PFP-Igloo (General Partner) Limited

Report and financial statements

for the year ended 31 March 2022

Registered number: 07211684

PFP-Igloo (General Partner) Limited

Contents

PFP-Igloo (General Partner) Limited

Directors' report
for the year ended 31 March 2022

The directors present their annual report and the financial statements for the year ended 31 March 2022.

Principal activities and review of business

The principal activity of the business is to act as General Partner of PFP-Igloo Limited Partnership ("the Partnership"). The principal activity of the Partnership is to carry out development in order to generate a commercial return and to deliver economic, environmental and social benefits through physical regeneration in various locations in the UK.

Directors

The General Partner directors holding office during the year and at the date of the signing of the financial statements, are as follows:

W Kyle (on behalf of PFPC 1 GP Limited)
J Tatham (on behalf of PFPC 1 GP Limited)

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' indemnities

The Company maintains liability insurance for its directors which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Small company provisions

This directors' report has been prepared in accordance with the small companies regime of the Companies Act 2006.

By order of the board

J Tatham

Director

PFP-Igloo (General Partner) Limited

Statement of comprehensive income
for the year ended 31 March 2022

	Note	**2022**	2021
		£	£
Share of limited partnership Profit / (Loss)		**(13)**	(675)
Write off of investment carrying value			(10)
Profit / (Loss) on ordinary activities before taxation		**(13)**	(685)
Taxation on loss on ordinary activities		**-**	-
Profit / (Loss) and total comprehensive expense for the financial year		**(13)**	(685)

All activity relates to continuing operations.

The company has no recognised gains or losses, other than the result above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the result on ordinary activities before taxation and the result for the year/period stated above, and their historical cost equivalents.

PFP-Igloo (General Partner) Limited

Balance sheet
as at 31 March 2022

	Notes	2022	2021
		£	**£**
Fixed assets			
Investments	4	**-**	-
Current assets			
Debtors	5	**100**	100
Creditors: amounts falling due within one year	6	**(762)**	(749)
Net current assets		**(662)**	(649)
Total assets less current liabilities		**(662)**	(649)
Net assets		**(662)**	(649)
Capital and reserves			
Called up share capital	7	**100**	100
Profit and loss account		**(762)**	(749)
Total shareholders' funds		**(662)**	(649)

For the year ended 31 March 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements on pages 3 to 7 were approved by the board of directors on 14 October 2022 and were signed on its behalf by:

J Tatham

Director

Registered number: 07211684

PFP-Igloo (General Partner) Limited

Statement of changes in equity
for the year ended 31 March 2022

	Share capital	Accumulated profits/losses	Total equity
	£	£	£
Balance at 1 April 2019	100	534	634
Loss for the year		(598)	(598)
Balance at 31 March 2020	**100**	**(64)**	**36**
At 1 April 2020	100	(64)	36
Loss for the year		(685)	(685)
Balance at 31 March 2021	**100**	**(749)**	**(649)**
At 1 April 2021	100	(749)	(649)
Loss for the year		(13)	(13)
Balance at 31 March 2022	**100**	**(762)**	**(662)**

PFP-Igloo (General Partner) Limited

Notes to the financial statements for the period ended 31 March 2022

1 Principal accounting policies

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

Basis of preparation

The financial statements have been prepared on a going concern basis, in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006 under the historical cost accounting rules.

Consolidated accounts have not been prepared as the sole subsidiary is a dormant company and would have no impact on the results or net assets.

2 Loss on ordinary activities before taxation

The company had no employees during the year other than directors who receive no remuneration for their services (2021: none).

3 Remuneration of directors

The directors received no remuneration for their services to, or management of, the company in the year.

4 Investments

The General Partner has a right to receive 0.1% of the profits of the PFP-igloo Limited Partnership but is not required to make a capital contribution and has no interest in the capital of the Partnership so the investment carrying value has been written off.

5 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Amounts owed by parent undertakings	**100**	100
Total	**100**	100

Notes to the financial statements for the period ended 31 March 2022 (continued)

6 Creditors: amounts falling due within one year

	2022	2021
	£	£
Amounts owed to parent undertaking	**10**	10
Amount owed to the partnership	**752**	739
Total	**762**	749

7 Called up share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
100 ordinary shares of £1 each	**100**	100

8 Ultimate and immediate parent company

PFP Capital Limited have the ultimate controlling interest in the entity.

PFP-Igloo Limited Partnership

Annual report and audited financial statements for the year ended 31 March 2022

Limited Partnership number: LP015092

PFP-Igloo Limited Partnership

Contents

PFP-Igloo Limited Partnership

General Information

Directors of the General Partner

The General Partner directors at the date of the signing of the financial statements and who served during the year ended 31 March 2022, are as follows:

J Tatham (on behalf of PFPC 1 GP Limited)

T Saunders (on behalf of PFPC 1 GP Limited) (resigned 31 August 2022)

W Kyle (on behalf of PFPC 1 GP Limited) (appointed 31 August 2022)

Registered Office

305 Gray's Inn Road, London, England, WC1X 8QR

Company Secretary

C Martin

General Partner

PFP-Igloo (General Partner) Limited

Bankers

HSBC

8 Canada Square, London, E14 5HQ

Independent Auditors

PricewaterhouseCoopers LLP

Donington Court, Pegasus Business Park, Herald Way, East Midlands, DE74 2UZ

PFP-Igloo Limited Partnership

General Partner's report for the year ended 31 March 2022

The General Partner presents its annual report and the audited financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the Partnership is to carry out development in order to generate a commercial return and to deliver economic, environmental and social benefits through physical regeneration in various locations in the UK.

