

Company number: 09272235



Places for People

Places for People Treasury PLC

Financial Statements

For the year ending 31 March 2021



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Places for People Treasury PLC
Board of Directors, Executives and Advisers
For the year ending 31 March 2021

Directors

M Cooper
D Cowans
G Kitchen
L Lackey
C Phillips (resigned 31 January 2021)
A Winstanley
G Waddell
R Gregory (appointed 1 February 2021)

Company Secretary C Martin

Registered Office

80 Cheapside
London
EC2V 6EE

Banker

Barclays Bank PLC
38 Fishergate
Preston
PR1 2AD

Registered Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Registration of Company

The company is incorporated under the Companies Act 2006 (Company Number 09272235)

Places for People Treasury PLC
Strategic Report
For the year ending 31 March 2021

The Board of Directors have pleasure in submitting their Strategic Report and audited financial statements for the year ending 31 March 2021.

Principal activities

The company is a wholly owned subsidiary of Places for People Group Limited. The company's principal activity is the raising of finance for Places for People Group Limited and its subsidiary undertakings.

Business review

The company's interest receivable for the year was received from Places for People Group companies.

The company has no key performance indicators beyond raising finance for Places for People Group (The Group) and its subsidiary undertakings. The company issued a £400m retail bond in August 2016 which matures in August 2026.

As the company's activities are limited to the raising of finance for the Places for People Group and its subsidiary undertakings, its administration services were completed by Places for People Group Limited. On this basis there is no significant information to report regarding environmental matters, the company's employees, social and community issues or other contractual issues.

Going Concern

The going concern assessment considers whether it is appropriate to prepare the financial statements on a going concern basis. The global Covid-19 pandemic has inevitably presented a series of unprecedented challenges into aspects of all our businesses. The Board continues to monitor the evolving situation, is focussed on mitigating the risks for the Group and has assessed the going concern in light of the risks raised by the pandemic.

At 31 March 2021 the Places for People Group (Group) had cash and undrawn facilities of £954.6m. The Group continues to actively manage its cash flows in order to mitigate any reductions in income.

The directors have reviewed the projected cash flows covering a period of 12 months from the date of the approval of the financial statements, which indicate that the Group will be able to operate within the levels of its agreed facilities and the compliance with debt covenants. For the purposes of Going Concern, the Directors have overlaid several severe but plausible, multi-variant scenarios with specific considerations for the potential impact of the ongoing Covid-19 pandemic. These scenarios include a short-term impact on rent collection, further closure of Leisure centres and a downturn of the housing market affecting property sales.

As a result of these assumptions, and before any cost reductions are applied, management believe the liquidity of the Group at 31 March 2022 would be £750m and £462m at 31 March 2023 if the Group did not raise any additional finance to that which is currently available.

Places for People Treasury PLC is a funding vehicle for the Group's regulated entities and therefore the liquidity position of the Group supports the going concern assumption for the company.

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

Principal risks and uncertainties

As the company on lends most of its proceeds from borrowings to regulated social housing subsidiaries within the Places for People Group, the main risk facing the company is that it is largely dependent on Places for People Group subsidiaries to fulfil their obligations.

Places for People Group has an investment grade credit rating issued by Standard and Poors of A- and as such it is considered that the risk of the Places for People Group companies failing to meet its obligations under the terms of the loan for monies borrowed from Places for People Treasury PLC is low.

Internal control and risk management systems

The Board of Places for People Group Limited is the ultimate governing body for the Group and is committed to ensuring the highest standards of conduct are maintained across all operations.

The Board is responsible for the Group's system of internal control. This has been designed to manage, and mitigate as far as possible, the risk of any failure to meet business objectives. It can only provide reasonable assurance — not absolute assurance — against material misstatement or loss. The Board's approach to risk management is supported by a structured assurance framework which includes the Audit & Risk Committee.

Places for People Treasury PLC
Strategic Report
For the year ending 31 March 2021

The key means of identifying, evaluating, and managing systems of internal control are:

- Corporate Governance arrangements involving self-assessment against UK Corporate Governance Code.
- A Group-wide internal audit function structured to deliver an internal audit plan driven by the Group strategic risk register, which ensures audits are focused upon the key risks identified by management, as well as being informed by regulatory information and sector intelligence. Audit testing seeks to ensure that appropriate controls are in place to mitigate and manage risk to an acceptable level. All audit reports are reviewed by the Audit & Risk Committee, which also receives updates on the implementation of agreed internal and external audit recommendations.
- Risk Management Framework which is supported by a 'three lines of defence' assurance model, risk based internal audit and assurance mapping. This allows management to manage risks so that the residual risk after mitigation would not cause serious damage to the Group or its subsidiaries. Each risk is allocated to an accountable individual at a senior management level. Risk maps are maintained by each Group business which set out the key internal and external risks faced by that business. Controls in place to mitigate each risk are documented, as are any further actions considered necessary to reduce risk further.
- The Group business plan sets out for each Group business its objectives for the coming year, along with the risks that might prevent achievement of those objectives and the controls and actions in place to mitigate those risks. Throughout the year, boards and managers regularly monitor performance against business plan, value for money and other quality indicators.
- A Group-wide treasury management function reporting at least quarterly to the Treasury Committee.

