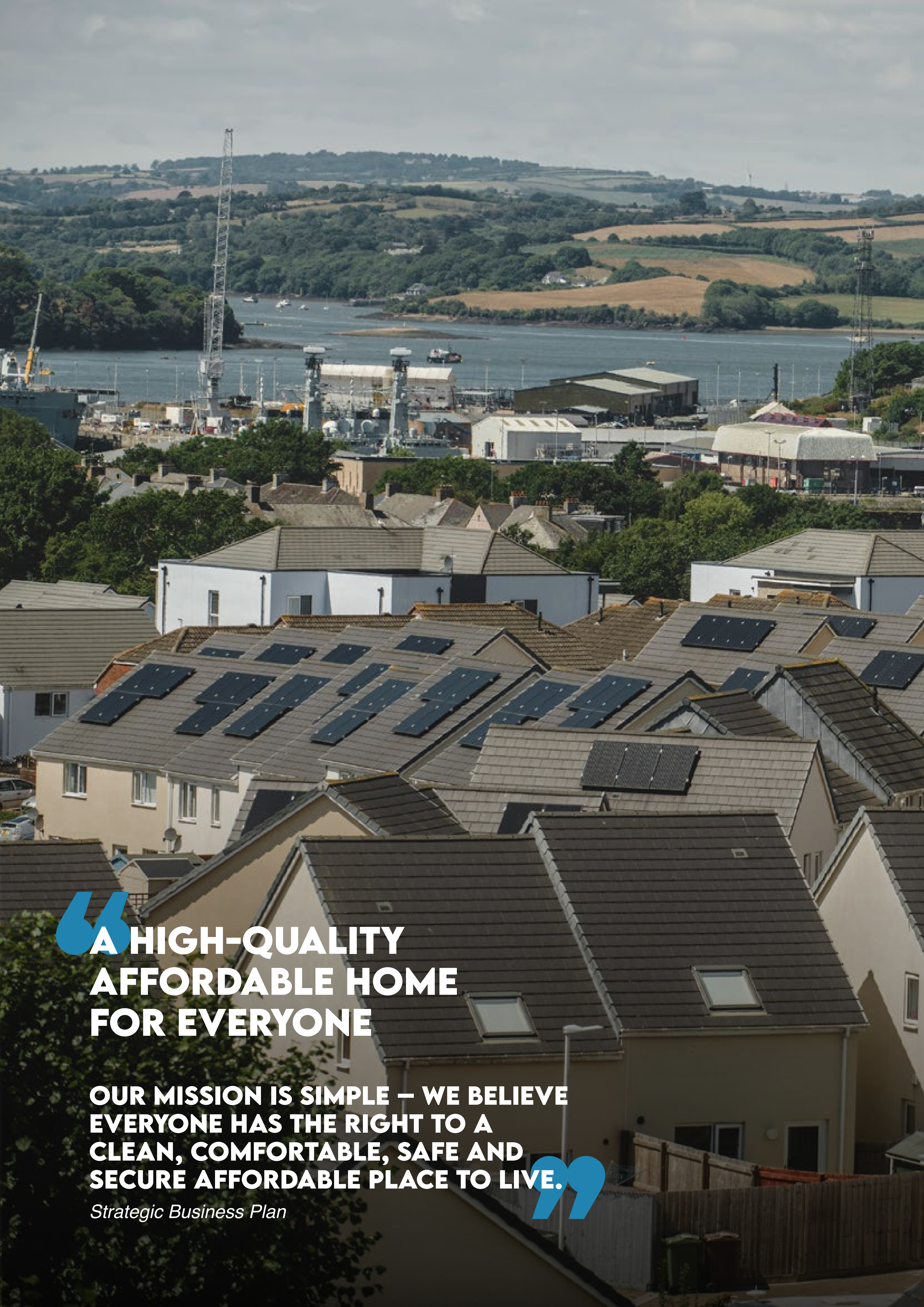
CONSOLIDATED FINANCIAL STATEMENTS

YEAR END MARCH 2023



A HIGH-QUALITY AFFORDABLE HOME FOR EVERYONE

OUR MISSION IS SIMPLE – WE BELIEVE EVERYONE HAS THE RIGHT TO A CLEAN, COMFORTABLE, SAFE AND SECURE AFFORDABLE PLACE TO LIVE.

Strategic Business Plan

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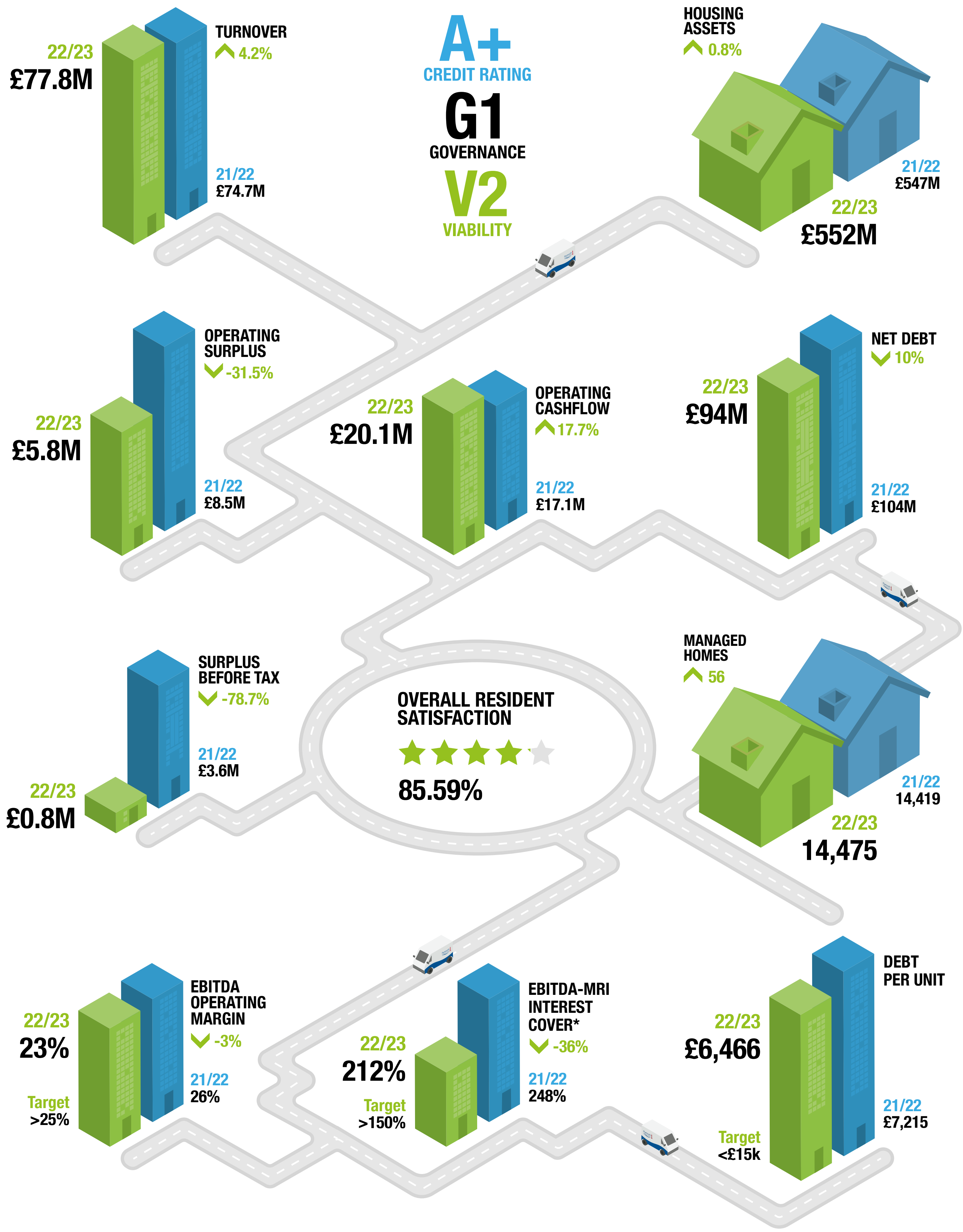


Value for Money at a Glance

BUSINESS HEALTH	DEVELOPMENT (CAPACITY AND SUPPLY)	OUTCOMES DELIVERED	EFFECTIVE ASSET MANAGEMENT	OPERATING EFFICIENCES
OPERATING MARGIN 6.53%	HOMES DEVELOPED 109	CUSTOMER SATISFACTION WITH SERVICES 85.59%	RETURN ON CAPITAL EMPLOYED 0.95%	HEADLINE SOCIAL HOUSING COST PER UNIT £4,310
OPERATING MARGIN (Social Lettings) 4.29%	HOMES DEVELOPED AS % OF HOMES OWNED 0.75%	REINVESTMENT 3.32%	OCCUPANCY RATE 99.68%	RENT COLLECTED AS % OF RENT DUE 100.32%
EBITDA-MRI INTEREST COVER 212%	GEARING 16.93%	£ INVESTED IN COMMUNITIES £812K	RATIO OF RESPONSE REPAIRS TO PLANNED MAINTENANCE 0.58	OVERHEADS AS % OF ADJUSTED TURNOVER 13.11%

INTRODUCTION BY THE CHIEF EXECUTIVE

Last year, I began this introduction by referencing the sombre mood of the country as the war in Ukraine coupled with the cost-of-living crisis and rising energy prices created financial pressures for everyone, especially our tenants. This year, the picture sadly remains largely unchanged and prices continue to rise, putting added strain on everyone living in our homes, as well as on businesses like ours trying to manage those homes and build new social housing to meet local need.

During the last 12 months, we've faced the highest rate of inflation since the 1970s, and with it, greatly increased fuel costs, rising utility bills, and ongoing supply chain issues, which have led to delays on site and significantly higher repair costs, impacting on numerous construction and development programmes. Supporting our tenants has never been more vital as the cost of living has soared with energy and food cost inflation disproportionately impacting those on lower incomes. We continue to prioritise this support, despite the economic pressures created for us as a business, as well as continuing to deliver new housing for the city of Plymouth and surrounding area as the need for genuine affordable housing has increased.

As a conscientious social housing provider and a trusted and fair landlord with a core set of values to help guide our work, we've recently launched our new 5-year Strategic Business Plan setting out our Mission - to deliver a high quality, affordable home for everyone - and our Vision – to provide homes and communities where people want to live.

We've focused on maintaining and refurbishing our existing managed homes – now totalling 14,475 – with an ongoing, major investment programme to ensure our tenants have a clean, comfortable, safe and secure place to live.

During the year, Plymouth Community Homes invested a total of £18m on improving our existing homes (£19m 2021/22), including energy efficiency works to support our tenants in a time of prolonged increased energy costs.

We are approaching the completion of energy improvement measures to 24 residential properties as part of a block investment project of £1.6m. This project has benefited from funding from the Wave 1 Social Housing Decarbonisation Fund (SHDF), with a contribution estimated at £275,000. We have successfully secured a further £5.6m of funding in Wave 2 of the SHDF, which we will match fund with £8.6m, to make a further 600 of our homes more energy efficient and help tenants reduce their energy bills. These works will be subject to a cost review and test of current market conditions to ensure funded works deliver value for money for PCH.

This last year, housing providers quite rightly came under greater scrutiny for the way they manage damp and mould in their properties following the inquest into the tragic death of toddler Awaab Ishak, who died from a respiratory condition caused by exposure to mould in his family's social housing home in Rochdale.

We were already taking reports of damp and mould seriously at PCH and have improved the way we manage and respond to reports of damp, mould and condensation, but we know we can always do more. During the last six months, we have increased our focus – creating new senior, specific roles within the organisation to drive forward better ways of working, updated our policy to guide this work, and created new, helpful guidance for residents, as well as improving teaching aids for staff.

We're shifting the culture from reactive to proactive across the organisation to directly improve outcomes for our residents and this will also ensure we meet targets and measures set by the Housing Ombudsman and the Regulator of Social Housing

Alongside our asset management work, we've continued building, and acquiring homes across the travel to work area. We completed 121 new homes this year, including 33 one-bed flats for social rent by the over 55s within Phase 5 of the North Prospect regeneration. A further 55 new homes were made available for affordable rent, 33 for social rent, 21 for shared ownership and 12 for open market sale.

This year marked the 10th anniversary of the major regeneration scheme at North Prospect, the largest of its kind in the South West, and we celebrated this milestone alongside another key achievement – completing on the build of our 1,000th home.

Plans were prepared for further developments in the city, including a £33.5m eco-friendly neighbourhood in the city centre offering more than 140 affordable homes, and work on a new development in Saltash to create 107 affordable homes got underway.

PCH successfully secured £7.6m of grant funding from Homes England and Plymouth City Council to help fund a £21.5m purchase, now complete, of a former MoD estate in Plymouth which will provide PCH with 86 three-bedroom homes able to be refurbished and made available for social rent and shared ownership purchase to local families in housing need.

Prioritising the wellbeing of our residents has continued throughout the last year, as we remain committed to our core values to listen, care, respect and do the right thing, and we've maintained our Financial Support Fund, helping 202 of our residents in the greatest need over the last 12 months. Our Income Recovery and Financial Inclusion team has also given practical help to residents whose financial circumstances have changed or become untenable, supporting residents to claim £369,282 in additional benefits they were entitled to – as well as helping our commercial tenants with applications for business grants.

Whilst the challenges of Covid-19 have eased for many following the vaccination programme, we've continued to support and stay in touch with our residents, especially those with specific vulnerabilities, and to operate careful procedures to protect both our staff and our residents when outbreaks occur.

In the last year, our Housing with Support Team made more than 38,500 welfare contacts with sheltered housing tenants, while our Housing Management Team stayed in regular contact with 2,700 of our most vulnerable or elderly residents to provide support and reassurance.

We were pleased to record top quartile customer satisfaction with our services at 85.59%. Whilst this is rewarding to see, we remain committed to improving how we communicate with our residents so we can ensure we're listening to what residents tell us. We held 18 resident consultations to hear feedback, generating 4,800 responses for the organisation to take on board.

We've responded to more than 2,070 calls a week in our Contact Centre from residents with requests for repairs, housing support or information, and we upgraded our digital communications channels, launching new email newsletters and a more streamlined, accessible website.

Our Communities Team delivered a range of projects to support resident welfare as PCH invested £812,000 in our communities – an increase of £112k on the previous year. This enabled the delivery of 31 Learn For Free training courses to support 165 residents, with employment skills courses being the most popular. We also delivered regular digital and IT sessions helping residents to get online and ran courses for resident groups to support on equality and diversity, food safety and first aid

AT OUR CORE WE ARE A SOCIAL HOUSING PROVIDER WITH A STRONG FOCUS ON ENSURING RESIDENTS ARE INTEGRAL TO WHAT WE DO AND THAT THEIR VOICE IS HEARD.

John Clark, Chief Executive

and worked with Active Plus to deliver confidence and motivation courses. Clubs and activities were run to support tenants dealing with cost-of-living challenges, and grants of £6,500 given to support Jubilee and seasonal events.

Other work included resident consultations, surveys and focus groups, and residents were encouraged to engage in formal processes, including a scrutiny review of how PCH contractors interact with residents. Community workers delivered 43 community development projects over the year, including teaming up with local and regional environmental organisations to engage residents in planting trees across our neighbourhoods and supporting community gardening projects. This forms part of our increasing focus on bio-diversity across our estates.

We also gave back to the community by supporting the Keyham Green Places Foodbank, used by many of our residents, and by making donations to local charities as well as supporting key local community partnership organisations.

We've worked hard to help ensure rents and service charges remain manageable for our tenants, despite the increased costs created for us as a business. We followed Government rent setting and rather than increase rents by 11.1% we capped the increases from April 2023 at 7%, absorbing the difference ourselves in order to help manage affordability for our tenants. In addition this year, more of our homes previously switched to an affordable rent were brought back to social rent. We also absorbed some of the increased costs incurred by energy price rises when setting service charges to help our residents as energy bills continued to rise.

