

Company number: 09272235

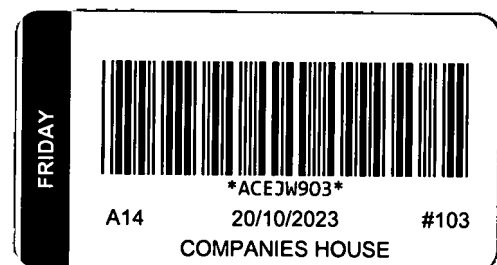


Places for People

Places for People Treasury PLC

Financial Statements

For the year ended 31 March 2023



CONTENTS

Board of Directors, Executives and Advisers	2
Strategic Report	3
Report of the Board	5
Report of the Independent Auditor to the members of Places for People Treasury PLC	6
Statement of Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Reserves	14
Notes to the Financial Statements	15

Places for People Treasury PLC
Board of Directors, Executives and Advisers
For the year ended 31 March 2023

Directors

M Cooper	
R Cartwright	(Appointed 1 August 2022)
G Kitchen	
A Winstanley	
G Waddell	
R Gregory	
G Reed	

Company Secretary

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

Registered Office

305 Gray's Inn Road
London
WC1X 8QR

Banker

Bardays Bank PLC
38 Fishergate
Preston
PR1 2AD

Registered Auditor

MHA
2 London Wall Place
London
EC2Y 5AU

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 ended 31 March 2023

The Board of Directors have pleasure in submitting their Strategic Report and audited financial statements for the year ending 31 March 2023.

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 with a further bond issue in January 2022 of a £300m sustainability bond which matures in January 2036.

Alongside issuing bonds, the company raises funding from banks. It also receives deposits from UK Local Authorities which support other activities in the Places for People Group to progress housing developments for these local authorities.

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 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.

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

At 31 March 2023 the Group had cash and undrawn facilities of £806m. The Group continues to actively manage its cash flows in order to mitigate any reductions in income and maintains a policy of having a minimum 18 months' liquidity.

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

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

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.

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.

Places for People Treasury PLC
Strategic Report
For the year ended 31 March 2023

Financial instrument risks

The risks to the company in respect of financial instruments are considered very low due to the back-to-back nature of its arrangements with social housing providers in the Places for People Group. Note 12 provides further information.

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.

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 mapping¹. 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 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
21 September 2023

Places for People Treasury PLC
Report of the Board
For the year ended 31 March 2023

The Board of Directors have pleasure in submitting their Directors Report and audited financial statements for the year ending 31 March 2023.

Directors

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

Directors indemnity

The Places for People Group Directors have liability insurance cover in place for their personal liability for claims arising from wrongful acts in the management of the business.

Statement of disclosure to the auditor

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, and
- b) the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

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

Company law requires the Board to prepare financial statements for each financial year. Under that law 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 company 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 company 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 company 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 company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board



M Cooper

Director
21 September 2023

Independent auditor's report to the members of Places for People Treasury plc

For the purpose of this report, the terms "we" and "our" denote MHA in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Places for People Treasury plc. For the purposes of the table on pages 7 to 8 that sets out the key audit matters and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA. The "Company" is defined as Places for People Treasury plc. The relevant legislation governing the Company is the United Kingdom Companies Act 2006 ("Companies Act 2006").

Opinion

We have audited the financial statements of Places for People Treasury plc for the year ended 31 March 2023. The financial statements that we have audited comprise:

- the Statement of Comprehensive Income
- the Statement of Financial Position
- the Statement of Changes in Equity
- Notes 1 to 14 of the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the company's financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of the Company's result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Basis for opinion

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

Conclusions relating to going concern

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

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

- Undertaking an assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.
- The consideration of inherent risks to the Company's operations and specifically its business model.
- The evaluation of how those risks might impact on the Company's available financial resources.
- Making enquires of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the Company's future financial performance.
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.
- Written confirmation from Places for People Group Limited that it will continue to support the Company in meeting its obligations to make finance payments of principal and interest as these fall due.