Statement of the General Partner's responsibilities

The general partner is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations"), requires the general partner to prepare financial statements for each financial year. Under that law the general partner has prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, as applied to qualifying partnerships, a general partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period. In preparing the financial statements, the general partner is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The general partner is responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The general partner is also responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that the financial statements comply with the Companies Act 2006.

General Partner's confirmations

In the case of each General Partner in office at the date the General Partner's Report is approved:

- so far as the General Partner is aware, there is no relevant audit information of which the qualifying partnership's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a General Partner in order to make themselves aware of any relevant audit information and to establish that the qualifying partnership's auditors are aware of that information.

Business Review

The directors report a loss for the financial year of £13k (31 March 2021: £675k loss), comprising a gross profit of £354k for sales at Lower Steenbergs Yard and the sale of a commercial building at Bath Road, Leeds, less overhead costs to run the partnership. The business continues to grow its pipeline of developments following the acquisition of the entire shareholding of the partnership by PFPC 1 GP Limited in 2018. Work is continuing to progress on new projects that will generate a profit from 2023 onwards. The WIP on these projects is carried at cost and no impairment is assumed because each project is expected to deliver a normal commercial rate of return.

The development at Lower Steenbergs Yard, Newcastle is complete and all 28 residential units have sold, only the commercial unit remains unsold. The Board decided to hold the investment in the short-term as its value is likely to increase. Ironworks, Leeds is currently under construction with practical completion expected early October 2022. The next phase of development in the Ouseburn Valley in Newcastle, Malmo Quay, is expected to obtain planning approval in late 2022 and commence construction in early 2023. We also expect to achieve outline planning consent for the next phase, Spillers Quay.

A joint venture, Stephenson Works LLP, was formed in 2020 with Newcastle City Council (via its subsidiary Newcastle Stephenson Works Holdings Limited). PFP-Igloo Limited Partnership holds 51% of the shares and Newcastle Stephenson Works Holdings Limited owns 49%. The purpose of the vehicle is regeneration of the sites known as Stephenson Quarter in the city of Newcastle. Stephenson Works LLP will take forward each of the 9 separate plots to planning with construction and delivery being carried out by a plot specific Special Purpose Vehicle. The first of these projects is the development of plot 6 named the Pattern Shop. The development commenced via a new Special Purpose Vehicle Partnership to deliver the plot (Pattern Shop LLP). The full development of plot 6 is to be funded by Newcastle City Council due to Grant funding requirements and NCC have agreed to reimburse all costs to date incurred by Stephenson Works LLP and Pattern Shop LLP. Design work has also progressed on Plots 1, 4 and 5 of Stephenson Quarter together with site wide marketing and branding.

PFP-Igloo Limited Partnership is also an enabler on behalf of Homes England to sell custom build plots at Heartlands in Cornwall. No plots sales were completed this year on phase 1 but one plot was reserved and three plots remain unsold. Terms are still being negotiated for the sale of the phase 2 plots and an impairment loss of £250k has been recognised in the previous financial year, as set out in note 2 critical accounting estimates and judgements. PFP-Igloo Limited Partnership as agent is entitled to recognise revenue on the basis of the net profit on sale less infrastructure costs.

Key Performance Indicators (KPIs)

The key performance indicators monitored to ensure that the Partnership delivers against the business plan are at three levels:

1. Corporate KPIs that indicate overall business performance, which include profit, net asset value and internal rate of return (IRR).
2. Financial Project KPIs that are specific to individual projects that include profit on cost and internal rate of return (IRR). These KPIs are used to monitor project viability ahead of commencing significant development and to ensure that projects in progress perform in line with expectations.
3. Non Financial Project KPIs, which monitor performance against a Sustainable Investment Policy at project level.

KPIs are reported to the General Partner Board at each Board meeting.

Risks

The principal risks facing the Partnership relate to market uncertainties and variability of construction costs and general inflation pressures affecting the United Kingdom

As the primary objective of the Partnership is the regeneration of urban areas in the UK, there is also a general risk that suitable development sites may not be found, that viable schemes may not progress for specific sites or that the market conditions are such that the schemes cannot fully realise the costs incurred.

PFP-Igloo Limited Partnership has traded through post Brexit uncertainty and continues to manage some market disruption created by the Covid-19 pandemic, key global events and contractor administration. PFP-igloo Limited Partnership is in a strong position to address the challenges this presents through good financial risk management as set out later in these financial statements.

Processes to Manage Risk

The General Partner has responsibility for risk management. Financial risk management is discussed in more detail in note 3 of the financial statements.

Future Developments

Several submissions have been made to local authorities and landowners in an attempt to secure new development opportunities to add to our development pipeline.

Partners

The partner throughout the year was PFPC 1 LP.

Going Concern

The financial statements disclose all matters of which we are aware that are relevant to the Limited Partnership's ability to continue as a going concern, including all significant conditions and events, mitigating factors and the Limited Partnership's plans. The Limited Partnership also has the intent and ability to take actions necessary to continue as a going concern.

PFP-Igloo Limited Partnership has access to a £27.28m intercompany loan from PFPC 1 LP. The balance of PFP-Igloo Limited Partnership's facility was £20.09m at Mar-22, with £7.2m available to draw. The board-approved base case for the next two years has minimum headroom of £7.2m. Severe but plausible downside scenarios against the base case have been modelled, assuming a delay in sales proceeds on Ironworks. The conclusion was that the Limited Partnership had access to sufficient funding to continue to trade for at least the next 12 months.