We formed a significant partnership with LiveWell during the year and have now agreed to jointly fund a programme of housing health initiatives with our tenants aimed at improving lives and reducing pressure on the NHS and care services.

Whilst we retained the highest regulatory judgement of G1 for our governance, PCH was one of a number of social housing organisations to be regraded for our financial viability from V1 to V2 as a result of the impacting economic climate, though we remain fully compliant with the regulatory requirements. We were particularly proud to retain our A+ credit rating despite the financial pressures, reflecting our position as a secure organisation for investors.
PCH operate a Golden Rules system which provides a risk management framework for planning and performance. PCH was compliant across all Golden Rule metrics for 2022/23, these cover cash in hand, liquidity, interest cover, gearing and market sales risk.

Turnover increased by 4.2% to £77.8m (£74.7m 2021/22) and housing assets rose to £552m (up from £547m in 2021/22). Sales from our shared ownership programme SO Living were lower in number than during the previous year, with 33 homes sold (42 in 2021/22) generating £3.2m (£3.7m in 2021/22) - but with a surplus of £750K (£151K in 2021/22), giving our highest return on investment of 23.4% (4.1% in 2021/22).

Our arrears remain low, at 1.48% for current tenants (1.51% in 2021/22), despite the cost of living pressures causing a risk factor for many, and our income loss from voids also remains low at 0.60% (0.65% last year) thanks to careful management.

The impact of the financial challenges were seen most notably in our operating surplus for 2022/23 being lower than in previous years, down 31.8% to £5.8m (£8.5m in 2021/22) and resulting in a surplus before tax of £0.8m (down from £3.6m in 2021/22). This surplus represents our operating position and whilst low from a cash perspective, our operating cashflow was up 17.7% to £20.1m, and our operating margin on an EBITDA basis remained healthy at 23%, slightly down on the 26% in 2021/22. After a non-cash pension gain of £41.8m, we reported a total surplus for the year of £42.6m (£18.9m in 2021/22).

The £5.8m operating surplus is £2.7m lower compared to the 2021/22 year, predominantly caused by repairs inflation in the current economic environment. However PCH is in a strong financial position with low gearing (gross debt of £122m against housing assets of £552m), a good cash in hand position (£28.7m) and significant secured undrawn loan facilities of £105m, all allowing it to continue its strategic plans in the year ahead.

Interest cover on an EBITDA-MRI basis was 212% (248% 2021/22) and 23% on an EBITDA operating margin basis. There was a 10% decrease in our net debt from £104m to £94m and our debt per home correspondingly reduced to £6,466 from last year's £7,215. Liquidity remained strong, with balance sheet cash holdings of £28.4m at year end and £73m of undrawn facilities.

We also negotiated new covenants, affording us greater flexibility on our future capital spend and investment in our existing homes, as well as increasing our lending facility.

With building underway in Saltash and Plymouth, and further new schemes planned, there is confidence in the future of our shared ownership schemes, though we are pausing new open market developments whilst mortgage interest rates are increasing.

We feel well prepared for the future, with solid financial planning underpinning the clear objectives set out in our new business plan which PCH will be working towards over the next five years.

Our values of care, respect, listen and do the right thing frame the diversity of the work that we do and the competing demands on our finances. At our core we are a social housing provider with a strong focus on ensuring residents are integral to what we do and that their voice is heard. It was therefore gratifying and a credit to our staff, Board and all involved in PCH that we received Highly Commended Landlord of the Year at the UK National Housing awards.

I've been very proud to lead PCH to great success during the last seven years as Chief Executive. As I prepare to retire this autumn, I feel confident in handing over the reins for leading on the delivery on these objectives to our incoming new Chief Executive, Jonathan Cowie. I know Jonathan will be working closely with Valerie Lee, who was appointed Chair of PCH Board at the end of 2022, to help the organisation meet the challenges ahead. We are grateful to Nick Lewis for 5 years he diligently dedicated to being the Chair.

I'm sure both will bring fresh enthusiasm to the organisation as they lead PCH forward, endeavouring through open and collaborative partnership working for PCH, to remain financially strong and viable and effective in its work to truly improve lives in the local communities we work within.

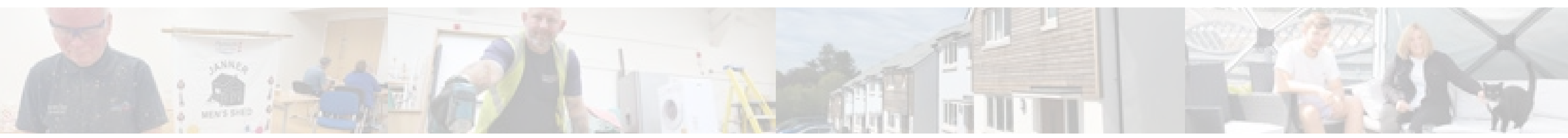
Highlights of the Year ending March 2023

Improve Lives and Communities

- We adopted a new proactive approach to tackling damp and mould in our homes, focusing on a better and quicker rectification process.
- We scooped the Highly Commended Landlord of the Year award at the UK National Housing Awards.
- We created a new PCH website which is more welcoming, easier to navigate and adopts a mobile-first approach as asked for by residents.
- We geared up to launch our Strategic Business Plan for 2023/24 – 2027/28 with a new mission and vision for the organisation.
- We've supported local animal charities Woodside Animal Shelter and Gables Cats and Dogs Home as our charities of the year.
- We helped 202 people through our Financial Support Fund, as well as supporting residents to claim £369,282 in additional benefits they were entitled to.
- We announced a new partnership project with Livewell Southwest to improve the quality of life for PCH residents, allowing people to live independently for longer in their own homes with a series of wellbeing events and Fall Prevention sessions rolled out alongside digital support sessions for residents.
- PCH held the Customer Service Excellence accreditation for a second year in recognition of its customer focused culture.
- We delivered 43 community development projects and 165 training courses for residents.
- We held 18 resident consultations with 4,800 responses.

Look after our Homes

- We've carried out energy upgrades to 24 homes in a £1.6m project which benefited from £275K of funding from Wave 1 of the Social Housing Decarbonisation Fund.
- We've spent £22.1m on improving our existing homes - £3.1m more than in 2021/22 – including £9.9m on general repairs, £7.8m on improvements and enhancements and £4.4m on a planned maintenance programme.
- We refurbished 44 homes in Keyham Road and St Leo Place as part of a £1.5 million project to improve the building's energy efficiency.
- We replaced 149 roofs on our homes as part of our ongoing roof programme – spending £1.4M in 2022/23.



Build New Homes for Plymouth and Beyond

- We completed 121 new homes – 55 for affordable rent, 33 for social rent, 21 shared ownership homes and 12 for open market sales.
- We surpassed a milestone - having built our 1,000th home and have now built 1,104 homes to date.
- We completed Phase 5 of North Prospect regeneration of 143 homes with the opening of 33 one-bed flats for over 55s at Briarwood Heights.
- We started a new development scheme in Saltash to create 107 affordable homes including 65 for affordable rent and 42 for shared ownership.
- We announced plans for a £33.5 million eco-friendly neighbourhood in partnership with Plymouth City Council offering more than 130 new affordable homes to rent and buy at Bath Street in the heart of the city centre.
- We started work on 11 new affordable homes in Whitleigh as part of a £2.4 million project in partnership with Plymouth City Council.

Grow our Business

- We retained our Investors in People Gold Award, demonstrating our commitment to being an employer of choice.
- We maintained our A+ credit rating to help ensure a healthy financial and social return for investment.
- We supported 27 apprenticeships across the business and spent over £355k on staff training.
- We became the first Plymouth employer to earn the highest validation from the Government’s Disability Confident Scheme in recognition of how well we support disabled staff.

OUR STRATEGY

Our 2023/24 - 2027/28 Strategic Business Plan sets out our mission to provide an affordable home for everyone.

Our vision is to provide homes and communities where people want to live, and this is our guiding principle in everything we do.

The vision is supported by clear priorities which fall into the following four themes:

- **Customer and Community**
- **Homes and Spaces**
- **Planet and Places**
- **Economy and Efficiency**

These themes set out the overarching strategy for how we will build upon our good performance to:

- modernise how we listen to our customers and deliver outstanding services,
- work towards improving the energy efficiency of our homes and reducing the carbon output of our business,
- increase the number of homes to meet local housing need,
- transform our community spaces into places where residents want to spend time and to encourage nature throughout our neighbourhoods,
- finance our ambitions through long term planning, supported by sector-leading governance.

Each of the priorities have key deliverables underpinning them, which are defined as metrics, and these are monitored on a quarterly basis by the Board and Executive Management Team alongside a suite of key performance indicators which include the newly introduced Tenant Satisfaction Measures.

Deliver an ongoing programme of long-term financial planning that meets PCH's ambitions	Value our people	Be a sector leader in governance and regulation
Know and listen to our customers	Deliver outstanding services for residents	Be a partner of choice
Decarbonise our homes and business by 2050	Deliver new homes that are fit for carbon-free standards	Manage our community land and neighbourhoods in a way that promotes biodiversity
Maintain our homes and buildings	Increase the number, type and tenure of our homes to meet a growing need for affordable housing	Deliver high-quality outdoor and community spaces

We deliver all of this by valuing our people and living our core values which are to:

- **Listen**
- **Care**
- **Respect**
- **Do the Right Thing**

Running alongside our Strategic Business Plan is our behaviour framework which sets out how we go about our business and how our people are expected to conduct themselves. This sets the scene for the culture of our organisation and we're all about being the best we can be by:

- **Working Together**
- **Being Customer Focussed**
- **Looking for Improvements**
- **Inspiring and Leading**

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.

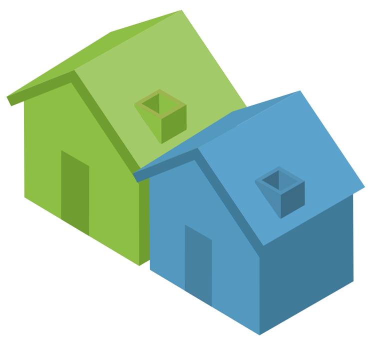
	2022/23 £m	Movement %
Turnover	77.8	4.2%
Reported operating surplus	5.8	(32%)
Reported surplus before tax	0.8	(79%)
Net Cash Inflow from Operating Activities	20.1	18%
Housing assets	551.6	1%
Net debt	93.6	(10%)

Turnover for the group increased by £3.2m compared with 2021/22, this was mainly due to a social rent increase of 4.1% applied to 82% of dwellings, and income from our first open market sales in the joint venture (JV) with Halsall Homes. Dwelling rents overall are £1.8m higher due to the general rent increase above, net of a 7% reduction in affordable relet rents for 18% of the stock. We continued to reduce this type of rent back to Social Rent levels as by March 2023 we achieved the additional rent agreed with Homes England to subsidise our development programme. Service Charge income reduced by £0.6m overall, mainly due to lower level of block refurb recharges to leaseholders due to timing of completed works in the year. The release of £0.3m grant funding for the Towers fire safety work was the only other major change in turnover.

The reported Group operating surplus of £5.8m is £2.7m lower than 2021/22. After allowing for the increase in turnover of £3.2m above, costs are £5.1m higher. Repair costs are £3.1m higher mainly as a result of increased cost pressures on wages, materials and increased use of subcontractors and compounded with post Covid catch up works. Other increases totalling £1.9m were in management, depreciation, and bad debts. This was offset by lower costs for the pension charges of £0.9m. The JV cost of open market sales was £1.6m, being our first full year of trading there was no comparator last year.

At the year-end, cash holdings were £28.4m (2021/22: £11.5m), a significant rise from previous years as we drewdown funds in advance of a large Development scheme completing in early 2023/24.

The asset value has increased by 1% (2021/22 2%) reflecting the development, major repairs programmes and acquisition of 88 homes.



The financial strategy aims based on the group financial position are to have an EBITDA operating margin above 25%, EBITDA – MRI interest cover above 150% and debt per unit below £15,000. The group outperformed these targets other than EBITDA operating margin being two percentage points below.

Group	2022/23 Result	2021/22 Result	2020/21 Result	Target
EBITDA operating margin	23%	26%	33%	>25%
EBITDA – MRI Interest cover (adjusted)	-	248%	416%	>150%
EBITDA – MRI Interest cover (unadjusted)	212%	198%	299%	>150%
Debt per unit	6,466	7,215	6,707	<15,000

The adjusted ratios above exclude spend relating to the removal and replacement of the cladding at the Mount Wise Towers of £5.6m in 2020/21 and exclude 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.

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:

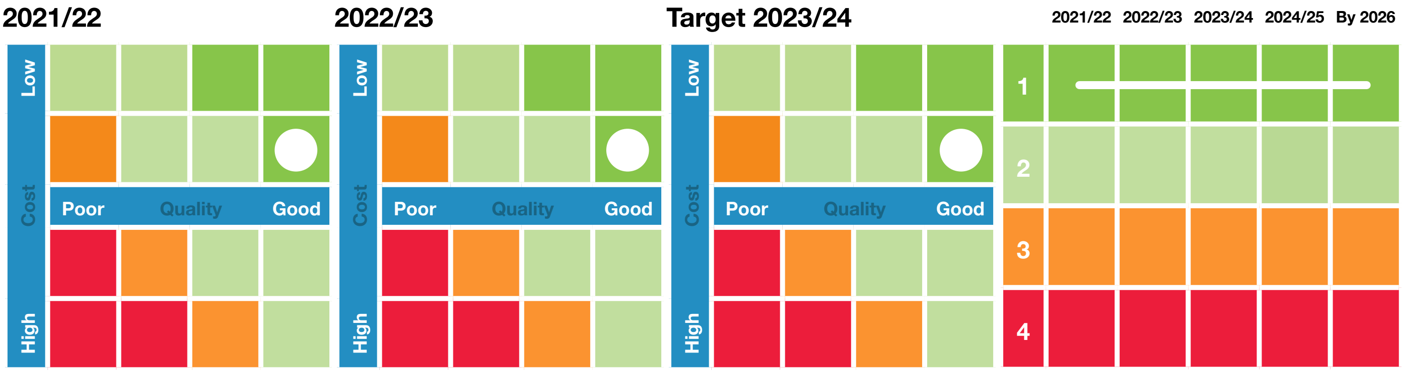
How We Assess Value for Money

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 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 of all English Registered Providers.

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

	2022/23	2021/22	Global Accounts Quartile	Sector Scorecard All English HA's Quartile
Operating margin	6.53%	10.10%	4th	4th
Operating margin (social housing lettings)	4.29%	8.80%	4th	4th
EBITDA-MRI interest cover (unadjusted)	212.18%	197.80%	1st	1st
EBITDA-MRI interest cover (adjusted)	-	248.10%	1st	1st
New supply (homes developed) - social housing	0.75%	0.80%	3rd	3rd
New supply (homes developed) - non-social housing	0.07%	-	2nd	2nd
Gearing	16.93%	18.50%	1st	1st
Reinvestment %	3.32%	4.90%	4th	3rd
Headline social housing cost per unit (unadjusted)	£4,310	£4,231	3rd	3rd
Headline social housing cost per unit (adjusted)	-	£4,066	3rd	3rd
Return on capital employed (ROCE)	0.95%	1.40%	4th	4th

The metrics show that we have a strong balance sheet with low debt and high assets giving low gearing and an improved 1.6 percentage points over 2021/22. Operating margins are at the lower end for the sector, however this is an expected outcome given our low rents within the comparator groups. Operating margin dropped largely because of the increase in Raw material and Direct labour costs and a tail end pandemic spend catch up. The increased spend in comparison to the previous year has also resulted in an increase to our headline social housing cost per unit although at 5% this is below the rate of inflation for the year. Return on capital employed has declined for similar reasons.