Independent auditor's report to the members of Places for People Treasury plc (continued)

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

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

Overview of our audit approach

Scope	Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.		
Materiality	2023	2022	
Company	£9,725,000	£7,000,000	0.5% (2022: 0.4%) of gross assets
Key audit matters	<ul style="list-style-type: none"> Recoverability of the amounts due from Group undertakings 		

Key Audit Matters

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

Recoverability of amounts due from Group undertakings

Key audit matter description	<p>As at 31 March 2023, the Company has £1,862 million due from group undertakings.</p> <p>The Company's primary activity is to issue bonds, source investor financing and lend this on to other entities within the Group. It therefore has liabilities which relate to the bonds issued and intercompany debtors which relate to the loans which have been extended to group undertakings, both of which are required to reimburse the Company for any and all expenditure incurred in regard to its bond, as well as the principal amount.</p> <p>The carrying amount of this intercompany debtor balance represents 96.8% of the Company's total assets. The key risk is therefore in relation to the inability of the Companies to repay any interest or principal to the bond holders as they fall due.</p> <p>As a result, 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</p>
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Independent auditor's report to the members of Places for People Treasury plc (continued)

from the expectation of the ability of the Group entities to repay the amount due.

Given the risks to the Company, the Group as a whole closely monitors its liquidity position in order to ensure that there is always the appropriate level of cash to meet the obligations of the bond.

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

We have completed procedures to corroborate the outstanding amounts as at the year-end between group entity's match correctly.

We have discussed with management the plans in place in order to meet the future payments of capital and interest relating to the bond and also discussed the previous payments made to identify if there have been any problems historically.

We have reviewed managements business forecasts for the Places for People Limited Group to determine if there is sufficient liquidity in order to make the future payments relating to the bond.

We have obtained a letter of support which has confirmed the Group's willingness to settle future interest and capital repayments relating to the bond.

Key observations

Based on our audit work performed, we have noted that the Company's assessment of the recoverability of the intercompany debtor balance to be acceptable.

Our application of materiality

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

Materiality in respect of the Company was set at £9,725,000 (2022: £7,000,000) which was determined on the basis of 0.5% (2022: 0.4%) of the Company's gross assets. This was deemed to be the appropriate benchmark for the calculation of materiality as this is a key area of the financial statements with which the users of the financial statements are principally concerned.

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

Performance materiality for the Company was set at £6,800,000 (2022: £5,250,000) which represents 70% (2022: 75%) of the above materiality levels.

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

We agreed to report any corrected or uncorrected adjustments exceeding £485,000 (2022: £350,000) to the Board of Directors as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

Independent auditor's report to the members of Places for People Treasury plc (continued)

Reporting on other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Strategic report and directors report

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Independent auditor's report to the members of Places for People Treasury plc (continued)

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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

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

Identifying and assessing potential risks arising from irregularities, including fraud

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

- We considered the nature of the industry and sector the control environment, business performance including remuneration policies and the Company's own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Company focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Companies Act 2006, UK tax legislation or those that had a fundamental effect on the operations of the Company.
- We enquired of the directors and management as well as the audit and risk committee concerning the Company's policies and procedures relating to:
 - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were in relation to collusion, forgery, intentional omissions or the override of internal controls.

Audit response to risks identified

In respect of the above procedures:

- we corroborated the results of our enquiries through our review of the minutes of the Company's board and audit and risk committee meetings.
- audit procedures performed by the engagement team in connection with the risks identified included:
 - reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements.

Independent auditor's report to the members of Places for People Treasury plc (continued)

- testing journal entries, including those processed late for financial statements preparation, those posted by infrequent or unexpected users, those posted to unusual account combinations;
- enquiry of management and where appropriate those charged with governance around actual and potential litigation and claims.
- obtaining confirmations from third parties to confirm existence of a sample of transactions and balances.
- the Company operates in a regulated financial industry. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities; and
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members, including experts, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Other requirements

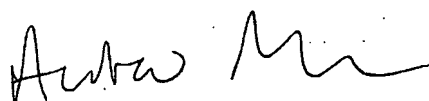
We were appointed by the Directors on 4 January 2023. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 1 years.

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

Use of our report

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.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.



Andrew Moyser FCA FCCA (Senior Statutory Auditor)
for and on behalf of MHA, Statutory Auditor
London, United Kingdom
27 September 2023

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

Places for People Treasury PLC
Statement of Comprehensive Income
For the year ended 31 March 2023

	Notes	2023 £'000	2022 £'000
Operating costs		(17)	(4)
Operating loss before interest		(17)	(4)
Interest receivable	2	63,218	50,366
Interest payable	3	(63,182)	(50,043)
Profit on ordinary activities before taxation		19	319
Taxation	5	(5)	(61)
Profit on ordinary activities after taxation and total comprehensive income		14	258

The notes on pages 15 to 22 form an integral part of these financial statements

All operations are continuing.