PFPC 1 LP has provided a letter of financial support to the Limited Partnership confirming their funding commitments to the Limited Partnership and their willingness to meet the liabilities arising from the Limited Partnership commitments for the coming year including any working capital shortfalls from timings in development sales. PFPC 1 LP is in turn being supported financially by Places For People Homes Limited. Places For People Homes Limited has provided a letter of financial support to PFPC 1 LP.

We confirm that it is appropriate to prepare the financial statements on a going concern basis. In determining the appropriateness of the going concern basis of preparation we confirm that the following funding is in place to enable the Limited Partnership to continue to fund its running costs and fund projects to which it is committed. This funding will be from:

Going Concern (continued)

(i) cash in hand of £3.4m as at 31 March 2022 (2021: £1.1m);

(ii) funding of £20.1m (2021: £18.5m) from PFPC 1 LP towards development costs for Ironworks, Lower Steenbergs Yard and Heartlands and further professional fees on future phases at Ouseburn and Stephenson Works. PFPC 1 LP will continue to provide support for the running costs of the Limited Partnership;

(iii) revenue generated from the sale of completed plots at Ironworks.

We acknowledge our duties as General Partner of the Qualifying Limited Partnership set out in the Companies Act 2006 as applied to Qualifying Partnerships by the Partnerships (Accounts) Regulations 2008 and our more general fiduciary duties, including but not limited to, considering whether any additional cash transfers to partners, including dividend payments, would impair the ability of the Qualifying Limited Partnership to continue as a going concern.

General Partner's report exemptions

This report has been prepared in accordance with the special provisions relating to small partnerships which are applicable from Part 15 of the Companies Act 2006.

J Tatham
For and on behalf of PFP-Igloo (General Partner) Limited, the General Partner

14 October 2022

Independent auditors' report to the partner of PFP-Igloo Limited Partnership

Report on the audit of the financial statements

Opinion

In our opinion, PFP-Igloo Limited Partnership's financial statements:

- give a true and fair view of the state of the partnership's affairs as at 31 March 2022 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

We have audited the financial statements, included within the Annual Report and audited financial statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 March 2022; the Statement of comprehensive income, the Statement of cash flows and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 partnership'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.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the partnership's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The general partner is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the partner of PFP-Igloo Limited Partnership (continued)

Reporting on other information (continued)

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the General Partner's report, we also considered whether the disclosures required by the UK Companies Act 2006 as applied to qualifying partnerships have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 as applied to qualifying partnerships requires us also to report certain opinions and matters as described below.

General Partner's report

In our opinion, based on the work undertaken in the course of the audit, the information given in the General Partner's report for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the partnership and its environment obtained in the course of the audit, we did not identify any material misstatements in the General Partner's report.

Responsibilities for the financial statements and the audit

Responsibilities of the general partner for the financial statements

As explained more fully in the Statement of the General Partner's responsibilities, the general partner is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The general partner is also responsible for 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.

In preparing the financial statements, the general partner is responsible for assessing the partnership'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 general partner either intends to liquidate the partnership or to cease operations, or has no realistic alternative but to do so.

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

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. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Independent auditors' report to the partner of PFP-Igloo Limited Partnership (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

Based on our understanding of the partnership and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK house building regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 as applied to qualifying partnerships. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue, and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- auditing the risk of management override of controls, through identifying and testing journal entries (using our data analysis tools to confirm completeness of data) by adopting a risk based approach for appropriateness including focusing on any unusual account combinations, and evaluating the business rationale and accounting for significant or unusual transactions outside the normal course of business;
- challenging assumptions and judgements made by management to test their significant accounting estimates (as defined in the notes to the financial statements) because of the risk of potential management bias;
- understanding of management's internal controls designed to prevent and detect irregularities;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- enquiry of management and those charged with governance around actual and potential frauds, litigations or claims against or by the company;
- reviewing financial statement disclosures and testing supporting documentation to assess compliance with applicable laws and regulations; and
- reviewing minutes of meetings of the Board of Directors and following up with management on points noted within these.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the partners of the qualifying partnership as a body in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the partner of PFP-Igloo Limited Partnership (continued)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 as applied to qualifying partnerships we are required to report to you if, in our opinion, the general partner was not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

P. J. Norbury

Paul Norbury (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
14 October 2022

PFP-Igloo Limited Partnership

Statement of comprehensive income for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Revenue	4	**8,884**	-
Cost of sales	5	**(8,530)**	(17)
Impairment loss on custom build development	5	-	(250)
Gross profit/(loss)		**354**	(267)
Administrative expenses		**(367)**	(407)
Operating loss	4	**(13)**	(674)
Finance costs	10	-	(1)
Loss for the financial year		**(13)**	(675)
Total comprehensive expense for the year		**(13)**	(675)

All of the above results relate to the continuing activities of the Partnership. The notes on pages 14 to 34 are an integral part of these financial statements.

PFP-Igloo Limited Partnership

Statement of financial position as at 31 March 2022

	Note	2022 £'000	2021 £'000
Assets			
Non-current assets			
Investments	8	**10**	10
Right-of-use-assets	9	**-**	15
Total non-current assets		**10**	25
Current assets			
Inventories	11	**17,995**	18,929
Trade and other receivables	12	**698**	204
Financial asset at fair value through profit or loss	13	**172**	100
Cash and cash equivalents		**3,414**	1,079
Total assets		**22,289**	20,337
Liabilities			
Current liabilities			
Trade and other payables	14	**(21,741)**	(20,075)
Total current liabilities		**(21,741)**	(20,075)
Net current assets		**538**	237
Creditors – amounts falling due after more than one year	15	**(299)**	-
Net assets		**249**	262
Equity			
Capital accounts		**1**	1
Partner loans		**1,000**	1,000
Accumulated losses		**(752)**	(739)
Total equity		**249**	262

The notes on pages 14 to 34 are an integral part of these financial statements.