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

Environment, Social and Governance

ESG is highly important within Plymouth Community Homes. We are a social business and exist for the benefit of our customers and communities to provide high quality homes and spaces where people want to live. We hold the highest possible grading for governance from the Regulator of Social Housing and we believe our approach to customer service puts us in a good place for compliance when the planned regulation on consumer standards comes into effect. 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 and we hold certification to the ISO14001:2015 standard which demonstrates this commitment.

Almost all of our waste was diverted from landfill during the year apart from a small amount of residual general waste which could not be recovered.

We increased the number of EPCs at C or above by a small amount during the year which is from a combination of new build handovers and block refurbishments which entailed application of external wall insulation as part of the works. In the coming year we will complete our first project under the Social Housing Decarbonisation Fund Wave One funding which will retrofit a block of flats in Alcester Close, and we will also roll out further fabric-related energy efficiency works to a number of homes following our successful bid under Wave Two.

Tenancy sustainment has reduced slightly, however it remains high. This is in part due to the intensive work that our financial inclusion and income management teams provide to residents to support with budgeting, benefit claims and other activities to help with keeping their tenancy.

PCH invested £812k in our communities, £112k more than the previous year. This enabled a whole host of projects that supported tenants in their homes and communities. We offered Learn For Free training courses, with employment skills being the most popular and Digital and IT sessions helped residents get online. There were 43 community development projects including planting trees across the neighbourhoods and gardening. Our communal rooms became host to clubs and activities to support tenants dealing with the cost of living challenges.

During 2022/23, we received a regrade for financial viability from the Regulator of Social Housing which took us from a V1 to a V2. This remains fully compliant but identifies that we, like most other housing associations, face increasing financial risks that need to be managed.

In 2023, we adopted the Sustainability Reporting Standard as our methodology for ESG reporting so that we report consistently with many others in our sector. We will additionally be able to benchmark our performance in this area and be able to compare ourselves to, and learn from, other organisations. Below is a summary of our performance, and we have published a separate ESG report containing a broader overview of our activities.

The full report is available on our website.

	2022/23	2021/22
Environmental		
Organisational carbon footprint (tonnes Co2e)	712t	675t
Waste diverted from landfill	99%	99%
Energy Performance Certificate	71.4 - 'C'	71 - 'C'
Social		
Tenancy sustainment after 24 months	97.77%	98.03%
Community Investment	£812k	£700k
TPAS Accreditation	Yes	Yes
Governance		
Governance grading	G1	G1
Financial viability grading	V2	V1
Investor In People	Gold	Gold

FINANCIAL AND OPERATIONAL PERFORMANCE

Group Statement of Comprehensive Income

5 Year Comparison

Group	2022/23 £'000	2021/22 £'000	2020/21 £'000	2019/20 £'000	2018/19 £'000
Turnover	77,842	74,672	73,525	76,181	80,178
Costs	(72,756)	(67,121)	(61,567)	(70,037)	(64,547)
Gain / (Loss) on disposal of properties not developed for outright sale	757	982	288	258	527
Operating surplus	5,843	8,533	12,246	6,402	16,158
(Deficit) / Surplus on sales of fixed assets	18	(18)	(132)	(3)	92
Net interest payable	(4,619)	(4,509)	(4,521)	(4,055)	(4,109)
Change in value of investment property	(471)	(394)	(26)	(261)	730
Surplus / (Deficit) for the year before Tax	771	3,612	7,567	2,083	12,871
Tax	(5)	122	(41)	(65)	(7)
Surplus / (Deficit) for the year after Tax	766	3,734	7,526	2,018	12,864
Actuarial gain / (loss) on pension scheme	41,832	15,156	(17,547)	6,788	392
Total Surplus / (Deficit) after actuarial adjustments	42,598	18,890	(10,021)	8,806	13,256

Group Statement of Financial Position

5 Year Comparison

Group	2022/23 £'000	2021/22 £'000	2020/21 £'000	2019/20 £'000	2018/19 £'000
Fixed assets - Housing	551,621	547,047	534,091	519,976	504,274
Tangible assets - Other	34,779	35,735	36,000	36,399	37,010
Total fixed assets	586,400	582,782	570,091	556,375	541,284
Net amount receivable after more than one year	8,591	534	1,081	2,295	1,517
Cash	28,411	11,465	17,077	23,950	13,442
Other Current Assets	11,386	16,940	11,465	17,153	23,791
Current Liabilities	(18,071)	(15,189)	(19,277)	(16,285)	(17,914)
Net current assets	21,726	13,216	9,265	24,818	19,319
Creditors falling due > 1 year					
Housing Loans	(121,784)	(112,898)	(111,121)	(125,230)	(111,108)
Grant Funding	(51,607)	(51,263)	(43,184)	(41,083)	(37,770)
Pension liability	(1,247)	(32,892)	(45,547)	(26,567)	(30,075)
Total	(174,638)	(197,053)	(199,852)	(192,880)	(178,953)
Provision for removal of Tower cladding	-	-	-	-	(512)
Net assets / Reserves	442,079	399,479	380,585	390,608	382,655

Turnover

Group Turnover for the year ended 31 March 2023 increased by 4.2%, the increase was as a result of:

- Social housing lettings income increased to £67.4m (2021/22: £66.0m), the net increase was as a result of:
    - Social Rent increased by 4.5% to £54.7m (2021/22: £52.3m)
    - Less Affordable rent premiums on homes converted to affordable rent reducing by 45% to £1.5m in line with the aim of steadily bringing affordable rents back to social rent levels (2021/22: £2.7m)
- Social Housing lettings share of turnover reduced to 87% (2021/22: 88%) as a consequence of reducing the affordable rents, a reduction in service charges (major works recharges to leaseholders), as well as an increase of £1.9m in non-social housing activities in relation to the JV Open Market sales shifting the share slightly to more external activities in year. Nevertheless it remains at a high level reflecting core operations.
- 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.
- The remainder of our affordable rents converted from social rent on relet since 2011 will revert back to social rent from April 2023 in line with Homes England development subsidy agreements being achieved. In total c3,000 properties will revert back.

The increase in turnover was offset by the following reductions :

- Service charges were lower at £4.8m (2021/22: £5.4m), this was due to £1.3m lower recharges to leaseholders for block refurbishments and other major works, due to delays and timing of completion of works. However underlying communal service charges were £0.8m higher.
- Shared Ownership Sales income reduced to £3.2m (2021/22: £3.7m) We have found handing over and completing on properties is still a challenge due to labour pressures. The average first tranche sale percentage remained the same at 40% and the return was our highest ever at 25%.

	2022/23 £'000	2021/22 £'000	2020/21 £'000
Turnover	77,842	74,672	73,525
% of income from social housing lettings	87%	88%	86%
Increase (decrease) in turnover	4.2%	1.6%	(3.5%)

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.

Number of Bedrooms	PCH social rent 2022/23	Plymouth social rent 2021/22	National rent 2021/22	Plymouth private rent 2023	Local housing allowance maximum
One	£321	£326	£396	£560	£449
Two	£360	£380	£439	£695	£583
Three	£380	£415	£470	£825	£693
Four	£423	£471	£553	£1,150	£848
Five	£503	£490	£617	-	£848

* The ONS Private Rental Market Statistics only include rents for 4+ bedrooms.

Our rents continue to be lower than those charged by other providers within the city and nationally and compared to private rented homes, our rents are almost half. Plymouth Community Homes is the largest social landlord in the Plymouth area with almost 61% of the social housing in the city.

Social Rents increased by 4.5% from April 2022 in line with Government guidance but still remain some of the lowest of any provider in England. The Government published its intentions to cap rent increases at 7% from April 2023 due to high level of inflation (CPI 10% Sept 2022).

As part of our development agreements with Homes England, we had a programme to convert socially rented homes to affordable rent when they became vacant, meaning we could charge up to 80% of market-rent with the income from the additional rent being ring-fenced for development. The required funding was achieved by the end of 2022/23 which meant that all remaining 3,000 homes that had been converted to an affordable rent reverted back to social rent from April 2023. 2022/23 was the 3rd and final year of steadily reducing affordable rents back to equivalent social rent levels plus service charges.

To aid affordability of new build affordable rent homes, the Board agreed a self-imposed cap of the Local Housing Allowance (LHA) applied to rents from April 2022. This capped or reduced rents on the majority of our new build properties. This decision is subject to annual review and the cap was removed for the 2022/23 rent increases as yet again the Government did not increase LHA and placed a cap on the increase in housing association rents.

Value for Money Indicators

Income Management

	2022/23 Target	Benchmark Quartile	2022/23	2021/22	2020/21
Rent Collected as a % of Rent Due	100.00%	1st	100.32%	100.32%	100.70%
Current tenant rent arrears as % annual debit	2.00%	1st	1.48%	1.51%	1.36%
Occupancy Rate	99.20%	2nd	99.68%	99.50%	99.40%
Average number of days to relet routine voids	20.00	2nd	36.59	43.15	55.36
Rent lost during the year due to voids as %	0.80%	1st	0.60%	0.65%	0.79%

Our income management has seen another strong year, despite considerable challenges brought about by an increasing number of residents known to be receiving Universal Credit combined with the cost-of-living crisis causing significant hardship to people on lower incomes.

The average number of days to relet a routine void and rent lost due to voids have both reduced over the past 12 months and continue to benchmark well having exceeded our targets for the year. Our void turnaround times saw a significant reduction in the year but remained higher than the target set at pre-pandemic levels. Nevertheless this was better than most other associations and we anticipate further reductions over the coming year.

Despite the significant pressure being placed on tenants' budgets our Income Recovery and Financial Inclusion Team have successfully worked with them to be able to better manage their finances and access financial support. The arrears as a percentage of the amount charged was lower than the previous year as a result of this intensive support provided.

Shared Ownership

Shared Ownership sales were £3.2m (2021/22: £3.7m) giving a surplus of £0.750m (2021/22: £0.151m).

33 Properties were sold this year (2021/22: 42). The return on sales increased to 23.4% (4.1% in 2021/22) which is our highest return on sales to date. The increase was predominantly due to significant price growth in the early part of the year and a lower proportion of loss making properties sold from the North Prospect Regeneration Scheme than in previous years due to the current phasing of the scheme.

Shared Ownership Sales	2022/23 £'000	2021/22 £'000	2020/21 £'000
Shared Ownership Sales	3,211	3,669	3,408
Cost of Sales	(2,461)	(3,518)	(2,982)
Surplus	750	151	426
Return	23.4%	4.1%	12.5%

Subsidiary Activity

Year to 31 March 2023	Turnover		(Costs) / Credits		Profit / (Loss)	
	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
PCH Energy	1,101	1,013	(1,009)	(1,006)	92	7
PCH Regeneration	8,541	10,021	(7,982)	(9,506)	559	515
PCH Manufacturing Services	-	-	132	113	132	113

The income and costs from PCH Energy and PCH Regeneration are consolidated into the group figures. It should be noted that the PCH Manufacturing subsidiary ceased trading in 2019/20, with some residual activity remaining in 2020/21, with no trading activity in 2021/22 and formal liquidation confirmed in 2022/23. The credits in both years are mainly releases from the bad debt provision as debts were collected.

The majority of turnover (c80%) and costs of PCH Regeneration do not add to the consolidated group figures as they predominantly arise from intercompany transactions. The remaining (c20%) relates to the joint venture with Halsall Homes, Both the costs and revenue relating to the Joint Venture agreement are being shared 50/50 with our development partner, Halsall Homes. The first sales on this scheme went through during 2022/23, generating £1.8m revenue.

The PCH Energy Board approved gift aid to the parent of only the interest received and PCH Regeneration Board have set a target to achieve reserves fo £2.5m and so did not approve the gift aid of surpluses this year. The reserves total in PCH Regeneration was £1.6m at the year end.

Cost of Sales

Shared Ownership Sales	2022/23 £'000	2021/22 £'000	2020/21 £'000
Shared Ownership	(2,461)	(3,518)	(2,982)
External Sales	(1,824)	(205)	(310)
Total Cost of Sales	(4,285)	(3,723)	(3,292)

Cost of Sales increased from £3.7m in 2021/22 to £4.3m in 2022/23, mainly as a result of £1.6m cost of open market sales in the joint venture (JV) with Halsall Homes net of reduction in shared ownership cost of sales as fewer units were sold. As well as the JV costs, external sales costs also include the contract for management and maintenance of the PV panels and monitoring equipment for PCH Energy.

WE ARE INCREDIBLY PROUD OF THE TRANSFORMATIVE WORK DELIVERED IN NORTH PROSPECT OVER THE LAST 10 YEARS TO REGENERATE THE AREA FOR THE BENEFIT OF THE PEOPLE WHO LIVE AND WORK HERE

Nick Jackson, Director of Business Services and Development

PCH IS FULLY COMMITTED TO REDUCING OUR IMPACT ON THE ENVIRONMENT AND BECOMING GREENER IN OUR BUSINESS PRACTICES.

Strategic Business Plan

Operating Costs

Operating costs increased by £5.1m (8%) to £68.5m in 2022/23 from £63.4m in 2021/22.

Group	2022/23 £'000	2021/22 £'000	2020/21 £'000
Costs	68,471	63,398	58,275
Increase / (decrease)	5,073	5,123	(4,403)

The impact of cost of living and high rate of inflation increased costs as both price (CPI 10%) and pay inflation (7%) increased significantly more than in previous years with energy, material prices and subcontractor costs significantly higher than this.

The largest elements of the increase in operating costs relate to cyclical, planned and responsive repairs £21.1m (2021/22: £19.5m) This was partly due to the cost of clearing the backlog of work built up during the pandemic but for the most part increases in subcontractors, labour and material costs due to high inflation as well as availability of both. Service costs, particularly in relation to energy, were also affected by these pressures, however there was a slight reduction in overall spend at £7.0m (2021/22: £7.2m) due to lower major works recharges to leaseholders £0.3m (2021/22: £1.6m). The level of major works spend was consequently affected being higher £9.9m (2022: £8.1m) as a lower level of works were transferred to service costs from major works for recharging than the previous year. Although the cost of utilities increased in 2022/23, there are signs costs will reduce in 2023/24. Costs will be continually monitored to ensure we retain best value for both our corporate building and contracts for service passed onto residents.

Our aim is to continue to invest in Digital & IT to further drive service and efficiency improvements, although more systems moving on to the cloud will increase D&IT revenue costs. This involves the continued 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 £1m and £3.8m revenue expenditure budgeted in 2023/24.

The drive to decarbonise will inform our decision making and investment plans going forward and we will aim to maximise available grants, although the capacity and availability of contractors to deliver this agenda is already a key challenge.

The Board approved significant pay awards during 2022, reflecting an acknowledgement of increasing cost of living pressures as well as an appreciation of staff's continued hard work and to aid recruitment and retention.

Value for Money Indicators

Operating Efficiencies

	2022/23 Target	Benchmark Quartile	2022/23	2021/22	2020/21
Headline Social Housing cost per unit**	£4,439	3rd	£4,310	£4,066	£3,340
Management cost per unit	£897	1st	£801	£719	£711
Maintenance cost per unit	£1,047	2nd	£1,151	£1,034	£814
Major repairs cost per unit	£1,722	4th	£1,528	£1,474	£1,167
Service charge cost per unit	£418	3rd	£483	£496	£359
Other social housing cost per unit	£355	3rd	£348	£343	£290
Ratio of Response Repairs to Planned Maintenance	0.42	2nd	0.58	0.49	0.52
% repairs completed within published timeframes	99.00%	-	93.00%	96.51%	98.54%
Average number of days sickness per FTE	8 days	2nd	8.25	8.66	5.92
Overheads as a % of Adjusted Turnover*	13.00%	2nd	13.11%	12.81%	11.77%

In 2020/21 Headline Social Housing cost per unit and Major Repairs cost per unit excludes £5.578m of Towers costs, 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 Towers costs, 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 as expected as the cost of living crisis bites and demand for repairs has remained high. However this was lower than the budgeted target for the year and the increase in cost was only 6% compared to inflation of over 10%, reflecting delays in major works leading to reduced costs and also the efforts taken to control costs and spending where possible.