Places for People Treasury PLC
Statement of Financial Position
At 31 March 2023

	Notes	2023 £'000	2022 £'000
Non current assets			
Debtors: amounts falling due after more than one year	8	1,896,294	1,448,944
Current assets			
Debtors: amounts falling due within one year	9	23,847	163,886
Cash and cash equivalents		24,935	5,170
		48,782	169,056
Creditors: amounts falling due within one year	10	(111,716)	(226,690)
Net current liabilities		(62,934)	(57,634)
Creditors: amounts falling due after more than one year	11	(1,831,278)	(1,389,242)
Net assets		2,082	2,068
Capital and reserves			
Called up share capital	13	50	50
Revenue reserves		2,032	2,018
Total capital and reserves		2,082	2,068

The financial statements on pages 12 to 22 were approved by the directors on 21 September 2023 and signed on its behalf by:



M Cooper
Director

Places for People Treasury PLC
Statement of Changes in Equity
For the year ended 31 March 2023

	Called up share capital	Revenue reserves	Total reserves
	£'000	£'000	£'000
Balance at 1 April 2022	50	2,018	2,068
Profit for the year	-	14	14
Balance at 31 March 2023	50	2,032	2,082

The notes on pages 15 to 22 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, 305 Gray's Inn Road, London, WC1X 8QR. 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 basis of measurement is historic cost, except where derivative financial instruments are carried at fair value.

The financial statements are presented in Sterling (£'000s). The company's functional currency is sterling.

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.

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

At 31 March 2023 the Group had cash and undrawn facilities of £806m. The Group continues to actively manage its cash flows in order to mitigate any reductions in income and maintains a policy of having a minimum 18 months' liquidity.

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

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

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.

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:

- Assets that are longer term are measured at amortised cost using the effective interest method.
- Other assets 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.
- Hedge instruments are prescribed net where there is a contractual right of set off.

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.

Financial Instruments (continued)

Financial instruments would be considered impaired in the unlikely event of a Places for Group registered housing provider defaulting on its payables.

Derivatives comprising of interest rates and currency swaps are held as a hedge of the variability of related cashflows.

Interest Receivable

Interest receivable recognised at the effective rate relates largely to income due from other group companies in receipt of funds that have on lent from an external provider.

Interest Payable

Interest payable is recognised at the effective interest rate largely relates to the amounts due to external lenders.

Foreign Currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transactions or if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the statement of financial position date and gains or losses are mitigated by the company charging the full movement to Places for People Homes Limited.

Taxation

The company is liable to United Kingdom corporation tax.

The charge for taxation for the year is based upon the excess of taxable income over allowable expenses and includes current tax on the taxable profit for the year and deferred taxation. Deferred taxation is recognised in respect of all timing differences between the treatment of certain items for taxation and for accounting purposes which have arisen but not reversed by the statement of financial position date. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

2. INTEREST RECEIVABLE

	2023	2022
	£'000	£'000
Interest receivable on loans to Group companies	62,668	50,326
Other	550	40
	63,218	50,366

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

3. INTEREST PAYABLE

	2023	2022
	£'000	£'000
On loans from related undertakings	711	46
On bank loans and overdrafts	62,471	49,997
	63,182	50,043

4. AUDITORS REMUNERATION

Auditors remuneration charged in the year was £21,000 (2022: £15,750), 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.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2023	2022
	£'000	£'000
a) Tax expense included in statement of comprehensive income		
Current tax		
Group relief payable	5	61
	5	61
Tax on profit on ordinary activities	5	61

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.

	2023	2022
	£'000	£'000
Profit on ordinary activities before tax	19	319
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2022: 19%)	4	61
Expenses not deductible for tax purposes	1	-
Tax on profit on ordinary activities (note 5a)	5	61

The main rate of corporation tax will be increased from 19% to 25% (effective 1 April 2023). This change will increase the company's future current tax charge accordingly.