The financial statements on pages 10 to 34 were authorised for issue by the General Partner on 14 October 2022 and were signed on its behalf.

J Tatham
Director

Registered number: LP015092

PFP-Igloo Limited Partnership

Statement of changes in equity for the year ended 31 March 2022

	PIL[1] £'000	PFPC 1 LP[2] £'000	Total £'000
Capital accounts:			
At 1 April 2020	-	1	1
At 31 March 2021	-	**1**	**1**
At 1 April 2021	-	1	1
At 31 March 2022	-	**1**	**1**
Partner loans:			
At 1 April 2020	-	1,000	1,000
At 31 March 2021	-	**1,000**	**1,000**
At 1 April 2021	-	1,000	1,000
At 31 March 2022	-	**1,000**	**1,000**
Accumulated Losses:			
Loss at 1 April 2020	-	(64)	(64)
Loss for the financial year	(1)	(674)	(675)
At 31 March 2021	**(1)**	**(738)**	**(739)**
Loss at 1 April 2021	(1)	(738)	(739)
Loss for the financial year	-	(13)	(13)
At 31 March 2022	**(1)**	**(751)**	**(752)**
Total equity at 31 March 2021	**(1)**	**263**	**262**
Total equity at 31 March 2022	**(1)**	**250**	**249**

There is no specified repayment date prior to winding up of the Partnership and no interest is payable. The loans are therefore considered to be more fairly disclosed as equity.

1. PFP-Igloo (General Partner) Limited
2. PFPC 1 LP

The notes on pages 14 to 34 are an integral part of these financial statements.

PFP-Igloo Limited Partnership

Statement of cash flows for the year ended 31 March 2022

	Note	2022	2021
		£'000	£'000
Cash flows from operating activities			
Cash generated from/(used in) operations	17	**765**	(12,529)
Net cash generated from/(used in) operating activities		**765**	(12,529)
Cash flows from financing activities			
Proceeds from related party borrowing	18	**5,070**	12,354
Repayment of related party borrowing	18	**(3,500)**	-
Net cash generated from financing activities		**1,570**	12,354
Cash flows from investing activities			
Investment in joint venture	8, 18	**-**	(10)
Net cash used in investing activities		**-**	(10)
Net increase/(decrease) in cash and cash equivalents		**2,335**	(185)
Cash and cash equivalents at the beginning of the year		**1,079**	1,264
Cash and cash equivalents at the end of the year		**3,414**	1,079

The notes on pages 14 to 34 are an integral part of these financial statements.

PFP-Igloo Limited Partnership

Notes to the financial statements for the year ended 31 March 2022

1 General information

The Partnership is a limited partnership domiciled and registered in England, United Kingdom. The principal activity of the Partnership is to carry out development in order to generate a commercial return and to deliver economic, environmental and social benefits through physical regeneration in various locations in the UK.

2 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with UK-adopted IFRS in conformity with the requirements of the Companies Act 2006, as applied to qualifying partnerships.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The Partnership transitioned to UK-adopted international accounting standards in its financial statements on 1 April 2021. There was no impact or changes in accounting policies from the transition.

The financial statements are prepared in accordance with the historical cost convention and on a going concern basis.

The preparation of financial statements in conformity with UK-adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement on the process of applying the partnership's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in this note.

Going concern

The financial statements disclose all matters of which we are aware that are relevant to the Limited Partnership's ability to continue as a going concern, including all significant conditions and events, mitigating factors and the Limited Partnership's plans. The Limited Partnership also has the intent and ability to take actions necessary to continue as a going concern.

PFP-Igloo Limited Partnership has access to a £27.28m intercompany loan from PFPC 1 LP. The balance of PFP-Igloo Limited partnership's facility was £20.09m at Mar-22, with £7.2m available to draw. The board-approved base case for the next two years has minimum headroom of £7.2m. Severe but plausible downside scenarios against the base case have been modelled, assuming a delay in sales proceeds on Ironworks. The conclusion was that the Limited Partnership had access to sufficient funding to continue to trade for at least the next 12 months.

PFPC 1 LP has provided a letter of financial support to the Limited Partnership confirming their funding commitments to the Limited Partnership and their willingness to meet the liabilities arising from the Limited Partnership commitments for the coming year including any working capital shortfalls from timings in development sales. PFPC 1 LP is in turn being supported financially by Places For People Homes Limited. Places For People Homes Limited has provided a letter of financial support to PFPC 1 LP.

We confirm that it is appropriate to prepare the financial statements on a going concern basis. In determining the appropriateness of the going concern basis of preparation we confirm that the following funding is in place to enable the Limited Partnership to continue to fund its running costs and fund projects to which it is committed. This funding will be from:

(i) cash in hand of £3.4m as at 31 March 2022 (2021: £1.1m);

(ii) funding of £20.1m (2021: £18.5m) from PFPC 1 LP towards development costs for Ironworks, Lower Steenbergs Yard and Heartlands and further professional fees on future phases at Ouseburn and Stephenson Works. PFPC 1 LP will continue to provide support for the running costs of the Limited Partnership;

(iii) revenue generated from the sale of completed plots at Ironworks.