Major works remains at 4th quartile reflecting the Board's commitment to a high level of investment. The cost per unit has increased from 2021/22, but was below budget as the tight contracting market made it difficult to get into contract for all the planned works.

The management cost per unit has seen an increase from £719 to £801, as we have continued to invest in digital and information technology transformation, in addition to increased service delivery costs fuelled by the cost-of-living crisis. Nevertheless it remained below the budgeted target for the year.

Repair maintenance costs per unit increased in 2022/23, once again reflecting higher demand and labour pressures leading to more use of subcontractors. The percentage of repairs completed in time dropped 3.51% from 2021/22 continuing the trend begun during the pandemic. This is an area we will focus on improving in the coming year.

The overhead as a percentage of adjusted turnover has increased this year. This is predominantly due to the above reasons impacting all costs and also the fact that we continue to spend comparatively more on D&IT transforming delivery of front line services. A small marginal increase above the target reflects tight cost management keeping the outcome in the 2nd quartile. 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 12.4%.

Value for Money Indicators

Outcomes Delivered

	2022/23 Target	Benchmark Quartile	2022/23	2021/22	2020/21
Customer Satisfaction with Services (STAR)	n/a	1st	85.59%	86.08%	91.20%
% residents satisfied with the repairs service (transactional)	95%	-	96.54%	96.34%	97.21%
% residents satisfied with the outcome of their anti-social behaviour complaint	92%	1st	97.87%	96.90%	94.75%
% homes with a valid gas safety check	100%	3rd	99.95%	99.97%	99.95%
% reinvestment in new and existing stock	8%	4th	3.3%	4.9%	5.0%
£s invested in communities £000's	£797	2nd	£812	£700	£789

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 86.08% to 85.59%. Whilst disappointing, it is not unexpected and reflects a continued downward trend across the sector in recent years. We are now collecting our perception survey data in line with the Regulator's Tenant Satisfaction Measures and we are working through these results to understand where we need to improve how we deliver services for residents.

Resident satisfaction with repairs and the outcome of anti-social behaviour complaints has increased during the past year.

Whilst we spent a substantial figure of over £812,000 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 for 2022/23 shows a decline from 2021/22 of 33% and falls short of our plan by 4.7%.

The main reasons were delays in the development program due to a shortage of raw materials and direct labour.

Value for Money Indicators

Operating Margin

	Target	2022/23	2021/22	2020/21
Operating surplus, exc sales of fixed assets* £000's	7,300	5,843	8,515	12,114
Operating Margin*	6%	6.5%	10.1%	16.3%
Operating Margin (Social Housing Lettings)*	6%	4.3%	8.8%	17.1%
Operating Margin - (EBITDA)*	>25%	23%	26%	33%

The operating surplus for the year decreased from £8.5m to £5.8m. This is mainly due to increased costs of service delivery in repairs plus the impact of high inflation, especially energy costs and pay awards, partially offset by net increase in rent income.

The operating margin (operating surplus as a percentage of turnover) on a similar basis decreased from 10.1% to 6.5% due to the factors above. Using the EBITDA measure the surplus was £17.9m (2021/22: £19.6m), and the EBITDA operating margin has reduced to 23% from 26% in 2022/23. This just missed our financial strategy target but did not put any pressure on lending covenants.

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.

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 £757k, a reduction from the prior year due to lower level of Right to Buy and Right to Acquire sales (2021/22: £982k).

Other fixed asset sales

There was a gain on other fixed asset sales of £18k, mainly related to disposal of fleet vehicles and offset by D&IT asset write off's (2021/22: £18k loss due to solar PV panels related to PCH Energy).

Interest payable and similar charges

Interest payable and similar charges were £4.7m (2021/22: £4.5m). Total interest compromises – interest, 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 £122m at the end of the year from an opening level of £113m. The average level of borrowings during the year was £111m (2021/22: £114m).

Value for Money Indicators

Interest Cover

	2022/23 Target	Benchmark Quartile	2022/23	2021/22	2020/21
EBITDA Interest cover	>250%	-	362%	415%	506%
Interest Cover (EBITDA MRI) Group (unadjusted)	>150%	1st	212%	198%	299%
Interest Cover (EBITDA MRI) Group (adjusted)	>150%	1st	212%	248%	416%
Interest Cover (EBITDA MRI) Association (unadjusted)	>150%	2nd	195%	188%	300%
Interest Cover (EBITDA MRI) Association (adjusted)	>150%	2nd	195%	238%	418%

Adjusted figures are amended for £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. Whilst experiencing a continued tightening in interest cover, the underlying result remains a strong financial performance reflecting the low gearing of the association and the effectiveness of debt management, giving some of the strongest interest cover results in the sector.

Group Cash Flow

The cash generated from operating activities in 2022/23 has increased by £3.0m to £20.1m, this is due to a combination of a decrease of £4.5m year on year in the surplus and an increased movement within working capital, debtors and creditors of £8.4m. Loans increased by £8.9m, as funds were drawn down to finance future development projects.

During 2022/23, net borrowing increased by £6.5m, as we looked to finance development opportunities in line with the 30 year business plan and the Board growth aspirations (2021/22: £2m Increase).

Housing Properties

PCH continued with its substantial investment in its homes. During the year, £18.3m capital was spent on improving and acquiring housing properties. A further £9.9m of major revenue works was also spent on our homes. 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.

We developed and retained 109 new homes during the year, of which 88 are for rent and 21 shared ownership. The total movement to the rented stock was an increase of 37 homes (2021/22: 91 increase). We disposed of 52 social housing homes (49 Right-to-Buy and 2 Right-to-Acquire and 1 open market sale), whilst 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 £757k.

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 2,280 properties with solar panels, over 3,000 garage and parking spaces and we own a large office building.

Our current asset management strategy is to ensure we maintain the decent homes standard and modernise our blocks of flats, improve energy performance certificates and manage fire safety requirements.

Business Assets

We own our headquarters building and a satellite office in the city centre. We also purchase our fleet of vehicles and Digital&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 £391k, including service charges, for leasing this space.

Our office-based workforce operates on a hybrid model of working from home and office presenting opportunities for more agile working. We have maintained a consistent investment in D&IT hardware to enable this but also continue with our strategy of more cloud based provision of software as a service(SaaS) thus changing the mix of asset ownership increasing personal hardware and reducing corporate software. With these changes we are keeping the space requirements of our offices under review.

Our business strategy is focussed on increasing digitalisation of services, in 2022/23 we spent £0.5m on capital (£0.3m 2021/22) and £3.5m in revenue (£3.5m 2021/22).

We have made significant progress in our journey and adoption of 'cloud'/SaaS solutions as outlined in the D&IT strategy which underpins the business strategy. Significant investment, improvements and implementations during 2022/23 include LAN and WiFI refresh, move of Backups, DR and Business Continuity to cloud hosted environment, replacement HR/Payroll system, commenced replacement of the repairs management platform. We have continued to invest in improved security and protection (particularly in endpoint/device management) fully implementing MS Intune to enhance security and protection for our ever growing hybrid and geographically spread and digitally enabled workforce. The D&IT infrastructure (and all its components) has been maintained and upgraded where required to ensure compliance within supplier/vendor support & maintenance.

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.

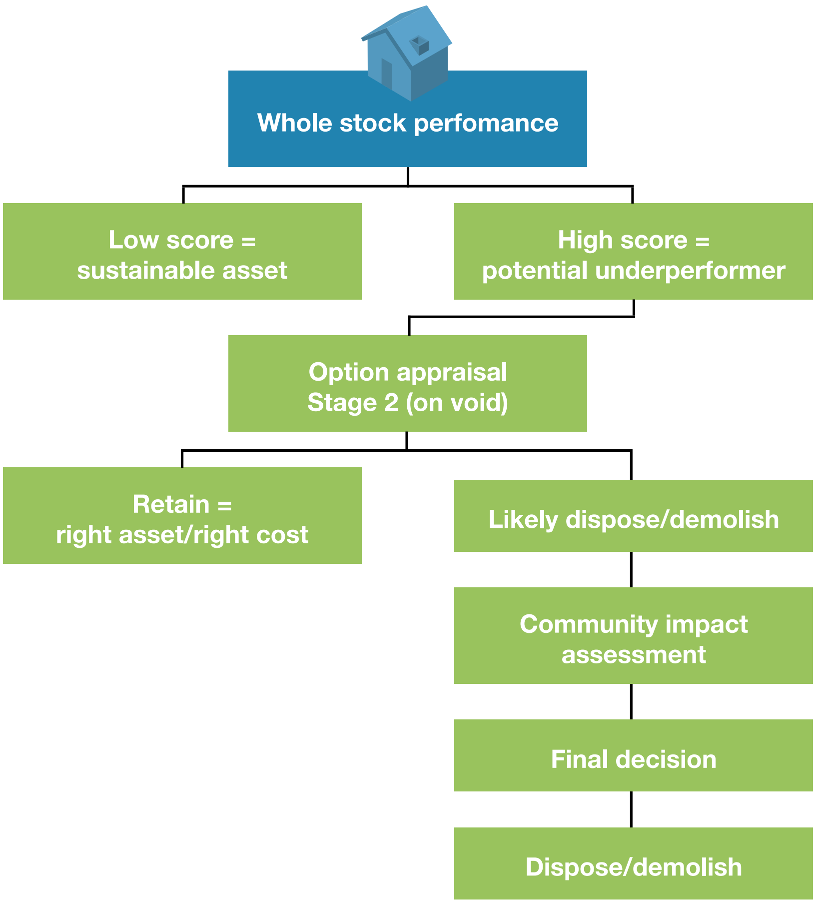
At The Beacon Community Hub in North Prospect we have commercial lettings, including offices, a library and grocery store. In addition, The Beacon also has a café which is open 5 days a week and space for community activities, increasing footfall to the area and creating a place for social interaction.

We have previously invested £9.9m in installing solar panels (owned by PCH Energy) 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 is kept under review.

Strategic Asset Management

We have historically maintained an evaluation process as outlined in the diagram below to understand property performance. As per our new Asset Management Strategy we are looking to introduce a new asset grading model that brings together data and intelligence across PCH to help understand performance in terms of both 'quality' (from a resident perspective) and 'cost' (profit/NPV). For those properties identified as poorly performing, we will undertake options appraisals, considering remodelling, redevelopment, repurposing or, in exceptional cases, disposal, whilst also seeking an understanding of their social value as an asset. This work underpins a number of actions arising from the strategy and will allow us to develop a prioritised programme of interventions to be delivered.

The process is shown in the diagram below:



In our 5 year Asset Management Strategy 2022-2027 we have adopted a three-tiered overarching investment strategy, with thermal performance being an underlying theme to service future performance needs.

Planned Programme (Revenue): Properties that meet the 2030 EPC SAP C standard and only require repairs and maintenance works to keep them in good repair.

Planned Programme (Capital): Properties that meet or very nearly meet the 2030 EPC SAP C standard, repairs and maintenance works coupled with roofing and/or window renewals, with a marginal allowance for low level energy improvement works to meet the SAP C target.

Refurbishment: Properties that without material improvement will not meet future energy efficiency targets. Investment to focus on a fabric first approach, aimed to support future sustainability in readiness for the Zero Carbon 2050 target.
In conjunction with the above we will also co-ordinate standalone programmes of roof renewals and window renewals. These programmes are required to maintain basic property DHS, however, they will be considered in conjunction with energy performance requirements. Dwelling roof renewals especially will focus on properties that require minimal works to enhance energy performance to meet the 2030 target, enabling us to maximise roof insulation and consider other minor measures referenced above. Other works will continue to be maintained, including kitchen and bathroom replacements and other smaller projects to ensure we continue to maintain our homes at the Decent Homes Standard.

These programmes will work together to ensure PCH continue to provide good quality homes with modern facilities that are secure and maintained in good repair.

Value for Money Indicators

Effective Asset Management

	Target	Benchmark Quartile	2022/23	2021/22	2020/21
Return on Capital Employed	1.1%	4th	0.95%	1.43%	2.07%
Operating surplus - £'000	7,300	-	5,861	8,515	12,114
Total assets less current liabilities £m	602	-	617	597	585

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. This has been further impacted in 2022/23 by cost increase pressures. 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 54% 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 as a provider of social housing 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.

Value for Money Indicators

Development (Capacity)

	Target	Benchmark Quartile	2022/23	2021/22	2020/21
Gearing	27%	1st	17%	19%	18%
Net Debt per home exc Shared Ownership £	<13,500	1st	£6,619	£7,377	£6,837
Net Debt per home inc Shared Ownership £	<13,500	1st	£6,466	£7,215	£6,707

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 and investment programme. All measures of loans to assets are below the target for the year, reflecting the delays in delivery of new homes reducing debt requirements.

The Board approved a Business Plan with an assumption of developing 200 homes a year for retention and 20 for open market sale, though we anticipate pausing open market delivery for a year.

Our net debt per unit at under £6,700 is considerably lower than our most restrictive gearing covenant.

Value for Money Indicators

Development (Supply)

	Target	Benchmark Quartile	2022/23	2021/22	2020/21
New Supply Delivered (Social Housing)	124	-	109	122	97
New Supply Delivered as % of Homes Owned (Social Housing)	0.86%	3rd	0.75%	0.85%	0.69%
New supply delivered – number of non-social housing homes	14	-	12	-	-
New supply delivered as a % of stock – non-social housing homes	0.09%	2nd	0.07%	-	0.00%

Between the stock transfer in 2009 and March 2023, PCH has built 1,106 new homes, 765 for rent and 341 for shared ownership. During 2022/23 we took handover of 88 new rented homes (33 social rent and 55 affordable), and 21 shared ownership homes. PCHR also built and sold 12 open market properties through our JV with Halsall Homes in a challenging market.

The regeneration of the North Prospect estate was a promise when we transferred and to date, we have built 574 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 1,026 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 homes in Plymouth, Liskeard, Callington, Pensilva (Liskeard), Brixton and Wrangaton (South Brent).

Our future development in Plymouth includes the purchase of land to deliver c125 affordable homes, 86 houses from the MOD in Plympton, as well as developing 135 homes in partnership with Plymouth City Council at Bath Street, Millbay. We continue to work closely with Plymouth City Council to deliver a series of smaller in-fill sites around the City. Outside Plymouth we will expect to enter into contract to deliver flats at the Sherford new town centre and at various other S106 projects in Salcombe and Bodmin.

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, internal cost savings made, 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 the main challenge. 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 2023, the organisation had £105m of variable rate bank facilities, 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, £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 parent 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.