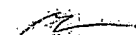
The continuation of the Covid-19 crisis during the 2020/21 financial year has driven changes in some approaches to our internal control mechanisms but testing of internal controls through our Business Assurance process continued throughout the period. Recommendations for improvements to controls have been raised where appropriate and the implementation of these improvements is monitored by both the Management and the Audit & Risk Committee.

The Audit & Risk Committee has received a full report on the internal control system in place throughout the year and is satisfied that the sources of assurance provided are appropriate, adequate and valid and have provided sufficient evidence to confirm the adequacy of the design and operation of the internal control system in place.

Future developments

It is anticipated that the company will continue to be part of the Group's medium to long term financing strategy.

By order of the Board



M Cooper
Director

Places for People Treasury PLC
Report of the Board
For the year ending 31 March 2021

The Board of Directors have pleasure in submitting their Directors Report and audited financial statements for the year ending 31 March 2021.

Directors

The directors who served during the year are shown on page 2 of the accounts.

Statement of disclosure to the auditors

At the time of this report:

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

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

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the company'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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Companies Act 2006. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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



M Cooper
Director

Places for People Treasury PLC
Report of the Independent Auditor
For the year ending 31 March 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLACES FOR PEOPLE TREASURY PLC

1 Our opinion is unmodified

We have audited the financial statements of Places for People Treasury Plc ("the Company") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Movements in Equity, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ; and
- have been prepared in accordance with the requirements of the Companies Act 2006

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 believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the directors on 20 October 2014. The period of total uninterrupted engagement is for the 7 financial years ended 31 March 2021. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged from 2020) in arriving at our audit opinion above, together with our key audit procedures to address this matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

Recoverability of amounts due from related undertakings

Amounts due from related undertakings (amounts due in more than one year) £1,185m (2020: £1,331m)

Refer to page 13 and 14 (accounting policy) and pages 15 and 16 (financial disclosures)

The risk – low risk high value

The Company's primary activity is to issue bonds, source investor financing and on-lend to other entities in the Group. It therefore has long term liabilities which relate to the bonds issued and long term intercompany debtors which relate to the loans provided in the Group.

The carrying amount of the long-term intercompany debtor balance represents 85% of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Company financial statements, this is considered to be the area that had the greatest effect on our overall Company audit.

Whilst financial income and financial expenses are recognised during the loan period, the risk mainly stems from the expectation of the ability of the Group entities to repay the loan.

Our response

We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our procedures included:

i. Tests of detail: Assessing 100% of intercompany long term debtors owed by other entities in the Group (2020: 100%) to identify, with reference to the other entities' financial draft balance sheet, whether they have a positive net asset value and therefore coverage of the debt owed as well as assessing whether the other entities have historically been profit-making.

ii. Assessment of other entities: Assessing the work performed by the Group audit team, and considering the results of that work, on those net assets. We critically assessed the directors' going concern assessment, including the reasonableness of the key assumptions used by the other entities in their cash flow forecasts and the level of downside sensitivities applied using our knowledge of Covid-19 scenarios being applied by other entities.

Our results

We found the Company's assessment of the recoverability of amounts due from related undertakings balance to be acceptable (2020 result: acceptable).

Places for People Treasury PLC
Report of the Independent Auditor
For the year ending 31 March 2021

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £12m (2020: £11m); determined with reference to a benchmark of gross assets, of which it represents 1% (2020: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2020: 75%) of materiality for the financial statements as a whole, which equates to £9m (2020: £8.2m).

We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.6m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single audit team.

4 Going concern

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

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Company's available financial resources over this period was:

- Recoverability of amounts due from related undertakings

We considered whether this risk could plausibly affect the liquidity in the going concern period by assessing the Directors' sensitivities over the level of available financial resources indicated by the Company's financial forecasts taking account of severe, but plausible adverse effects that could arise from this risk.