2. Summary of significant accounting policies (continued)

We acknowledge our duties as General Partner of the Qualifying Limited Partnership set out in the Companies Act 2006 as applied to Qualifying Partnerships by the Partnerships (Accounts) Regulations 2008 and our more general fiduciary duties, including but not limited to, considering whether any additional cash transfers to partners, including dividend payments, would impair the ability of the Qualifying Limited Partnership to continue as a going concern.

Changes in accounting policy and disclosures

New standards and interpretations not yet adopted

The partnership has applied the following amendments for the first time for the period commencing 1 April 2021, with no material impact:

- COVID-19-Related Rent Concessions – amendments to IFRS 16
- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

Revenue

(a) Land development and resale

The Partnership develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The performance obligation of the partnership is the completion of the construction, conveyancing and legal completion of house sales. The properties generally have no alternative use for the partnership, due to contractual restrictions. However an enforceable right to payment does not arise until legal title has passed to the customer. Therefore revenue is recognised at a point in time when the legal title has passed to the customer. The revenue is measured at the transaction price agreed under the contract. The consideration is due when the legal title has been transferred.

(b) Custom Build

The Partnership is an enabler on behalf of Homes England to promote land as custom build to develop the infrastructure to enable individual plots of land to be sold as custom build plots. As the partnership is an "agent" its revenue is based on the net profit of the sale of homes by Homes England less infrastructure costs. Revenue is recognised when control over the plots have been transferred from Homes England to the customer. The performance obligations of the partnership are to develop the infrastructure on the land and set up the legal completion for the sale of the plots. An enforceable right to payment does not arise until legal title has passed to the customer. Therefore revenue is recognised at a point in time when the legal title has passed to the customer. The revenue is measured as the net profit of the transaction. The consideration is paid when the legal title of the land has been transferred to the customer. The price paid for the land is fixed once all the performance obligations have been met.

Cost of sales

Cost of sales represents those costs originally stocked in work in progress and attributable to sales recorded in the year together with net realisable value provisions. Cost of sales is allocated, where applicable for common site costs, in proportion to the relative sales values of land or property.

Taxation

Tax payable on the Limited Partnership's profits is the liability of the individual or corporate partners and consequently is not dealt with in these financial statements.

2. **Summary of significant accounting policies (continued)**

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call with banks and managing agents.

Investments

Investments are carried at cost, less any provisions for impairment.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined as direct costs and any borrowing costs. Net realisable value is the estimated selling price less any applicable selling costs.

Trade and other receivables

Receivables are recognised and carried at the lower of their originally invoiced value and recoverable amount. Where the time value of money is material the receivables are carried at amortised cost. Provisions are made where there is objective evidence that the amount will not be recovered in full.

The Partnership's loans and receivables comprise 'trade and other receivables, excluding prepayments' and 'cash and cash equivalents' in the balance sheet.

Financial assets

(a) Classification

The Partnership classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value through profit and loss; and
- Those to be measured at amortised cost.

The classification depends on the Partnership's business model for managing the financial assets and the contractual terms of the cash flows.

The Partnership classifies its financial assets in the following category: loans and receivables and financial asset at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(b) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the partnership commits to purchase or sell the asset. Loans and Receivables are subsequently carried at amortised cost. Financial asset at fair value through profit or loss are subsequently carried at fair value. Financial assets are derecognised when the rights to receive cashflows from the financial assets have expired or have been transferred and the Partnership has transferred substantially all the risks and rewards of ownership.

(c) Impairment of financial assets

The Partnership assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Partnership applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3 (ii) for further details.

2. Summary of significant accounting policies (continued)

Government grants

Government grants are recognised in the profit and loss account so as to match them with the expenditure to which they are intended to contribute. Grants relating to costs still held in stock prior to the sale of land are credited against the value of stock. Grant income is not recognised until there is reasonable assurance that the Partnership will comply with the conditions of the grant and the grant will be received.

Leases

The Partnership has applied IFRS16.

At inception of a contract, the Partnership assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Partnership uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Partnership allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Partnership has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Partnership recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Partnership by the end of the lease term or the cost of the right-of-use asset reflects that the Partnership will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Partnership's incremental borrowing rate. Generally, the Partnership uses its incremental borrowing rate as the discount rate.

The Partnership determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable under a residual value guarantee; and

2. Summary of significant accounting policies (continued)

Leases (continued)

– the exercise price under a purchase option that the Partnership is reasonably certain to exercise, lease payments in an optional renewal period if the Partnership is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Partnership is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Partnership's estimate of the amount expected to be payable under a residual value guarantee, if the Partnership changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Partnership presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Partnership has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Partnership recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of the business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate.

Borrowing costs

Specific borrowing costs directly attributable to an asset are added to the costs of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income

Interest income is recognised in the profit and loss account when earned on cash accounts.

Capital and partners' equity

Financial liabilities and partners' equity balances are classified according to the substance of the contractual arrangements entered into. For the partner loans, there is no specified repayment date prior to winding up of the partnership and no interest is payable. The loans are therefore considered to be more fairly disclosed as equity.

2. Summary of significant accounting policies (continued)

Exceptional items

Where significant costs relating to work in progress are written off during a year due to a project not yet being viable they are disclosed as an exceptional item.