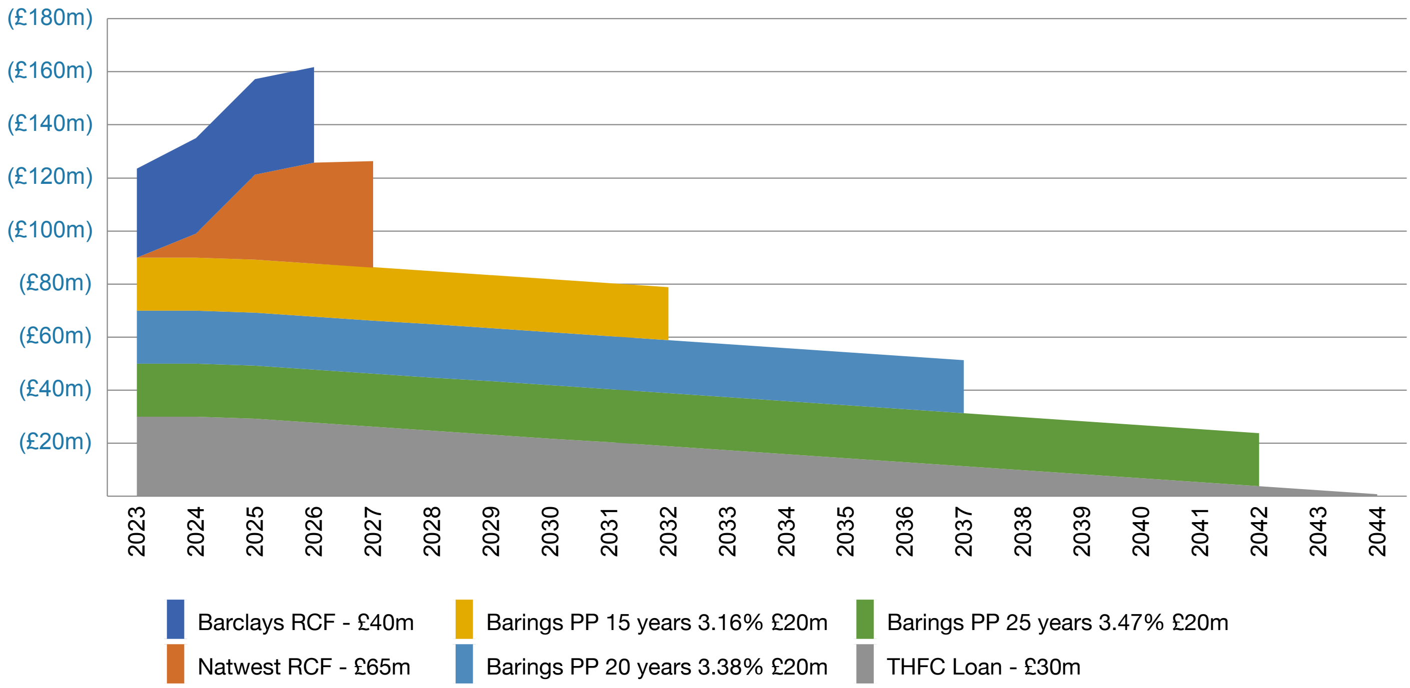
At 31 March 2023, of the £195m facilities available to the organisation, £122m had been drawn down, with £73m still available. During April 23, negotiations concluded with Nat West to increase the overall facility with them by a further £10m, to £76m, with RCF moving from £65m to £45m, with the option of additional borrowing up to £30m on a fixed interest rate.

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. The portfolio has an average maturity life of 8.5 years across all facilities, with the first material financing requirement occurring in December 2026 when the Barclays RCF of £40m is due to mature.

Maturity of Existing Debt and Facilities



	Benchmark Quartile	2022/23	2021/22	2020/21
Net Debt / turnover x	1st	1.2	1.4	1.3
Gross Debt per unit	1st	£8,428	£8,010	£7,947
Net Debt per home exc Shared Ownership	1st	£6,619	£7,377	£6,837
Net Debt per home inc Shared Ownership	1st	£6,466	£7,215	£6,707
Gearing	1st	17%	19%	18%

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 facilities as at 31 March 2023 of £195m are fully secured and there are a further 5,945 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.

	Valuation Date	Homes in charge	Valuation (£m)	Facility (£m)	Drawn (£m)
NatWest Group	Jul-20	2,267	81	65	-
THFC	Nov-20	1,678	57	30	30
Barclays	May-20	1,749	62	40	32
Barings/ Great West	Jun-22	2,836	98	60	60
Subtotal - allocated	-	8,530	298	195	122
Unallocated	-	5,945	139	-	-
Total	-	14,475	437	-	-
Gross debt per unit	£8,428	-	-	-	-

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 valuer appointed to revalue the properties held in charge with one of our funders, Natwest, is currently concluding its report on its findings.

During the year, the cash holding of £2.4m was released from the "sinking fund" controlled by THFC as security for the EIB loan. This was achieved by placing additional housing properties into charge that were previously unencumbered.

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 31st March 2023
Cash on Hand	Higher of £5m or 3 months' cashflow	£28.7m cash balance
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 2023
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 £122m Housing assets are £552m

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 74% of drawn funds at 31 March 2023, the Board has continued with the policy of drawing down all bank debt on variable rates. In year we negotiated a stand by liquidity agreement with MorHomes to potentially drawdown £12m of fixed rate borrowing, subject to interest rates meeting a pre-determined threshold. In addition, in April 2023, we negotiated a £10m facility increase with NatWest. As part of this negotiation there is the potential to take £30m of the facility as a fixed interest rate loan, thereby increasing our options and flexibility in relation to mix of fixed and variable debt.

The £60m Private Placement has been drawn at fixed rates of c. 3.3% (2021/22: 3.3%) and the £30m EIB / THFC at c.2.9% (2021/22: 2.9%).

The average all in rate for variable debt during the year including payment of commitment fees was 4.36% (2021/22: 3.4%).

The weighted average cost of debt was 3.8% (2021/22: 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 £0.4m (2021/22: £0.3m) and the actual cash interest paid during the year was £4.7m (2021/22: £4.5m).

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 £28.7m (2021/22: £11.5m), a significant rise from previous years as we drewdown funds in advance on a large Development scheme completing in early 2023/24. During the year the cash holding of £2.4m was released from the "sinking fund" controlled by THFC as security for the EIB loan. This was achieved by placing additional housing properties into charge that were previously unencumbered.

Liquidity Strategy

The policy requires balance sheet cash holdings as explained above. This means having in place facilities for at least 18 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 2023 facilities were sufficient to cover over two years of future financing needs with projected undrawn bank debt of £64m in March 2024.

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 4, share was issued and 4 were cancelled, leaving a balance in the share capital of the company of £34 (2021/22: £34).

Managing our Risks

Risk Management Principles

The Golden Rules are used as a financial risk management framework. There is an additional rule to those set out in Treasury Management, section C, relating to the sales risk of open market and shared ownership sales.

Firstly the level of committed and planned open market and shared ownership sales must not exceed 20% of gross turnover. This is a planning measure; if sales happen earlier or at higher values than expected so resulting in their exceeding 20% of gross turnover this does not constitute a breach of the Rule as earlier or higher value sales achieved both serve to reduce future sales risk.

Area	Rule	At 31st March 2023
Sales risk	Shared ownership and open market sales as a percentage of gross turnover should not be more than 20%	4.2%
Shared ownership sales	Unsold stock which is completed and available for sale against current year's gross turnover not to exceed 15%, with trigger points at the levels of 5% and 10%. At 10% the presumption is that no new development schemes will be entered into	0.3%

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 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:

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.

Averse	Avoidance of risk and uncertainty	**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
Cautious	Potential for safe delivery options which have a low degree of risk and may only have limited potential for reward	**Significant**	Willing to be innovative and choose options offereing potentially high business rewards (despite greater inherent risk)

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 focussed 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.

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

- Inflation and adverse differential inflation
- Rent freeze
- Major works and build cost inflation
- Interest rate increase
- Stop of generic developments
- 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 as per 2022/23 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 charges based on a high CPI forecast. CPI has yet to fall to the levels predicted and further Government intervention to dampen CPI based rent increases cannot be ruled out.

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
- Merger and subsequent 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 social 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's 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)
Co-operative and Community Benefit Society and 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.

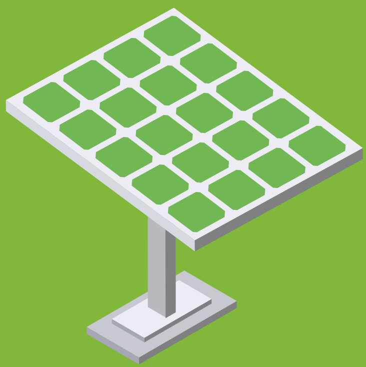
Plymouth Community Homes Regeneration Company Ltd (PCHR)

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 was agreed that the surplus for the year to March 2023 would be retained 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. The composition of the PCHR Board 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 has adopted appropriate areas of the NHF Code of Governance 2020; compliance with the code is reviewed annually.

PCHR is a company limited by shares. This Board met four times during 2022/23.



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 2,308 properties; four less than in 2022/23 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 has adopted appropriate areas of the NHF Code of Governance 2020; compliance with the code is reviewed annually.

PCHE is a company limited by shares, and has four company directors, consisting of the Executive Management Team. This Board met twice during 2022/23.

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. The Board met for the last time in February 2022 when it was resolved that the company would be wound up voluntarily and Richard J Smith & Co were appointed as liquidators. Confirmation that this process had been finalised was received in April 2023

The Plymouth Community Homes Ltd Board

The Board members holding office during the period 1 April 2022 to 31 March 2023 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 2022/23, 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 2022/23 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 2022/23 and is tasked with overseeing the implementation of the PCH development strategy and programme, including the approval of development contracts.

Remuneration and Nominations Committee:

It convened four times during 2022/23 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.

Finance Committee:

This short term task and finish committee convened four times during 2022/23 with the delegated responsibility from the Board to review formal offers from the organisation's lenders. They were tasked to consider PCH's ongoing requirements and the impact on the business plan in regards to ongoing expenditure / borrowing needs and lenders' covenants compliance.

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. In 2022/23 the Board undertook it's triennial review of Governance effectiveness with the support of an external facilitator. The review concluded we have sound governance with 11 recommendations made to increase effectiveness and strategic thinking; implementation of these actions will be via a Board Task and Finish Group.

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 Group complies with the adopted NHF Code of Governance 2020 (including the areas relevant to its commercial subsidiaries). The PCH Board has also chosen to extend the term of office of one financially skilled and one resident Board member beyond the recommended six years (Code ref 3.7.3) to eight years to ensure continuity and seek successors; recruitment is due in Summer 2023.

In 2022/23 the Chair of the Board stood down as they were coming to the end of their term. This is a crucial role to PCH and as such the Board worked with an external consultant to facilitate an open and rigorous recruitment process. The successful candidate was an existing Board member who was appointed to the role of Chair in November 2022.
Board member recruitment was undertaken in May 2022 and March 2023 for independent members with the required skills and experience as identified by the PCH Board This resulted in the successful appointment of five Board members with development, asset, community, finance, risk and regulated sector management skills. The local authority also changed their nominations for PCH Board in May 2022, which resulted in one new Board member appointment.

The Board succession plan highlighted that it was essential to recruit at least one individual with Finance skills and experience to ensure that there were adequate skills on the Board as per the adopted Code of Governance. While the recruitment process had been robust and inclusive it had not been possible to appoint a new Board member with the required skills. The Board therefore agreed to extend the term of one independent Board member beyond the recommended six years for a short, fixed term while the position was readvertised. This action ensured continuity. A successful appointment is expected by July 2023.

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 the resident voice within PCH's governance structure and nurture successors. Further recruitment will take place in 2023/24 to fill additional Committee positions, which will include leaseholders/shared owners.

Board members are paid for their services, Board pay is accompanied by clear expectations of individuals and collective Board member performance. A full independent market pay review for Board members wiasbe 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 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 the 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; gradings 1 and 2 are compliant.

The latest judgement for the Association stated the following:

G1 The Provider meets our governance requirements.

V2 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.

The Association was re-graded from V1 to V2 at the annual stability check in November 2022. RSH confirm that 'PCH has an adequately funded business plan, sufficient security, and is forecast to continue to meet its financial covenants'. The reason for the regrade relates to PCH managing 'a range of exposures including increased costs due to ongoing investment in existing homes, a greater level of long-term debt to fund its programme of development activity and exposure to wider housing market risks from its future market sale activity. These factors, together with higher inflation and interest rate pressures in the current economic environment, weaken PCH's financial performance and its capacity to manage adverse events'

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.

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.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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 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 2022 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 was one suspected and one actual fraud recorded during the year to 31 March 2023 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 2022/23 PCH have a compliant G1 and V2 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 2022 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 2023 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 2023/24, 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 £73m which gives significant headroom for committed spend and other forecast cash flows that arise;

> **WE WANT TO PROVIDE A QUALITY, AFFORDABLE HOME FOR EVERYONE WHO NEEDS ONE, ALONGSIDE CONTINUING TO DELIVER TRULY EXCELLENT SERVICES FOR OUR RESIDENTS.**
>
> *Valerie Lee, Chair of the Board*
>
> *Strategic Business Plan*

- 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 £10m, £20m and £40m in the 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 moderate and 18 minor recommendations to improve controls in the 2022/23 audit year.

11 audit areas received substantial assurance rating and one at adequate.

19 of 22 follow up actions were completed as required with the 3 outstanding due for completion later in 2023. This equates to an 86% closure rate for the audit year.

Mazars confirmed:

On the basis of our internal audit work, our opinion on the framework of governance, risk management, and control is Substantial1 in its overall adequacy and effectiveness. We noted some areas in which the control environment could be improved including one strategic audit where an Adequate assurance level was provided for the Cyber Security and Incident Management review2. One Moderate recommendation was raised in 2022/23 and 18 Minor recommendations which highlight further opportunities to implement good practice

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

Valerie Lee, Chair
27 July 2023

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

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

Opinion

We have audited the financial statements of Plymouth Community Homes Limited ("the association") for the year ended 31 March 2023 which comprise the statement of comprehensive income, the statement of financial position, the 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 2023 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 2022.

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

Identifying and responding to risks of material misstatement due to fraud

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 in particular the risk that management may be in a position to make inappropriate accounting entries.

On this audit we do not believe there is a fraud risk related to revenue recognition due to limited scope for manual intervention and the homogenous nature of the majority of the revenue streams. In addition, property sales are recognised on receipt of a legal completion statement and cash and therefore the opportunity to manipulate revenue from sales is remote.

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 revenue, unbalanced journal entries and unexpected journals posted to cash and borrowings.
- Assessing whether the judgements made in the accounting estimates are indicative of potential bias including assessing the assumptions used in pension valuations.

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.

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 allow 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 51 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.