Our procedures are also inherently linked with our key audit matter in relation to the recoverability of the long term debtor; as the other entities' inability to meet its obligation to the Company would result in the inability of the Company to meet its own obligations as they fall due. Consequently, our procedures noted above took into account the financial forecasts of the other entities.

Our conclusions based on this work:

- we consider that the directors' 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 directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1 to be acceptable.

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 Company will continue in operation.

5 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 directors, the Group Audit and Risk Committee, internal audit, Group Company Secretary & Legal Services Director as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Group Audit and Risk Committee minutes.
- Using analytical procedures to identify any usual or unexpected relationships.

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

Places for People Treasury PLC
Report of the Independent Auditor
For the year ending 31 March 2021

5 Fraud and breaches of laws and regulations – ability to detect continued

As required by auditing standards, and taking into account our overall knowledge of the control environment, 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 because the Company does not generate revenue as part of its activities.

We did not identify any additional fraud risks

We performed procedures including the identification of journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by unexpected individuals, journals containing specific words, journals posted to seldom used accounts, and journals posted to cash, borrowings and turnover that were considered outside of the normal course of business.

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 Company's regulatory and legal correspondence; and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

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 Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation 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 Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

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

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

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

6 We have nothing to report on the strategic report and the directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report 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 those reports;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Places for People Treasury PLC
Report of the Independent Auditor
For the year ending 31 March 2021

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company'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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

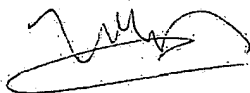
Auditor's responsibilities

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.

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Harry Mears (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

27 September 2021

Places for People Treasury PLC
Statement of Comprehensive Income
For the year ending 31 March 2021

		2021	2020
	Notes	£'000	£'000
Operating costs		(17)	(16)
Operating loss before interest		(17)	(16)
Interest receivable	2	44,611	45,119
Interest payable	3	(44,543)	(44,983)
Profit on ordinary activities before taxation		51	120
Taxation	5	(10)	(118)
Profit on ordinary activities after taxation		41	2

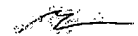
The notes on pages 13 to 20 form an integral part of these financial statements.

All operations are continuing.

Places for People Treasury PLC
Statement of Financial Position
At 31 March 2021

	Notes	2021 £'000	2020 £'000
Non current assets			
Debtors: amounts falling due after more than one year	8	1,215,781	1,424,975
Current assets			
Debtors: amounts falling due within one year	9	172,609	32,907
Cash and cash equivalents		13,135	71,021
		185,744	103,928
Creditors: amounts falling due within one year	10	(47,510)	(27,477)
Net current assets		138,234	76,451
Creditors: amounts falling due after more than one year	11	(1,352,205)	(1,499,657)
Net assets		1,810	1,769
Capital and reserves			
Called up share capital	13	50	50
Revenue reserves		1,760	1,719
Total capital and reserves		1,810	1,769

The financial statements on pages 10 to 20 were approved by the directors on 24 September 2021 and signed on its behalf by:



M Cooper
Director

Places for People Treasury PLC
Statement of Changes in Reserves
For the year ending 31 March 2021

	Total reserves
	£'000
Balance at 1 April 2020	1,719
Profit for the year	41
Balance at 31 March 2021	<u>1,760</u>

The notes on pages 13 to 20 form an integral part of these financial statements.

1. ACCOUNTING POLICIES

Basis of accounting

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

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102') and with the Companies Act 2006.

The Company's ultimate parent undertaking, Places for People Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Places for People Group Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Places for People Group Limited, 80 Cheapside, London, EC2V 6EE. The Company is considered to be a qualifying entity for the purposes of FRS 102 and has applied the exemptions available under FRS 102.1.11 and FRS 102.1.12 (preparation of a statement of cash flows and related notes).

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

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 directors have prepared cash flow forecasts covering a period of at least 12 months from the date of approval of these financial statements (the going concern period) which indicate that, taking account of severe but plausible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

In order to settle its own financial obligations and meet the compliance requirements of its external borrowings the Company is dependent on the Places for People Group (Group) generating sufficient cashflows to settle the payments of principal and interest on the onward loan of the funding which the Company raised. Those forecasts are dependent on the Group having adequate resources to continue in business over the going concern assessment period.

In making this assessment the directors have considered the potential impact of the emergence and spread of COVID-19 on the Group's business plan. As well as considering the impact of a number of scenarios on the business plan the Group 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. Following the outbreak of Covid-19 the Group has undertaken a series of further scenario testing including severe but plausible downsides in the worst case assessment.