Critical accounting estimates and judgements

The partnership makes estimates and assumptions concerning the future based upon appraisals. Costs are apportioned based upon a project margin on appraisals which are updated regularly, should margins change in subsequent years then the profit will be adjusted in the reporting period the change occurred. The resulting accounting estimates will by definition seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Inventories

Development sites are included at cost as the developments progress. The costs incurred and estimated costs to complete are compared to the net realisable values of the sites to ensure they are being held in the financial statements at the lower of two values. If a development is not going ahead or a project is not yet viable, costs are expensed in the statement of comprehensive income.

For the custom build development site, inventory is recognised at cost less grant income. The net realisable value of the whole site is assessed based on costs incurred, grant income, estimated costs and estimated receipts and if the net realisable value is deemed to be less than the carrying value then an appropriate impairment loss is expensed in the statement of comprehensive income.

Estimated costs are based on latest cost quotes and estimated receipts based on latest market sales values. These form part of an overall project appraisal. Judgements are used on expected sales values or what a buyer is willing to pay. Control of the plots pass over to the customer once the Partnership has assessed whether the performance obligations have been completed. This includes an assessment of whether the infrastructure of the land has been developed and the legal work has been completed to allow the land to be transferred to the customer. The decision that the performance obligations have been met is usually aligned to the time in which the consideration is received from the customer, so that there is not a significant financing component to consider.

No plots sales were completed on phase 1 in the year but one plot was reserved during the year and 3 plots remain unsold. Terms are still being negotiated for the sale of the phase 2 plots and an impairment loss of £250k has been recognised previously. The carrying balance has been reviewed and not impaired based upon professional opinion and the current active reservation price.

(b) ***Classification of retentions***

Retentions are currently held for the complete Lower Steenbergs Yard development, these are due to be repaid within 12 months. Retentions held for the Ironworks development, due to complete in October will be repaid half upon completion, the remainder will be payable the following year.

3 Financial risk management

The General Partner has responsibility for risk management including financial risk management. Financial risks are reported to the General Partner Board at each meeting and interim updates are provided setting out the financial position if required. The reporting focuses on cash flow forecasts, valuation changes and any necessary actions are implemented by the General Partner on the basis of these reports.

The UK has transitioned into the 'living with COVID-19' phase with all restrictions implemented during the pandemic lifted. The risk management is undertaken by the Directors of the General Partner and managers of the Partnership. The Partnership has also drawn on the expertise of PFP Capital with regards to financial risk management process.

PFP Capital is an authorised Alternative Investment Fund Manager and follows the Financial Conduct Authority's guidance on managing risk. PFP Capital is part of the same group (Places For People Group Limited) as PFP-Igloo Limited Partnership. PFP Capital has a Risk Management Group that undertakes a risk analysis that includes the Partnership and draws on risk management strategies adopted by other funds under management.

The Group has assessed the impact on the Partnership's current risks and any potential new risks. This assessment has been used to inform the General Partner Directors of the risks and mitigating actions.

The key risks and the measures to manage them are set out below:

i) Solvency and going concern

Financial stress testing has been undertaken on the subsidiary and joint ventures along with a stress test of the Partnership.

The tests show that in all scenarios, the Partnership with financial support from its parent has sufficient liquidity to continue to trade and remain a going concern.

ii) Contractor solvency

Pressure on contractors could lead to insolvency and additional cost to continue developments committed by the Partnership. Contractor bonds are required from all contractors to provide access to funding to mitigate losses and increased costs in the event of a contractor becoming insolvent.

iii) Access to further capital

The Partnership has a secured pipeline of further developments that require further investment. The current economic situation may restrict the availability of further capital. To mitigate this, the resource management strategy focusses on securing capital before commitment to undertake development. In addition, close collaboration with stakeholders and landowners has allowed dates to start development on sites in the pipeline to be deferred.

iv) Impairment in the value of underlying assets

An assessment of the potential impact on the carrying value of the assets held by the Partnership has been undertaken and no material reduction in the carrying value of assets as at 31 March 2022 have been identified as many of the assets form part of projects that deliver a commercial financial return.

3. Financial risk management (continued)

v) Access to development management resources

The Partnership works closely with a development management company, Igloo Regeneration Limited. As sole provider of development management services there is a risk that solvency pressures place constraints on availability of resources to manage committed developments across the Partnership.

Specific risks addressed by the Partnership are:

i) Cost and price risk

To mitigate cost risk, the Partnership generally enters into fixed price, design and build, construction contracts. The Partnership is also exposed to the risk of price movements in the housing sector and commercial sector that affect underlying investment and sales values. The General Partner obtains market forecast information from a number of sources and seeks to manage the impact of price changes on the business.

ii) Credit risk

Housing sales are settled on completion in full and in cash. The Partnership applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The partnership has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

iii) Liquidity and Going Concern Risk

The Partnership's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Partnership should be able to operate within the level of its cash reserves together with new funding that the partner has committed to and the General Partner has a reasonable expectation that the Limited Partnership has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the General Partner continues to adopt the going concern basis in preparing the General Partner's report and the financial statements. The tables below analyse the Partnership's financial liabilities into relevant maturity groupings based on their contractual maturities.