M. J. Dawson

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

Chartered Accountants

Suite 23
BLOCK
Royal William Yard
Plymouth
PL1 3RP

28 July 2023

FINANCIAL STATEMENTS

Statement of Comprehensive Income for the Year Ended 31 March 2023

		Group		Association	
Continuing Activities	**Note**	**2023** £'000	**2022** £'000	**2023** £'000	**2022** £'000
Turnover	3	77,842	74,672	75,186	73,994
Cost of sales	3	(4,285)	(3,723)	(2,601)	(3,617)
Operating costs	3	(68,471)	(63,398)	(68,055)	(62,993)
Gain on sale of properties not developed for outright sale	10	757	982	757	982
Operating surplus	3	5,843	8,533	5,287	8,366
(Loss) / Gain on sale of Fixed assets	5	18	(18)	27	-
Interest receivable	11	129	4	303	190
Interest payable and similar charges	12	(4,748)	(4,513)	(4,748)	(4,513)
Change in value of investment property	15	(471)	(394)	(471)	(394)
Gift aid receivable		-	-	2	-
Surplus before taxation		771	3,612	400	3,649
Tax	13	(5)	122	(5)	-
Surplus for the year		766	3,734	395	3,649
Other Comprehensive Income					
Movements on the pension liabilities	26 & 27	41,832	15,156	41,832	15,156
Operating surplus		42,598	18,890	42,227	18,805

Chair: **Vice Chair:** **Secretary:**

Statement of Financial Position at 31 March 2023

		Group		Association	
Fixed Assets	**Note**	**2023** £'000	**2022** £'000	**2023** £'000	**2022** £'000
Tangible assets					
Housing Properties	14	551,621	547,047	558,095	553,110
Other tangible assets	14	19,684	20,131	14,073	14,036
Investments in subsidiary	15	-	-	3,300	3,300
Investments	15	267	271	267	271
Commercial Property	15	14,828	15,333	14,828	15,333
Total		586,400	582,782	590,563	586,050
Assets : amounts receivable after more than one year					
Group debtors > 1 year		-	-	4,481	5,584
Pension Asset LGPS	26	8,510	-	8,510	-
Due For Land Sale		81	534	-	-
Total	19	8,591	534	12,991	5,584
Current assets					
Shared ownership properties in progress	17	3,011	1,165	3,011	1,165
Stock	18	2,178	2,273	1,026	896
Debtors	19	6,197	13,502	6,442	12,841
Cash at bank and short term deposits	20	28,411	11,465	23,948	8,589
Total		39,797	28,405	34,427	23,491
Creditors : amounts falling due within one year	21	(18,071)	(15,189)	(16,623)	(13,582)
Net current assets		21,726	13,216	17,804	9,909

		Group		Association	
	Note	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Creditors : amounts falling due after more than one year					
Loans	22	(121,784)	(112,898)	(121,784)	(112,898)
Grant funding	22	(51,531)	(51,152)	(51,531)	(51,152)
RCGF	22	(76)	(111)	(76)	(111)
Total		(173,391)	(164,161)	(173,391)	(164,161)
Pension liability SHPS	27	(1,247)	(1,200)	(1,247)	(1,200)
Pension liability LGPS	26	-	(31,692)	-	(31,692)
Total		(174,638)	(197,053)	(174,638)	(197,053)
Net assets		442,079	399,479	446,720	404,490
Capital and reserves					
Share capital		-	-	-	-
Restricted reserves		92	56	92	56
Designated reserves		317	282	317	282
Revenue reserve		176,145	169,821	180,786	174,833
Revaluation reserve		258,262	262,212	258,262	262,211
Pension fund reserve SHPS	27	(1,247)	(1,200)	(1,247)	(1,200)
Pension fund reserve LGPS	26	8,510	(31,692)	8,510	(31,692)
Total funds		442,079	399,479	446,720	404,490

The financial statements and related notes on pages 58 to 115 were approved by the Board on 27 July 2023 and were signed on its behalf by:

Chair:

Vice Chair:

Secretary:

Statement of Changes in Equity

	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
Group								
Balance at 1 April 2022	56	282	249,019	13,193	169,821	(1,200)	(31,692)	399,479
Transfer	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	2,443	401	(2,078)	766
Actuarial Losses	-	-	-	-	-	(448)	42,280	41,832
Reserves transfer	35	35	-	-	(70)	-	-	-
Reserves transfer	-	-	-	-	-	-	-	-
Reserves transfer	-	-	(3,479)	-	3,479	-	-	-
Reserves transfer	-	-	-	(471)	473	-	-	2
Balance at 31 March 2023	91	317	245,540	12,722	176,146	(1,247)	8,510	442,079
Association								
Balance at 1 April 2022	56	282	249,019	13,193	174,832	(1,200)	(31,692)	404,490
Transfer	-	-	-	-	-	-	-	-
Revalue Commercial Props in year	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	2,072	401	(2,078)	395
Actuarial Losses	-	-	-	-	-	(448)	42,280	41,832
Reserves transfer	35	35	-	-	(70)	-	-	-
Reserves transfer	-	-	-	-	-	-	-	-
Reserves transfer	-	-	(3,479)	-	3,479	-	-	-
Reserves transfer	-	-	-	(471)	474	-	-	3
Balance at 31 March 2023	91	317	245,540	12,722	180,787	(1,247)	8,510	446,720

Statement of Cash Flows for Year Ended 31 March 2023

Group	2023 £'000	2022 £'000
Cashflows from operating activities		
Surplus for the year	766	3,734
Corporation tax	-	-
Depreciation & Impairment	14,090	13,456
Interest receivable	(129)	(4)
Interest payable	4,748	4,513
Gain on sale of housing properties	(757)	(982)
Loss/(gain) on sale of other FA	(18)	18
Gift Aid receivable	2	-
Change in FV of investment properties	471	394
(Increase) / decrease in stock	(1,751)	397
(Increase) / decrease in debtors	583	(1,906)
Increase / (decrease) in creditors	2,563	(3,350)
Difference between pension charge and cash contributions	785	1,594
Grant amortised	(1,205)	(749)
Net cash inflow from operating activities	20,148	17,115
Cashflows from investing activities		
Grants Received and land proceeds	8,939	4,132
Additions to housing properties	(18,116)	(26,624)
Sale of housing properties	3,518	4,416
Acquisitions of other fixed assets	(1,586)	(1,772)
Sale of other fixed assets	58	1
Payment to PCC	(1,273)	(745)
Net cash outflow from investing activities	(8,460)	(20,592)

Group	2023 £'000	2022 £'000
Cash flows from financing activities		
Interest received	129	4
Interest paid	(3,785)	(3,807)
Loans (Repaid) / Received	6,500	2,000
Movement on investments	2,414	(332)
Net cash outlow from financing activities	5,258	(2,135)
Net increase / (decrease) in cash and cash equivalents	16,946	(5,612)
Cash at beginning of year	11,465	17,077
Net increase / (decrease)	16,946	(5,612)
Cash at end of year	28,411	11,465

Statement of Cash Flows for Year Ended 31 March 2023

Association	2023 £'000	2022 £'000
Cashflows from operating activities		
Surplus for the year	395	3,649
Depreciation & Impairment	13,614	12,979
Interest receivable	(303)	(190)
Interest payable	4,748	4,513
Gain on sale of housing properties	(757)	(982)
Surplus on sale of other FA	(27)	-
Change in FV of investment properties	471	394
Gift Aid	(2)	-
(Increase) / decrease in stock	(1,977)	1,368
(Increase) / decrease in debtors	327	16
Increase / (decrease) in creditors	2,728	(3,856)
Difference between pension charge and cash contributions	785	1,594
Grant amortised	(1,205)	(749)
Net cash inflow from operating activities	18,797	18,736
Cashflows from investing activities		
Grants Received and land proceeds	8,904	4,143
Additions to housing properties	(18,527)	(27,176)
Sale of housing properties	3,553	4,405
Acquisitions of other fixed assets	(1,586)	(1,772)
Sale of other fixed assets	59	1
Payment to PCC	(1,273)	(745)
Net cash outflow from investing activities	(8,870)	(21,144)

Association	2023 £'000	2022 £'000
Cash flows from financing activities		
Interest received	303	190
Interest paid	(3,785)	(3,807)
Loans Received	6,500	2,000
Movement on investments	2,414	(332)
Gift Aid received	-	5
Net cash outflow from financing activities	5,432	(1,944)
Net increase / (decrease) in cash and cash equivalents	15,359	(4,352)
Cash at beginning of year	8,589	12,941
Net increase / (decrease)	15,359	(4,352)
Cash at end of year	23,948	8,589

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 by registered social housing providers 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

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 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 2023 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 2023/24, 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 £73m 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 2023, interest has been capitalised at an average rate of 3.76% (2022: 3.35%) 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.

"TOGETHER, WE CAN DELIVER REAL, IMPACTFUL CHANGE FOR THE PEOPLE WHO LIVE IN OUR HOMES, AND FOR THE CITY OF PLYMOUTH AND THE SURROUNDING AREA."

John Clark, Chief Executive
Strategic Business Plan

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 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 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.

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.

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

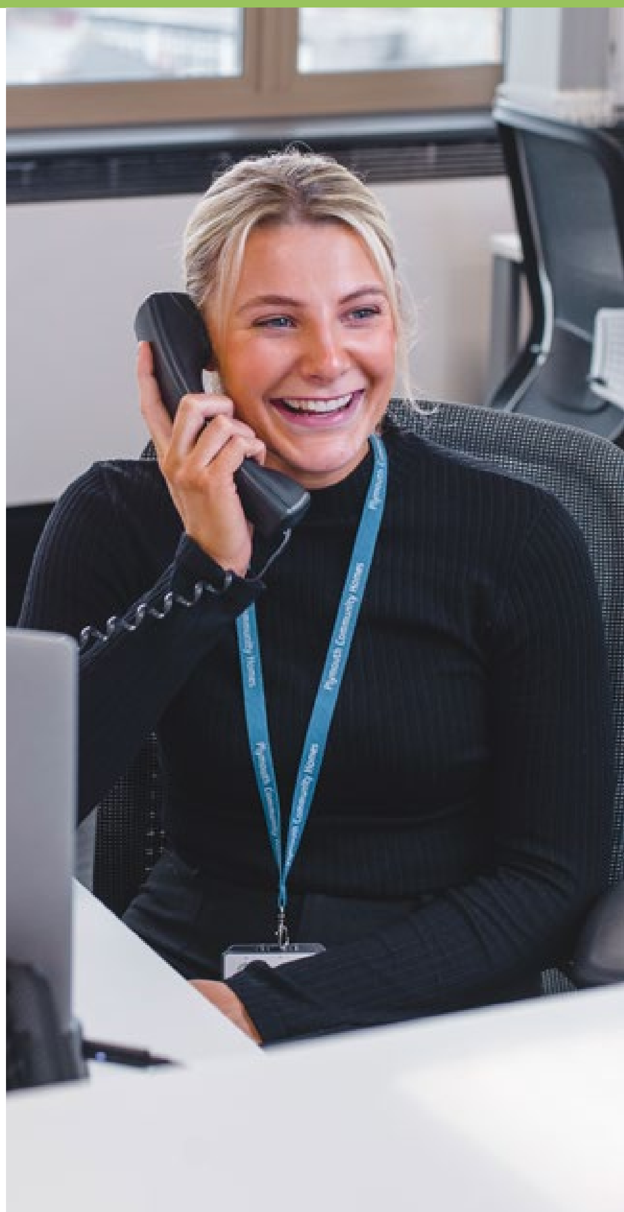
Turnover represents rental and service charge income receivable (net of void losses), fees receivable, proceeds from first tranche sales of low-cost home ownership and from properties developed for open market sales, and amortisation of Social Housing Grant (SHG) under the accrual model. Rental income 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.



2. Social Housing Lettings Group and Association

	2023				2022
Group & Association	General Needs £'000	Supported Housing £'000	Shared Ownership £'000	Total £'000	Total £'000
Rents	52,929	6,914	985	60,828	59,022
Service Charges	3,822	958	41	4,821	5,415
Net Rents receivable	56,751	7,872	1,026	65,649	64,437
British Gas Funding Release	600	-	-	600	635
Other Grant Funding Release	18	-	-	18	9
Plymouth City Council funding	694	-	-	694	766
Government Grant	457	-	-	457	146
Total Income from Lettings	58,520	7,872	1,026	67,418	65,993
Expenditure on lettings					
Management	(9,622)	(1,920)	(49)	(11,591)	(10,369)
Services	(5,558)	(1,389)	(41)	(6,988)	(7,153)
Response Repairs	(15,055)	(1,599)	-	(16,654)	(14,913)
Cyclical & Planned Maintenance	(4,189)	(211)	-	(4,400)	(4,567)
Major Repairs	(9,675)	(262)	-	(9,937)	(8,187)
Bad debts	(448)	-	-	(448)	(420)
Depreciation Housing Properties	(10,402)	(1,486)	(205)	(12,093)	(11,730)
Depreciation Other	(1,523)	-	-	(1,523)	(1,248)
Non Cash Pension charges	(892)	-	-	(892)	(1,594)
Total Expenditure on lettings	(57,362)	(6,867)	(295)	(64,526)	(60,181)
Operating Surplus on lettings	1,156	1,005	731	2,892	5,812
Void loss	(323)	(41)	-	(364)	(370)

3. Social Housing

	2023					2022				
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										
General Needs	58,520	-	(57,364)	-	1,156	57,411	-	(53,864)	-	3,547
Supported Housing	7,872	-	(6,867)	-	1,005	7,722	-	(6,235)	-	1,487
Low Cost Home Ownership	1,026	-	(295)	-	731	860	-	(82)	-	778
Total	67,418	-	(64,526)	-	2,892	65,993	-	(60,181)	-	5,812
Other Social Housing Activities										
Shared Owner-ship Sales	3,211	(2,461)	-	-	750	3,669	(3,518)	-	-	151
Development not Capitalised	-	-	(1,078)	-	(1,078)	-	-	(926)	-	(926)
Community Involvement	-	-	(812)	-	(812)	-	-	(700)	-	(700)
Garage Lettings	1,821	-	(285)	-	1,536	1,752	-	(211)	-	1,541
Social Housing Grant release	201	-	-	-	201	192	-	-	-	192
Other	450	-	(447)	-	3	289	-	(265)	-	24
Surplus on Sale of properties not developed for outright sale	-	-	-	757	757	-	-	-	982	982
Total	5,683	(2,461)	(2,622)	757	1,357	5,902	(3,518)	(2,102)	982	1,264
Non-Social Housing Activities										
Commercial Properties	1,942	-	(907)	-	1,035	1,825	-	(803)	-	1,022
External Sales	2,799	(1,824)	(416)	-	559	830	(205)	(405)	-	220
Other	-	-	-	-	-	122	-	93	-	215
Total	4,741	(1,824)	(1,323)	-	1,594	2,777	(205)	(1,115)	-	1,457
Total	77,842	(4,285)	(68,471)	757	5,843	74,672	(3,723)	(63,398)	982	8,533

3. Social Housing

	2023					2022				
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										
General Needs	58,520	-	(57,364)	-	1,156	57,411	-	(53,864)	-	3,547
Supported Housing	7,872	-	(6,867)	-	1,005	7,722	-	(6,235)	-	1,487
Low Cost Home Ownership	1,026	-	(295)	-	731	860	-	(82)	-	778
Total	67,418	-	(64,526)	-	2,892	65,993	-	(60,181)	-	5,812
Other Social Housing Activities										
Shared Ownership Sales	3,211	(2,461)	-	-	750	3,669	(3,518)	-	-	151
Development not Capitalised	-	-	(1,078)	-	(1,078)	-	-	(926)	-	(926)
Community Involvement	-	-	(812)	-	(812)	-	-	(700)	-	(700)
Garage Lettings	1,821	-	(285)	-	1,536	1,752	-	(211)	-	1,541
Social Housing Grant release	201	-	-	-	201	192	-	-	-	192
Other	450	-	(447)	-	3	289	-	(265)	-	24
Surplus on Sale of properties not developed for outright sale	-	-	-	757	757	-	-	-	982	982
Total	5,683	(2,461)	(2,622)	757	1,357	5,902	(3,518)	(2,102)	982	1,264
Non-Social Housing Activities										
Commercial Properties	1,942	-	(907)	-	1,035	1,825	-	(803)	-	1,022
External Sales	143	(140)	-	-	3	152	(99)	-	-	53
Other	-	-	-	-	-	122	-	93	-	215
Total	2,085	(140)	(907)	-	1,038	2,099	(99)	(710)	-	1,290
Total	**75,186**	**(2,601)**	**(68,055)**	**757**	**5,287**	**73,994**	**(3,617)**	**(62,993)**	**982**	**8,366**

4. Housing Stock

	Group		Association	
	2023 No.	2022 No.	2023 No.	2022 No.
Under development at end of period:				
Housing accommodation	456	405	456	405
Shared ownership	230	213	230	213
Total	686	618	686	618
Under management at end of period:				
General needs				
Properties let or available for let	12,325	12,303	12,325	12,303
Unavailable for letting	35	21	35	21
Total	12,360	12,324	12,360	12,324
Supported housing				
Supported housing	1,769	1,773	1,769	1,773
Unavailable for letting	10	5	10	5
Total	1,779	1,778	1,779	1,778
Social Housing Rental Accommodation	14,139	14,102	14,139	14,102
Shared ownership	336	317	336	317
Total	14,475	14,419	14,475	14,419
Social Housing Managed & Owned				
Non Social Housing Homes	9	9	9	9
Long leaseholders	1,696	1,684	1,696	1,684
Total	**16,180**	**16,112**	**16,180**	**16,112**