The directors, after reviewing the group and company budgets for 2021/22 and the group's medium term financial position as detailed in the 30-year business plan, including changes arising from the Covid-19 pandemic, are of the opinion that, taking account of severe but plausible downsides, the company will have sufficient funds to meet its liabilities as they fall due over the going concern period. In reaching this conclusion, the directors have considered the following factors:

- the property market - budget and business plan scenarios have taken account of delays in handovers, lower number of property sales, reductions in sales values and change of tenure;
- maintenance costs - budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years;
- 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 £954.6m across the group which gave significant headroom for any cash flows that arise;
- the group's ability to withstand other adverse scenarios such as higher interest rates and increases in the number of void properties.

The directors believe the group has sufficient funding in place and expect the group to be in compliance with its debts covenants even in severe but plausible downside scenarios.

Consequently, the directors are confident that the company 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.

Places for People Treasury PLC
Notes to the Financial Statements
For the year ending 31 March 2021

Significant Judgements and accounting estimates

Management consider there to be no significant judgements or accounting estimates required on preparing these financial statements.

Financial Instruments

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

- Other assets that are short-term in nature such as cash and receivables are predominantly categorised as loans and receivables and measured at amortised cost using the effective interest method.
- Financial liabilities are measured at amortised cost using the effective interest method.

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

Cash and cash equivalents in the statement of financial position are convertible or mature within three months or less.

2. INTEREST RECEIVABLE

	2021	2020
	£'000	£'000
Interest receivable on loans to Group companies	44,550	45,052
Other	61	67
	44,611	45,119

All interest receivable relates to financial assets not at fair value through the statement of comprehensive income.

3. INTEREST PAYABLE

	2021	2020
	£'000	£'000
On loans from related undertakings	7	755
On bank loans and overdrafts	44,536	44,228
	44,543	44,983

4. AUDITORS REMUNERATION

Auditors remuneration charged in the year was £14,420 (2020: £14,000), this cost was met by Places for People Group Limited as the primary business activity of the company is the raising of finance for Places for People Group Limited and its subsidiaries.

Places for People Treasury PLC
Notes to the Financial Statements
For the year ending 31 March 2021

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2021	2020
	£'000	£'000
a) Tax expense included in statement of comprehensive income		
Current tax		
Group relief payable	<u>10</u>	<u>23</u>
	10	23
Adjustments in respect of prior periods	-	95
Tax on profit on ordinary activities	<u>10</u>	<u>118</u>

b) Reconciliation of tax expense

The tax assessed is the same as the standard rate of corporation tax in the UK 19%, as explained below.

	2021	2020
	£'000	£'000
Profit on ordinary activities before tax	<u>51</u>	<u>120</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	10	23
Adjustments to tax charge in respect of previous periods	-	95
Tax on profit on ordinary activities (note 5a)	<u>10</u>	<u>118</u>

6. DIRECTORS' EMOLUMENTS

The directors emoluments during the year were met by Places for People Group Limited. They do not receive remuneration for their duties as directors of the company.

7. EMPLOYEES

The company had no employees during the year. Administrative services were provided by the Places for People Group at no charge to the company.

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

	2021	2020
	£'000	£'000
Amounts due from related undertakings	1,184,577	1,331,360
Revaluation of foreign currency denominated debt	11,563	34,768
Derivative financial instruments held to manage the interest rate profile and currency risk	19,641	58,847
	<u>1,215,781</u>	<u>1,424,975</u>

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9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£'000	£'000
Other debtors and accrued income	11,995	21,240
Amounts due from related undertakings	157,207	-
Derivative financial instruments held to manage the interest rate profile and currency risk	3,407	11,667
	172,609	32,907

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£'000	£'000
Housing, bank and other loans	32,404	1,361
Discount on bond issue	(109)	(107)
Derivative financial instruments held to manage the interest rate profile and currency risk	-	8,773
Interest accruals	15,001	17,405
Corporation tax	18	18
Other creditors and accruals	4	4
Amounts due to related undertakings	192	23
	47,510	27,477

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

	2021	2020
	£'000	£'000
Public debenture stocks/bonds	400,000	400,000
Housing, bank and other loans	918,069	999,242
Discount on bond issue	(475)	(573)
Revaluation of foreign currency denominated debt	-	34,207
Derivative financial instruments held to manage the interest rate profile and currency risk	34,611	66,781
	1,352,205	1,499,657

12. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

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

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

The risk of movement in interest rates is fully mitigated by the company charging the full movement to Places for People Homes Limited.

For each class of interest bearing financial asset and financial liability, the following tables indicate the range of interest rates effective at the statement of financial position date, the carrying amount on the statement of financial position plus expected interest and the periods in which they reprice, if earlier than the maturity date.