Notes to the financial statements for the year ended 31 March 2022

3. Financial risk management (continued)

iii) Liquidity and Going Concern Risk (continued)

The amounts disclosed in the table are contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less 6 months	6 -12 months	Between 1 – 2 years	Between 2 – 5 years	Total Contractual cash flows	Carrying amount
At 31 March 2022	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Non-derivatives						
Borrowings	-	20,086	-	-	20,086	20,086
Trade and other payables	1,452	203	131	168	1,954	1,954
Total non-derivatives	**1,452**	**20,289**	**131**	**168**	**22,040**	**22,040**

Contractual maturities of financial liabilities	Less 6 months	6 -12 months	Between 1 – 2 years	Between 2 – 5 years	Total Contractual cash flows	Carrying amount
At 31 March 2021	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Non-derivatives						
Borrowings	-	18,516	-	-	18,516	18,516
Trade and other payables	1,559	-	-	-	1,559	1,559
Total non-derivatives	**1,559**	**18,516**	-	-	**20,075**	**20,075**

iv) Capital management and borrowing

The Partnership's objectives when managing capital is to safeguard the Partnership's ability to continue as a going concern in order to provide returns for partners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the partnership may adjust the amount of distributions to partners, return capital to partners, sell assets or access debt finance. Consistent with others in the industry, the partnership monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position. The Partnership has the following gearing:

	2022	2021
	£'000	£'000
Net debt	**16,672**	17,436
Total equity	**249**	262
Net debt to equity ratio	**6,696%**	6,655%

Notes to the financial statements for the year ended 31 March 2022

4 Revenue

Revenue consists entirely of sales made in the United Kingdom. Revenue has been split into business segments. Each business segment is defined as follows:

Developments

Sites that are actively being developed and sold.

Other Income

Other income relates to administration fees chargeable for refunding reservation fees to clients who have backed out of a purchase.

Custom Build

The Partnership is an enabler on behalf of Homes England to promote land as custom build to develop the infrastructure to enable individual plots of land to be sold as custom build plots.

The revenue is split as follows:

	2022	2021
	£'000	£'000
Development sales	**8,881**	-
Other Income	**3**	-
Custom build	-	-
Total	**8,884**	-

The revenue recognition methodology is explained in note 2.

Operating loss per business segment during the year is as follows:

	2022	2021
	£'000	£'000
Developments	**(13)**	(420)
Custom build	-	(254)
Total	**(13)**	(674)

4. Revenue (continued)

Assets per business segment are split as follows:

	2022	2021
	£'000	£'000
Allocated:		
Developments	**18,205**	18,888
Custom build	**164**	174
Total	**18,369**	19,062
Unallocated:		
Right of use assets	**-**	15
Investments	**10**	10
Trade and other receivables	**324**	71
Financial asset at fair value through profit and loss	**172**	100
Cash and cash equivalents	**3,414**	1,079
Total assets per balance sheet	**22,289**	20,337

Notes to the financial statements for the year ended 31 March 2022

4. Revenue (continued)

Liabilities per business segment are split as follows:

	2022	2021
	£'000	£'000
Allocated:		
Developments	**21,945**	19,895
Custom build	**23**	23
Total	**21,968**	19,918
Unallocated:		
Trade and other payables	**72**	157
Total liabilities per balance sheet	**22,040**	20,075

5 Expenses by nature

	2022	2021
	£'000	£'000
Changes in inventories of work in progress	**8,526**	-
Inventory write offs	-	17
Impairment loss on custom build development	-	250
Management fees	**208**	205
Depreciation	-	5
Other expenses	**163**	197
Total cost of sales and administrative expenses	**8,897**	674

The inventory write-off in 2022 was nil (2021: £17,000)

Notes to the financial statements for the year ended 31 March 2022

6 Auditors' remuneration

During the year the Partnership obtained the following services from the partnership auditors and their associates:

	2022	2021
	£'000	£'000
Fees payable to auditors for the statutory audit of Partnership financial statements	57	53
Total	57	53

7 Staff

There were no staff employed by the Partnership during the year (2021: nil).

8 Investments

	2022	2021
	£'000	£'000
51% investment in Stephenson Works LLP	10	10
Total	10	10

A joint venture, Stephenson Works LLP, was formed in 2020 with Newcastle City Council (via its subsidiary Newcastle Stephenson Works Holdings Limited). PFP-Igloo Limited Partnership holds 51% of the shares and Newcastle Stephenson Works Holdings Limited owns 49%. The purpose of the vehicle is regeneration of the sites known as Stephenson Quarter in the city of Newcastle. Stephenson Works LLP will take forward each of the 9 separate plots to planning with construction and deliver being carried out by a plot specific Special Purpose Vehicle.

9 Right of use assets and lease liabilities

The balance sheet shows the following amounts relating to leases:

	2022	2021
	£'000	£'000
Right of use assets		
Buildings	-	15
Total	-	15

Lease liabilities		
Current	-	26
Non-current	-	-
Total	-	26

A break clause was exercised in July 2021.

Amounts recognised in the statement of comprehensive income:

The statement of comprehensive income shows the following amounts relating to leases:

	2022	2021
	£'000	£'000
Depreciation charge for right of use assets		
Buildings	-	5
Total	-	5

10 Finance costs

	2022	2021
	£'000	£'000
Interest payable on leases	-	1
Total	-	1

11 Inventories

	2022	2021
	£'000	£'000
Work-in-progress	**17,995**	18,929

During the year £8,526k (2021: £nil) of inventories have been recognised as an expense and included in cost of sales.

Inventory write-off in 2022 of £nil (2021: £17k).

Impairment losses in 2022 total £nil (2021: £250k)

Government grants of £651k (2021: £651k) have been credited against the related inventories above.