Properties Developed for Open Market Sale

	Group		Association	
	2023 No.	2022 No.	2023 No.	2022 No.
Completed and sold during the year	12	-	-	-
Under development at end of year	15	27	-	-
Total	27	27	-	-

5. Expenses and Auditor's Remuneration

Group	2023 £'000	2022 £'000
Depreciation and Impairment on housing properties	12,097	11,734
Depreciation on other fixed assets	1,993	1,722
Restructuring costs expensed as included in administrative expenses	52	2
Gain on sale of housing properties	757	982
(Loss) / Surplus on sale of other fixed assets	18	(18)
Change in fair value of investments	(471)	(394)
Operating lease charges	374	352
Total	14,820	14,380
External Auditors Remuneration (exclusive of VAT)		
Audit of these financial statements	55	46
Audit of financial statements of subsidiaries	12	11
Tax compliance	10	8
Other tax advisory services	9	30
Other assurance services	9	6
Total	95	101
Internal audit related assurance services	42	31

6. Staff Numbers

	2023 No.	2022 No.
The average number of persons employed during the period (full time equivalents of 37 hours) was:	609	610
Full Time Equivalents at 31 March	617	598

7. Staff Costs

	2023 £'000	2022 £'000
Wages and salaries	19,606	18,671
Social security costs	2,012	1,770
Other pension costs	2,607	2,192
Restructure costs	52	2
Total	24,277	22,635

8. Full Time Equivalent Staff

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

	2023 No.	2022 No.
£60,001 to £70,000	10	9
£70,001 to £80,000	7	5
£80,001 to £90,000	5	3
£90,001 to £100,000	-	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
£160,001 to £170,000	1	2
£170,001 to £180,000	1	-
£180,001 to £190,000	-	-
£190,001 to £200,000	-	-
£200,001 to £210,000	-	1
£210,001 to £220,000	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:

	2023 £	2022 £
Nicholas Lewis (Chair until 24 November 2022)	9,750	15,000
Valerie Lee (Chair from 25 November 2022)	8,825	5,500
Lavinia Porfir (Chair of Customer Focus Committee)	7,500	7,500
Elizabeth Nicolls (Chair of Audit & Risk Committee)	7,500	7,500
Debra Roche (Vice Chair)	7,500	7,500
Julie White (Chair of Development Committee)	7,500	7,400
Jillian Gregg (Chair of PCH Regeneration from 01 October 2022)	5,625	672
Graham Clayton	5,500	5,500
Maja Jorgensen from 25 May 2022	4,687	-
Tasawar Nawaz from 25 May 2022	4,687	-
Sally Haydon from 25 July 2022	3,770	-
Richard Connolly (Co-optee to Development Committee until 03 February 2023)	1,685	2,000
Michael Day (Independent Board Member Regeneration from 01 July 2022)	1,500	-
Madeline Bridgeman until 24 May 2022	813	5,500
Ian Tuffin until 24 May 2022	813	3,667
Simon Ashby until 31 March 2022	-	5,500
Graham Stirling until 31 March 2022	-	7,187
Christina Tuohy until 31 May 2021	-	917
Total	77,655	81,343

The emoluments of the Executive Management Team were as follows:

	2023			2022
	Basic Salary & Car Allowance £'000	Employer Pension Contributions £'000	Total £'000	Total £'000
John Clark (Chief Executive)	192	25	217	207
Nicholas Jackson	152	27	179	168
Gillian Martin	141	27	168	162
Carl Brazier (to 26th July 2022)	113	6	119	153
Total	598	85	683	690

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

10. Surplus/(Deficit) on Disposal Housing Properties

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Right to Buy sales	2,979	3,207	2,979	3,207
Right to Acquire	338	968	338	968
Sundry sales	98	5	98	5
Shared Ownership Staircasing	194	298	194	298
Cost of Sales	(40)	(44)	(40)	(44)
Net Book Value of Components removed on Disposal	(1,648)	(2,179)	(1,648)	(2,179)
PCC Share under the clawback	(1,163)	(1,273)	(1,163)	(1,273)
Transfer to RGCF	(1)	-	(1)	-
Total	757	982	757	982

11. Other Interest Receivable and Similar Income

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bank interest receivable	129	4	303	190
Total Interest Received and similar income	129	4	303	190

12. Interest Payable and Similar Charges

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Interest	3,600	3,222	3,600	3,222
Non utilisation fee	363	346	363	346
Amortisation of arrangement fees	175	210	175	210
Interest capitalised	(188)	(216)	(188)	(216)
Legal, Professional & Bank Fees	13	44	13	44
Net interest expense on net defined pension benefit liabilities	785	907	785	907
Total other interest payable and similar charges	4,748	4,513	4,748	4,513

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

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Current Tax				
Current tax on income for the period	-	-	-	-
Adjustment in respect of prior periods	5	(122)	5	-
Total current tax	5	(122)	5	-
Deferred Tax				
Origination and reversal of timing differences	-	-	-	-
Change in tax rate	-	-	-	-
Total deferred tax	-	-	-	-
Total tax	**5**	**(122)**	**5**	**-**

Reconciliation of Effective Tax Rate

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Surplus for the year	768	3,734	395	3,648
Add back Tax charge	5	-	5	-
Less tax credit	-	(122)	-	-
Surplus excluding taxation	773	3,612	400	3,648
Tax using the UK corporation tax rate of 19% (2022: 19%)	147	686	75	693
Tax exempt revenues	(147)	(686)	(75)	(693)
Total tax expense included in profit and loss	-	-	-	-

14. 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 2022	587,344	19,551	22,295	13,147	642,337
Additions	7,775	-	10,090	439	18,304
Completed properties	7,764	-	(7,764)	-	-
Completed SO properties	-	2,494	-	(2,494)	-
Reclassification	-	-	-	-	-
Disposals	(1,808)	(178)	-	-	(1,986)
Impairment	-	-	-	-	-
Land Sales	-	-	-	-	-
At 31 March 2023	601,075	21,867	24,621	11,092	658,655
Depreciation					
At 1 April 2022	(94,696)	(594)	-	-	(95,290)
Depreciation Charge for period	(11,898)	(199)	-	-	(12,097)
Reallocation of Accumulated Depreciation	2	(2)	-	-	-
Demolitions	-	-	-	-	-
Disposals	345	8	-	-	353
At 31 March 2023	(106,247)	(787)	-	-	(107,034)
Net book value at 31 March 2023	494,828	21,080	24,621	11,092	551,621
Net Book Value at 1 April 2022	492,648	18,957	22,295	13,147	547,047

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 2022	642,337	10,830	3,238	3,312	6,580	9,696	675,993
Additions	18,304	277	72	621	616	-	19,890
Reclassification	-	-	-	-	-	-	-
Disposals	(1,986)	-	(262)	(238)	(613)	(26)	(3,125)
At 31 March 2023	658,655	11,107	3,048	3,695	6,583	9,670	692,758
Depreciation							
At 1 April 2022	(95,290)	(1,762)	(2,137)	(1,845)	(4,180)	(3,601)	(108,815)
Charge for period	(12,097)	(196)	(234)	(224)	(863)	(476)	(14,090)
Disposals	353	-	262	238	581	18	1,452
At 31 March 2023	(107,034)	(1,958)	(2,109)	(1,831)	(4,462)	(4,059)	(121,453)
Net book value at 31 March 2023	551,621	9,149	939	1,864	2,121	5,611	571,305
Net Book Value at 1 April 2022	547,047	9,068	1,101	1,467	2,400	6,095	567,178

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 2022	587,344	19,787	27,928	13,341	648,400
Additions	7,775	-	10,501	439	18,715
Completed properties	7,764	-	(7,764)	-	-
Completed SO properties	-	2,494	-	(2,494)	-
Reclassification	-	-	-	-	-
Disposals	(1,808)	(178)	-	-	(1,986)
Impairment	-	-	-	-	-
Land Sales	-	-	-	-	-
At 31 March 2023	601,075	22,103	30,665	11,286	665,129
Depreciation					
At 1 April 2022	(94,696)	(594)	-	-	(95,290)
Depreciation Charge for period	(11,898)	(199)	-	-	(12,097)
Reallocation of Accumulated Depreciation	2	(2)	-	-	-
Demolitions	-	-	-	-	-
Disposals	345	8	-	-	353
At 31 March 2023	(106,247)	(787)	-	-	(107,034)
Net book value at 31 March 2023	494,828	21,316	30,665	11,286	558,095
Net Book Value at 1 April 2022	492,648	19,193	27,928	13,341	553,110

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 2022	648,400	10,830	3,238	3,312	6,580	672,360
Additions	18,715	277	72	621	616	20,301
Reclassification	-	-	-	-	-	-
Disposals	(1,986)	-	(262)	(238)	(613)	(3,099)
At 31 March 2023	665,129	11,107	3,048	3,695	6,583	689,562
Depreciation						
At 1 April 2022	(95,290)	(1,762)	(2,137)	(1,845)	(4,180)	(105,214)
Charge for period	(12,097)	(196)	(234)	(224)	(863)	(13,614)
Disposals	353	-	262	238	581	1,434
At 31 March 2023	(107,034)	(1,958)	(2,109)	(1,831)	(4,462)	(117,394)
Net book value at 31 March 2023	558,095	9,149	939	1,864	2,121	572,168
Net Book Value at 1 April 2022	553,110	9,068	1,101	1,467	2,400	567,146

The total expenditure on works to existing housing properties during the year to 31 March 2023 for the Group and Association was as follows:

	2023 £'000	2022 £'000
Revenue	9,937	8,187
Capital	7,775	10,874
Total	17,712	19,061

The capitalised work consists of:	2023 Group £'000	2022 Group £'000
Towers Spend	-	971
EWI Spend	472	735
Other works to existing properties	7,303	9,168
Total	7,775	10,874

Interest of £188,452 (2021/22: £215,701) was capitalised (both Group and Association). Interest was capitalised at the rate of 3.76% (2021/22: 3.35%) during the development period.

Cumulative interest of £2,332,642 (2021/22: £2,144,190) has been capitalised to 31 March 2023. 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.

15. Fixed Asset Investment

	Group			Association			
	Investment in Commercial Property	Other investments	Total	Shares in group undertakings	Investment in Commercial Property	Other investments	Total
Cost (or valuation)							
At beginning of year	15,333	271	15,604	3,300	15,333	271	18,904
Transfer	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-
Disposals	(34)	(4)	(38)	-	(34)	(4)	(38)
Revaluation	(471)	-	(471)	-	(471)	-	(471)
At end of year	14,828	267	15,095	3,300	14,828	267	18,395
Net book value							
At 31 March 2023	14,828	267	15,095	3,300	14,828	267	18,395
At 31 March 2022	15,333	271	15,604	3,300	15,333	271	18,904

The commercial properties were valued on ‘Market Value’ basis at £14,828,000 at 31 March 2023 (31 March 2022: £15,333,000) 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 (2021/22 : £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 (2021/22 : £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 (2021/22 : £5,000), a community benefit society, which restores unused buildings.
- £172,000 Secured loans to homeowners (2021/22 : £176,000) to assist their relocation from our development sites.

16. Investments in Subsidiaries

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

	Cost of Investment £'000	Aggregate of capital and reserves £'000	Profit or loss for the year £'000	Country of Incorporation	Class of shares held	Ownership 2023 %	Ownership 2022 %
PCH Regeneration Limited	-	1,595	559	England	Ordinary	100	100
PCH Energy Limited	3,300	3,539	92	England	Ordinary	100	100

All investments in subsidiaries are held at cost. Details of group loans can be found in note 19 – Debtors.

17. Properties Held for Sale

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Shared ownership properties in the course of construction	3,011	1,165	3,011	1,165
Total	3,011	1,165	3,011	1,165

18. Stock

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Raw materials	1,026	896	1,026	896
Work in progress	1,152	1,377	-	-
Total	2,178	2,273	1,026	896

19. Debtors

	Group (including net debt reconciliation)		Association (including net debt reconciliation)	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Amounts falling due after one year				
Group debtors > 1 year	-	-	4,481	5,584
Pension Asset LGPS	8,510	-	8,510	-
Trade debtors	81	534	-	-
Total	8,591	534	12,991	5,584
Amounts falling due within one year				
Trade debtors	823	767	456	232
Current tenant rent arrears	948	529	948	529
Current tenant non rent arrears	818	322	818	322
Less provision for doubtful debts	(989)	(851)	(989)	(851)
Former tenant rent arrears	772	840	772	840
Former tenant non rent arrears	1,181	947	1,181	947
Less provision for doubtful debts	(1,953)	(1,787)	(1,953)	(1,787)
Prepayments and accrued income	3,038	2,392	2,949	2,376
Intercompany trade debtors	-	-	839	-
VAT	389	392	388	389
Leaseholder Debt	1,099	1,607	1,099	1,607
Less provision for doubtful debts	(105)	(105)	(105)	(105)
Corporation Tax refund due	-	122	-	-
Other debtors	255	1,512	118	1,527
Less provision for doubtful debts	(79)	(357)	(79)	(357)
Homes England grant receivable	-	7,172	-	7,172
Total	6,197	13,502	6,442	12,841

Group Debtors >1 year

The group debtors are comprised of a £3m loan to PCH Energy (2021/22 : £3.5m), a £1,400,000 loan to PCH Regeneration (2021/22 : £1,550,000) and a £81,270 intercompany balance with PCH Regeneration (2021/22 : £534,345).

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 group debtor > 1 year relates to the sale of land to PCH Regeneration and is repayable on demand. No interest is charged on this balance.