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

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12. FINANCIAL INSTRUMENTS (Continued)

Ageing Profile and Interest Rate Risk of Financial Assets as for the year ending 31 March 2021

	Effective interest rate %	Total amount £'000	Within 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	4-5 years £'000	Over 5 years £'000
Debtors:								
Fixed rate	2.97%	1,027,128	157,207	70,157	440,381	-	94,072	265,311
Floating rate	2.80%	269,219	-	150,694	32,087	86,438	-	-
Index linked	3.87%	45,437	-	-	-	-	-	45,437
		1,341,784	157,207	220,851	472,468	86,438	94,072	310,748
Derivative financial instruments held to manage interest rate/currency		21,968	2,327	5,802	1,475	1,426	2,910	8,028
		1,363,752	159,534	226,653	473,943	87,864	96,982	318,776

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

Of the financial assets above £1,341.8m are debt instruments measured at amortised cost. £Nil are financial assets measured at fair value through the statement of comprehensive income.

Comparative figures as at 31 March 2020 were, as follows

	Effective interest rate %	Total amount £'000	Within 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	4-5 years £'000	Over 5 years £'000
Debtors:								
Fixed rate	3.05%	1,028,277	-	157,868	70,157	440,869	-	359,383
Floating rate	2.83%	258,603	-	-	139,946	32,122	86,535	-
Index linked	3.47%	44,480	-	-	-	-	-	44,480
		1,331,360	-	157,868	210,103	472,991	86,535	403,863
Derivative financial instruments held to manage interest rate/currency		67,971	9,124	9,430	14,270	10,461	9,355	15,331
		1,399,331	9,124	167,298	224,373	483,452	95,890	419,194

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

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12. FINANCIAL INSTRUMENTS (Continued)

Ageing Profile and Interest Rate Risk of Financial Liabilities as 31 March 2021

	Effective interest rate %	Total amount £'000	Within 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	4-5 years £'000	Over 5 years £'000
Public bonds:								
Fixed rate	2.88%	469,000	11,500	11,500	11,500	11,500	11,500	411,500
Other debt:								
Fixed rate	3.08%	752,123	52,003	124,460	18,235	14,699	107,352	435,374
Floating Rate	1.87%	342,750	4,461	94,672	47,355	196,262	-	-
Index Linked	3.74%	47,837	300	300	300	300	300	46,337
		1,611,710	68,264	230,932	77,390	222,761	119,152	893,211
Derivative financial instruments held to manage interest rate/currency		33,530	(1,080)	11,252	2,416	10,004	2,910	8,028
		1,645,240	67,184	242,184	79,806	232,765	122,062	901,239

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

Of the financial liabilities above, £1,134.2m are financial liabilities measured at amortised cost. £208.4m are financial liabilities measured at fair value through the statement of comprehensive income.

Comparative figures as at 31 March 2020 were, as follows

	Effective interest rate %	Total amount £'000	Within 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	4-5 years £'000	Over 5 years £'000
Public bonds:								
Fixed rate	2.88%	480,500	11,500	11,500	11,500	11,500	11,500	423,000
Other debt:								
Fixed rate	3.20%	735,100	20,617	46,683	92,140	18,235	14,699	542,726
Floating Rate	2.36%	442,695	7,009	105,818	95,709	37,961	196,198	-
		47,495	335	335	335	335	335	45,820
		1,705,790	39,461	164,336	199,684	68,031	222,732	1,011,546
Derivative financial instruments held to manage interest rate/currency		73,011	6,230	5,995	30,349	8,223	6,883	15,331
		1,778,801	45,691	170,331	230,033	76,254	229,615	1,026,877

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

The fair value of the company's borrowings at 31 March 2021 was £1,399.6m (2020: £1,516.6m) (carrying value £1,365.4m (2020: £1,507.2m)).

The fair value of the company's borrowings has been assessed on the basis of the market price of the retail bonds at 31 March 2021.

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13. SHARE CAPITAL

	2021	2020
	£'000	£'000
Authorised		
Ordinary shares of £1 each	<u>50</u>	<u>50</u>
Allotted, issued and fully paid		
Ordinary shares of £1 each	<u>50</u>	<u>50</u>

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption

14. RELATED PARTY TRANSACTIONS

The only related party transactions during the year are those with fellow Group subsidiaries as stated in the Strategic Report. The Company has elected to take the exemptions available to it under FRS 102 33.1A.

Places for People Treasury PLC is a subsidiary of Places for People Group Limited. Places for People Group Limited holds 100% of the shares in Places for People Treasury PLC and is the ultimate parent of the company.