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

	2023	2022
	£'000	£'000
Amounts due from related undertakings	1,859,029	1,418,637
Derivative financial instruments held to manage the interest rate profile and currency risk	37,265	30,307
	<u>1,896,294</u>	<u>1,448,944</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£'000	£'000
Other debtors and accrued income	18,860	12,192
Amounts due from related undertakings	3,547	144,358
Derivative financial instruments held to manage the interest rate profile and currency risk	1,440	7,336
	<u>23,847</u>	<u>163,886</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£'000	£'000
Housing, bank and other loans	4,883	196,799
Discount on bond issue	(371)	(337)
Derivative financial instruments held to manage the interest rate profile and currency risk	499	12,195
Revaluation of foreign currency debt	508	(817)
Interest accruals	17,423	18,648
Corporation tax	-	79
Other creditors and accruals	18	42
Amounts due to related undertakings	88,756	81
	111,716	226,690

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

	2023	2022
	£'000	£'000
Public debenture stocks/bonds	700,000	700,000
Housing, bank and other loans	1,085,861	659,805
Discount on bond issue	(3,968)	(4,336)
Revaluation of foreign currency denominated debt	10,617	(2,593)
Derivative financial instruments held to manage the interest rate profile and currency risk	38,768	36,366
	1,831,278	1,389,242

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.

12. FINANCIAL INSTRUMENTS (Continued)

Ageing Profile and Interest Rate Risk of Financial Assets as for the year ending 31 March 2023

	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	3.17%	1,360,875	36,785	157,170	213,709	373,350	-	579,861
Floating rate	2.62%	459,456	27,755	161,157	270,544	-	-	-
Index linked	5.00%	50,808	-	-	-	-	-	50,808
		1,871,139	64,540	318,327	484,253	373,350	-	630,669
Derivative financial instruments held to manage interest rate/currency risk		38,705	1,440	-	12,488	9,368	-	15,409
		1,909,844	65,980	318,327	496,741	382,718	-	646,078

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

Of the financial assets above £1,871.1m 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 2022 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	2.97%	1,299,274	98,838	39,739	170,426	195,727	333,445	461,099
Floating rate	2.84%	217,622	133,802	23,052	60,768	-	-	-
Index linked	4.39%	49,508	-	-	-	-	-	49,508
		1,566,404	232,640	62,791	231,194	195,727	333,445	510,607
Derivative financial instruments held to manage interest rate/currency risk		37,643	7,336	274	-	5,809	4,356	19,868
		1,604,047	239,976	63,065	231,194	201,536	337,801	530,475

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.

Places for People Treasury PLC
Notes to the Financial Statements
For the year ended 31 March 2023

12. FINANCIAL INSTRUMENTS (Continued)

Ageing Profile and Interest Rate Risk of Financial Liabilities as 31 March 2023

	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	2.78%	843,500	19,000	19,000	19,000	419,000	7,500	360,000
Discount on issue		(4,339)	(371)	(389)	(389)	(338)	(276)	(2,576)
Other debt:								
Fixed rate	3.47%	773,972	79,897	24,809	111,919	80,878	14,680	461,789
Floating Rate	1.63%	478,532	35,907	92,625	350,000	-	-	-
Index Linked	3.94%	52,608	300	300	300	300	300	51,108
		2,144,273	134,733	136,345	480,830	499,840	22,204	870,321
Derivative financial instruments held to manage interest rate/currency risk		39,268	499	1,504	12,488	9,368	-	15,409
		2,183,541	135,232	137,849	493,318	509,208	22,204	885,730

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

Of the financial liabilities above £2,015.4m are financial liabilities measured at amortised cost. £128.9m are financial liabilities measured at fair value through the statement of comprehensive income.

Comparative figures as at 31 March 2022 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	2.78%	862,500	19,000	19,000	19,000	19,000	419,000	367,500
Discount on issue		(4,675)	(337)	(360)	(360)	(360)	(399)	(2,859)
Other debt:								
Fixed rate	2.94%	769,358	134,634	75,009	16,989	107,352	71,310	364,064
Floating Rate	2.70%	208,828	86,082	33,758	88,988	-	-	-
Index Linked	3.54%	51,608	300	300	300	300	300	50,108
		1,887,619	239,679	127,707	124,917	126,292	490,211	778,813
Derivative financial instruments held to manage interest rate/currency risk		48,561	12,195	1,383	4,950	5,809	4,356	19,868
		1,936,180	251,874	129,090	129,867	132,101	494,567	798,681

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 2023 was £1,689.2m (2022: £1,538.6m) (carrying value £1,797.5m (2022: £1,548.5m)).

The fair value of the company's borrowings has been assessed on the basis of the market price of public bonds at 31 March 2023.

Places for People Treasury PLC
Notes to the Financial Statements
For the year ended 31 March 2023

13. SHARE CAPITAL

	2023	2022
	£'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 Company has taken advantage of the exemptions available to it under FRS 102 33.1A not to report transactions with other group members.

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.

15. EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting date.