Group Debtors <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			Association		
	At 1 April 2022 £'000	Cashflows £'000	At 31 March 2023 £'000	At 1 April 2022 £'000	Cashflows £'000	At 31 March 2023 £'000
Cash and Cash Equivalents						
Cash at bank and in hand	11,465	16,946	28,411	8,589	15,359	23,948
Overdraft	-	-	-	-	-	-
Cash equivalents	-	-	-	-	-	-
Total	11,465	16,946	28,411	8,589	15,359	23,948
Borrowing						
Debt due within one year	-	-	-	-	-	-
Debt due after one year	(115,500)	(6,500)	(122,000)	(115,500)	(6,500)	(122,000)
Total	(115,500)	(6,500)	(122,000)	(115,500)	(6,500)	(122,000)
Total	**(104,035)**	**10,446**	**(93,589)**	**(106,911)**	**8,859**	**(98,052)**

21. Creditors Amounts Falling Due within One Year

		Group		Association	
	Note	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade creditors		5,328	4,631	3,426	3,369
Amounts owed to group undertakings		-	-	1,390	297
Taxation and social security		449	449	449	449
Pension contributions		289	262	289	262
Rent received in advance		3,568	2,615	3,568	2,615
Other creditors		1,015	673	1,014	673
Year End Interest Accrual		1,000	752	1,000	752
Accruals and deferred income		5,175	4,728	4,240	4,086
Grant funding	24	1,234	1,049	1,234	1,049
Recycled Capital Grant Fund	23	13	30	13	30
Total		18,071	15,189	16,623	13,582

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

22. Creditors: Amounts Falling Due after more than One Year

	Note	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Bank Loans					
Due in five years or more		122,000	115,500	122,000	115,500
Deferred loan costs		(216)	(226)	(216)	(226)
THFC Holding account		-	(2,376)	-	(2,376)
Total housing loans		121,784	112,898	121,784	112,898
Grant Funding	24	51,531	51,152	51,531	51,152
Recycled Capital Grant Fund	23	76	111	76	111
Total		173,391	164,161	173,391	164,161

23. Recycled Capital Grant Fund

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
At beginning of the year	141	208	141	208
Allocated during year	(86)	(108)	(86)	(108)
Transferred to fund during year	34	41	34	41
At end of the year	89	141	89	141
Disclosed as:				
Creditors < 1 year	13	30	13	30
Creditors > 1 year	76	111	76	111
Total	89	141	89	141

24. Capital Grant Funds

	Group		Association	
Social Housing Grant	**2023** £'000	**2022** £'000	**2023** £'000	**2022** £'000
At beginning of the year	25,140	21,918	25,140	21,918
Additions	1,639	3,317	1,639	3,317
Amortised within the consolidated statement of comprehensive income	(199)	(192)	(199)	(192)
Transfer from Recycled Capital Grant Fund	88	108	88	108
Transfer to Recycled Capital Grant Fund	(20)	(11)	(20)	(11)
Transfer from Disposal Proceeds Fund	-	-	-	-
Disposals	-	-	-	-
At end of the year	26,648	25,140	26,648	25,140
Recognised in:				
Creditors: amounts falling due within one year	193	192	193	192
Creditors: amounts falling due after one year	26,455	24,948	26,455	24,948
Total	26,648	25,140	26,648	25,140

	Group		Association	
British Gas Grant	**2023** £'000	**2022** £'000	**2023** £'000	**2022** £'000
At beginning of the year	10,181	10,816	10,181	10,816
Additions	-	-	-	-
Amortised within the consolidated statement of comprehensive income	(533)	(529)	(533)	(529)
Disposals	(65)	(106)	(65)	(106)
At end of the year	9,583	10,181	9,583	10,181
Recognised in:				
Creditors: amounts falling due within one year	535	536	535	536
Creditors: amounts falling due after one year	9,048	9,645	9,048	9,645
Total	9,583	10,181	9,583	10,181

Homes England Towers Grant	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
At beginning of the year	11,431	7,342	11,431	7,342
Additions	-	4,089	-	4,089
Amortised within the consolidated statement of comprehensive income	(457)	-	(457)	-
Disposals	-	-	-	-
At end of the year	10,974	11,431	10,974	11,431
Recognised in:				
Creditors: amounts falling due within one year	457	294	457	294
Creditors: amounts falling due after one year	10,517	11,137	10,517	11,137
Total	10,974	11,431	10,974	11,431

Other Grants	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
At beginning of the year	5,449	3,938	5,449	3,938
Additions	130	1,666	130	1,666
Amortised within the consolidated statement of comprehensive income	(13)	(9)	(13)	(9)
Disposals	(6)	(146)	(6)	(146)
At end of the year	5,560	5,449	5,560	5,449
Recognised in:				
Creditors: amounts falling due within one year	49	27	49	27
Creditors: amounts falling due after one year	5,511	5,422	5,511	5,422
Total	5,560	5,449	5,560	5,449

Total Grant	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Creditors: amounts falling due within one year	1,234	1,049	1,234	1,049
Creditors: amounts falling due after one year	51,531	51,152	51,531	51,152
Total	52,765	52,201	52,765	52,201

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. 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

	2023 £'000	2022 £'000
Due in less than five years	37,250	13,250
Due in five years or more	84,750	102,250
Deferred loan costs	(216)	(226)
THFC holding account	-	(2,376)
Total	121,784	112,898

26. Devon County Council Pension Scheme

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. The last triannual valuation was in 2022.

The most recent valuation was carried out in March 2022 for funding purposes.

Group and Association net pension liability:	31 March 2023 £'000	31 March 2022 £'000
Present value of funded defined benefit obligations	(73,880)	(124,904)
Fair value of plan assets	90,702	93,212
Net pension liability	16,822	(31,692)
Effect of asset ceiling	(8,312)	-
Recognised pension asset/ (liability)	8,510	(31,692)

Accounting standards require the surplus to be recognised in respect of any economic value PCH is able to derive from the surplus in the form of potential future reduced contributions. The economic value PCH can derive from the surplus is calculated as the difference between the present value of the future contributions PCH is committed to paying under the documentation in force at the reporting date and the present value of the future benefits expected to accrue in the future (over the working lifetime of active members) as measured on the accounting basis at the reporting date. As the current service cost has been greater than the employer contributions, under the rules of FRS 102, a proportion of the surplus is required to be recognised. The equates to the shortfall from the contributions to the service cost, capitalised for the future active lifetime of the scheme capped at the value of the contributions payable under the schedule of contributions currently in force.

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	31 March 2023 £'000	31 March 2022 £'000
Defined benefit obligation at 1 April	124,904	128,894
Current service cost	2,323	2,751
Interest cost	3,221	2,561
Actuarial losses/(gains)	(47,953)	(7,818)
Change in demographic assumptions	(6,743)	-
Experience loss/(gain) on defined benefit obligation	169	206
Estimated benefits paid net of transfers in	(2,456)	(2,071)
Past service costs, including curtailments	52	-
Contributions by scheme participants	363	381
Defined benefit obligation at 31 March	73,880	124,904
Reconciliation of opening & closing balances of the fair value of fund assets		
Fair value of scheme assets at 1 April	93,212	87,025
Interest on assets	2,463	1,735
Return on assets less interest - gains/(losses)	(3,740)	5,026
Other actuarial gains/(losses)	(195)	-
Administration expenses	(56)	(53)
Contributions by employer (including unfunded)	1,111	1,169
Contributions by scheme participants	363	381
Estimated benefits paid net of transfers in (including unfunded)	(2,456)	(2,071)
Fair value of scheme assets at 31 March	90,702	93,212
Effect of asset ceiling*	(8,312)	-
Recognised value of scheme assets at 31 March	82,390	93,212
Expense recognised in the profit and loss account		
Service cost	2,375	2,751
Net interest on the defined liability (asset)	758	826
Administration expenses	56	53
Total	3,189	3,630

The total gain recognised in the consolidated statement of total recognised gains and losses in respect of actuarial gain is £50,592,000 (2021/22: gain £12,638,000).

The estimated asset allocation for Plymouth Community Homes as at 31 March 2023 is as follows:

Employer asset share - bid Value	31 March 2023 £'000	31 March 2022 £'000
Gilts	-	12,397
Equities	7,155	8,308
Overseas Equities	40,631	46,877
Property	7,951	8,782
Infrastructure	8,155	5,263
Target Return Portfolio	6,304	8,616
Cash	1,077	1,101
Other Bonds	19,394	1,907
Alternative assets	35	(39)
Total	90,702	93,212
Effect of asset ceiling*	(8,312)	-
Recognised value of scheme assets at 31 March	82,390	93,212

Financial assumptions as at	31 March 2023 % p.a.	31 March 2022 % p.a.
Discount Rate	4.80%	2.60%
Pension Increases	2.85%	3.20%
Salary Increases	3.85%	4.20%

These assumptions are set with reference to market conditions at 31 March 2023.

Our estimate of the duration of the Employer's past service liability duration is 18 years.

Retiring age	Life Expectancy at age 65 Years
Male retiring in 2023	21.8
Female retiring in 2023	22.9
Male retiring in 2043	23.1
Female retiring in 2043	24.4

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 triannual valuation of the scheme was 2022.

	31 March 2023 £'000	31 March 2022 £'000
Present value of funded defined benefit obligations	(7,092)	(11,913)
Fair value of plan assets	5,845	10,713
Net pension liability	(1,247)	(1,200)

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	31 March 2023 £'000	31 March 2022 £'000
Defined benefit obligation at 1 April	11,913	11,972
Current service cost	191	430
Expenses	13	13
Interest cost	332	271
Contributions by scheme participants	128	132
Actuarial (gains)/losses due to scheme experience	(987)	703
Actuarial (gains)/losses due to changes in demographic assumptions	(13)	(162)
Actuarial (gains)/losses due to changes in financial assumptions	(4,356)	(1,386)
Benefits	(129)	(60)
Defined benefit obligation at 31 March	7,092	11,913

Reconciliation of opening & closing balances of the fair value of fund assets	31 March 2023 £'000	31 March 2022 £'000
Fair value of scheme assets at 1 April	10,713	8,294
Interest on assets	305	190
Experience on plan assets (excl amounts included in interest income) gain/(loss)	(5,804)	1,673
Contributions by employer	632	484
Contributions by plan participants	128	132
Benefits paid and expenses	(129)	(60)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of scheme assets at 31 March	5,845	10,713

Expense recognised in the profit and loss account	31 March 2023 £'000	31 March 2022 £'000
Current service cost	191	430
Expenses	13	13
Net interest expense	27	81
Total	231	524

The estimated asset allocation for Plymouth Community Homes as at 31 March 2023 is as follows:

Employer Asset Share - Bid Value	Assets at 31 March 2023 £'000	Assets at 31 March 2022 £'000
Absolute Return	63	430
Alternative Risk Premia	11	353
Corporate Bond Fund	-	715
Opportunistic liquid Credit	250	360
Credit Relative Fund	221	356
Distressed Opportunities	177	383
Emerging Markets Debts	31	312
Global Equity	109	2,056
Infrastructure	668	763
Insurance-Linked Securities	148	250
Liability Driven Investment	2,693	2,989
Long Lease Property	176	276
Net Current Assets	15	30
Private Debt	260	275
Property	252	289
Risk Sharing	430	353
Secured Income	268	399
High Yield	20	92
Opportunistic Credit	-	38
Cash	42	36
Current Hedging	11	(42)
Total Expected Return on Assets	5,845	10,713

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.

Financial assumptions as at	31 March 2023 % p.a.	31 March 2022 % p.a.
Discount Rate	4.82%	2.77%
RPI Increases	3.15%	3.39%
CPI Increases	2.83%	3.11%
Salary Growth	3.83%	4.11%
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 2023.

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

Retiring age	Life Expectancy at age 65 Years
Male retiring in 2023	21.0
Female retiring in 2023	23.4
Male retiring in 2043	22.2
Female retiring in 2043	24.9

28. Share Capital

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

	2023 No.	2022 No.
At 1 April	34	38
Issued during the year	4	1
Cancelled during the year	(4)	(5)
At 31 March	34	34

"OUR VALUES REMAIN TO 'CARE', 'RESPECT', 'LISTEN' AND 'DO THE RIGHT THING', AND WE'LL BE SUPPORTING OUR STAFF TO MAKE SURE THEY CAN LIVE THESE VALUES FOR THE BENEFIT OF OUR RESIDENTS."

John Clark, Chief Executive
Strategic Business Plan

29. Operating Leases

	2023		2022	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Less than one year	30	147	32	140
Between one and five years	28	4	3	23
More than five years	-	-	-	-
Total	58	151	35	163

30. Leases as Lessor

	2023 £'000	2022 £'000
Less than one year	1,335	1,313
Between one and five years	2,049	2,148
More than five years	1,327	1,357
Total	4,711	4,818

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

31. Commitments

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
The Company contractual commitments to purchase tangible fixed assets at the year-end were	31,020	36,055	31,020	36,055
The Company has expenditure authorised by the Board but has not yet been contracted for of	70,932	36,477	70,932	36,477
Total	101,952	72,532	101,952	72,532

32. Contingencies

Social Housing Grant of £1,428,300 (2021/22: £1,428,300) was transferred with the Little America homes. 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 cost recharges from Plymouth Community Homes to its non-regulated subsidiaries are charged at the cost of providing the service. 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 Regeneration Company Ltd: Service charge from PCH Ltd to PCH Regeneration: £328,849 (2021/22: £370,109); Design & build work (including 5% mark-up) invoiced from PCH Regeneration to PCH Ltd: £6,742,356 (2021/22: £10,021,000).

PCH Energy Ltd: service charge from PCH Ltd to PCH Energy: £32,972 (2021/22: £32,485); charge from PCH Ltd to PCH Energy for lease of roofs: £104,040 (2021/22: £104,895). Charge from PCH Energy to PCH Ltd for electricity: £133,246 (2021/22: £93,942).

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.

Critical accounting judgements in applying the Company's accounting policies

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 2022/23 financial year.

36. Status

Plymouth Community Homes Group

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 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.

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 to 24 November 2022
Valerie Lee	Chair of Plymouth Community Homes Ltd from 25 November 2022
Debra Roche	Vice Chair of Plymouth Community Homes Ltd Chair of Remuneration and Nominations Committee Chair of PCH Regeneration Ltd Board to 1 October 2022
Lavinia Porfir	Chair of Customer Focus Committee
Elizabeth Nicolls	Chair of Audit and Risk Committee
Graham Clayton	Board Member
Madeline Bridgeman	Board Member to 24 May 2022
Julie White	Chair of Development Committee
Ian Tuffin	Board Member to 24 May 2022
Tasawar Nawaz	Board Member from 25 May 2022
Maja Jorgensen	Board Member from 25 May 2022
Jillian Gregg	Board Member from 1 July 2022 Chair of PCH Regeneration Ltd Board from 1 October 2022.
Sally Haydon	Board Member from 25 July 2022
Peter Nourse	Board Member from 1 May 2023
Emma Lovett	Board member from 10 July 2023

Directors of Plymouth Community Homes Regeneration Company Ltd:

Executive Directors:

John Clark	Board Member from 1 October 2022
Carl Brazier	Board member to 26 July 2022

Non-Executive Directors:

Debra Roche	Chair from 7 July 2021 to 1 October 2022
Jillian Gregg	Independent Director to 1 July 2022 Board member Chair from 1 October 2022
Michael Day	Independent Director from 1 July 2022
Tasawar Nawaz	Board Member from 1 October 2022
Valerie Lee	Board Member from 1 October 2022

Directors of Plymouth Community Homes Energy Ltd

John Clark	Chair
Nicholas Jackson	Board member
Gillian Martin	Board member
Carl Brazier	To 26 July 2022

Audit and Risk Committee

Elizabeth Nicolls	Chair
Graham Clayton	Committee Member
Valerie Lee	Committee Member from 25 November 2021 to 24 November 2022
Tasawar Nawaz	Committee Member from 1 October 2022
Julie White	Committee Member from 1 October 2022

Finance Committee

Elizabeth Nicolls	Chair 16 February 2023 – 3 March 2023
Graham Clayton	Committee Member 16 February 2023 – 3 March 2023
Tasawar Nawaz	Committee Member 16 February 2023 – 3 March 2023

Customer Focus Committee

Lavinia Porfir	Chair
Madeline Bridgeman	To 24 May 2022
Ian Tuffin	To 24 May 2022
Graham Clayton	
Debra Roche	
Maja Jorgensen	From 1 October 2022
Gaynor Sotherton	Co-optee
Joanne Bowden	Co-optee
Stacey Winn	Co-optee from 16 December 2022 to 31 March 2023
Melony Gallagher	Co-optee from 16 December 2022

Development Committee

Julie White	Chair
Maja Jorgensen	Committee Member from 1 October 2022
Sally Haydon	Committee Member from 1 October 2022
Debra Roche	Committee member
Elizabeth Nicolls	Committee member
Richard Connolly	Co-optee to 2 February 2023

Remuneration and Nomination Committee

Debra Roche	Chair
Nicholas Lewis	Committee member to 24 November 2022
Lavinia Porfir	Committee member
Valerie Lee	Committee member from 25 November 2022

Scrutiny Steering Group

Joanne Bowden	
Patrick Gillespie	
Mel Leonis	To 19 July 2022
Elaine Pellow	
Ann-Marie Maddock	To 18 October 2022
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
Tracey Gray	Interim Director Homes and Neighborhoods from 29 May 2023

Company Secretary

Lucy Rickson	Head of Governance

External Auditor:

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

Internal Auditor:

Mazars LLP	30 Old Bailey London EC4M 7AU

Tax Advisor:

KPMG LLP	1 Forest Gate, Brighton Road Crawley RH11 9PT

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:

M & G Ltd	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
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

CONSOLIDATED FINANCIAL STATEMENTS

YEAR END MARCH 2023

Plymouth Community Homes

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