12 Trade and other receivables

	2022	2021
	£'000	£'000
Trade receivables	**303**	12
Amounts due from related parties (note 18)	**356**	105
Other receivables	**39**	87
Total	**698**	204

Trade receivables were aged as follows:	**2022**	2021
	£'000	£'000
Up to 3 months	**303**	**11**
3 to 6 months	-	1
Total	**303**	12

12 Trade and other receivables (continued)

The fair values of trade and other receivables are:

	2022 £'000	2021 £'000
Trade receivables	**303**	12
Amounts due from related parties (note 18)	**356**	105
Prepayments	**12**	9
Other receivables	**27**	78
Total	**698**	204

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. The Partnership holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method. Details about the Partnership's impairment policies and the calculation of the loss allowance are provided in note 2(c). Trade receivables are impaired using the expected credit loss model. There is £Nil (2021: £nil) of impairments recognised in the year. Amounts due from related parties are non interest bearing loans to be repaid in the next financial year.

13 Financial asset at fair value through profit or loss

	2022 £'000	2021 £'000
At 1 April	**100**	100
Addition	**72**	-
At 31 March	**172**	100

Financial asset at fair value through profit or loss include:

	2022 £'000	2021 £'000
NHBC Bond	**172**	100
Total	**172**	100

All of the financial asset at fair value through profit or loss is denominated in sterling.

Notes to the financial statements for the year ended 31 March 2022

14 Trade and other payables

	2022	2021
	£'000	£'000
Trade payables	388	360
Accruals	1,210	1,054
Amounts due to related parties (note 18)	20,096	18,526
Lease liabilities	-	26
Other payables	47	109
Total	21,741	20,075

Included within amounts due to related parties is a loan of £20,086k (2021: £18,516k) provided by PFPC 1 LP. The loan is unsecured, non-interest bearing and repayable on demand.

15 Creditors – amounts falling due after more than one year

	2022	2021
	£'000	£'000
Trade and other payables	299	-
Total	299	-

16 Financial assets and financial liabilities

Financial instruments by category:

	2022	2021
Financial assets	£'000	£'000
Financial assets at amortised cost:		
Trade and other receivables excluding prepayments	686	195
Cash and cash equivalents	3,414	1,079
Financial assets at fair value through profit or loss (FVPL)	172	100
Total	4,272	1,374

The FVPL relates to a bonds taken out with the National House Building Council (NHBC).

16 Financial assets and financial liabilities (continued)

Classification of financial assets at amortised cost

The Partnership classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Classification of financial assets through comprehensive income

The partnership does not hold any financial assets at fair value through other comprehensive income (FVOCI).

Classification of financial assets through profit or loss

The Partnership holds an NHBC bond of £100,000 as a financial asset at fair value through profit or loss (FVPL). There have been no movements in fair value recognised in the year (2021: £nil).

	2022	2021
Financial liabilities	**£'000**	£'000
Financial liabilities at amortised cost:		
Borrowings	**20,086**	18,516
Trade and other payables excluding non-financial liabilities	**1,954**	1,559
Total	**22,040**	20,075

Credit quality of financial assets

An appropriate impairment provision where applicable is used, based on the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The cash and cash equivalents are held at HSBC bank.

17 Cash generated from / (used in) operations

	2022	2021
	£'000	£'000
Operating loss	**(13)**	(674)
Depreciation	**-**	5
Gain on lease disposal	**(11)**	-
Changes in working capital		
- Decrease / (Increase) in Inventories	**934**	(11,691)
- Increase in Financial asset at fair value through profit or loss	**(72)**	-
- Increase in Trade and other receivables	**(494)**	(129)
- Increase / (Decrease) in Trade and other payables	**421**	(40)
Cash generated from / (used in) operations	**765**	(12,529)

18 Related party transactions

During the year the Partnership entered into the following trading transactions with purchases from related parties:

	2022	2021
	£'000	£'000
Stephenson Works LLP (costs recharged)	**(183)**	-
Total	**(183)**	-

The following debtor balances were outstanding at the year-end:

	2022	2021
	£'000	£'000
Stephenson Works LLP	**221**	105
Pattern Shop LLP	**135**	-
Total	**356**	105

18 Related party transactions (continued)

The following creditor balances were outstanding at the year-end:

	2022	2021
	£'000	£'000
Stephenson Works LLP (a)	**10**	10
PFPC 1 LP Loan (b)	**20,086**	18,516

(a) £10k was invested in Stephenson Works LLP, representing a 51% share.

(b) Provided by PFPC 1 LP. The loan is unsecured, non-interest bearing and repayable on demand.

The movements in the loan during the year is as follows:

Loan from PFPC 1 LP:

	2022	2021
	£'000	£'000
At the beginning of the year	**18,516**	6,162
Loans advanced	**5,070**	12,354
Loans repaid	**(3,500)**	-
At the end of the year	**20,086**	18,516

The loan is unsecured, non-interest bearing and repayable on demand.

The relationships with the related parties were as follows;

Related Party	**Relationship**
PFPC 1 LP	Partner
PFP-Igloo (General Partner) Limited	General Partner
PFPC 1 GP Limited	General Partner of PFPC 1 LP
Places For People Group Limited	Ultimate controlling party
Stephenson Works LLP	Subsidiary
Newcastle Stephenson Works Holdings Limited	Partner of Stephenson Works LLP (from 15 July 2020)
Pattern Shop LLP	Joint venture between the members of Stephenson Works LLP (from 14 June 2021)

19 Capital commitments and contingencies

At 31 March 2022 the Partnership had no capital commitments contracted for but not provided for in respect of current development work (2021: £nil)

20 Controlling party

The General Partner manages the Partnership. The ultimate controlling party is deemed to be Places For People Group Limited.