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**Report and Financial Statements**

**Wythenshawe Community Housing Group Limited**

**Year Ended 31 March 2016**



**Company Number: 08198590**  
**HCA Registration: 4755**  
**Company Limited by Guarantee**  
**Registered Charity Number: 1151085**

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## Contents

<b>Section</b>	<b>Page</b>
Group Highlights – Summary Financial Performance	3-4
Board Members, Executive Directors, Advisors and Bankers	5-6
Report of the Board	7-15
Strategic Report	16-37
Independent Auditor's Report	38-39
Statement of Comprehensive Income	40
Statement of Changes in Reserves	41
Statement of Financial Position - Group	42
Statement of Financial Position - Company	43
Statement of Cash Flows	44
Notes to the Financial Statements	45-81

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## Group Highlights – Summary Financial Performance

*For the year ended 31 March 2016*

### Income and Expenditure Account

	2016	2015*
		Restated
	£000	£000
Total turnover	63,025	60,725
Income from social housing lettings	60,269	59,525
Operating surplus	11,305	8,249
Surplus for the year transferred to reserves	5,396	1,033

### Balance Sheet

	£000	£000
Intangible assets	10	27
Tangible assets	324,518	322,244
Fixed assets	324,528	322,271
Net current assets/(liabilities)	26,489	22,608
Total assets less current liabilities	351,017	344,879
Loans due >1 year	134,747	135,351
Pensions liability	17,228	24,414
Reserves: revenue	116,526	105,391
Reserves: revaluation	99,744	104,137
Reserves: pension	(17,228)	(24,414)
	351,017	344,879

### Accommodation Figures

Total General Needs housing properties owned at the year end (number of dwellings):

Social housing	13,329	13,371
Affordable rent	184	145
Non-Social Housing	-	-
	13,513	13,516

\*The comparatives for the year ended 31 March 2015 have been restated in accordance with the Statement of Recommended Practice 2014 (SORP) Accounting by Registered Social Housing Providers Update 2010 and FRS 102.

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## Group Highlights – Summary Financial Performance (continued)

### *Statistics*

#### **Income and Expenditure Account**

Surplus as a % of turnover	8.56%	1.70%
Surplus as a % income from lettings	8.95%	1.74%
Rent losses (voids and bad debts as a % rents and service charges receivable)	1.04%	1.43%
Rent arrears (gross arrears as a % rents and service charges receivable)	9.21%	8.56%
Gearing (total loans as % of SHG plus reserves)	62.20%	66.70%
Total revenue reserves (exc pension) per home owned	£16,005	£15,502

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## Board Members, Executive Directors, Advisors and Bankers

### Board

Chairman	Cllr Eddy Newman (CBM)	To 01/04/2016
	Bishop David Walker (IBM)	From 01/04/2016
Vice Chairman	Dave Chorlton (IBM)	To 01/04/2016
	Cllr Paul Andrews (CBM)	To 01/04/2016
Other Members:	Clare Flynn (TBM)	To 01/04/2016
	Bernadette Heanue (RBM)	
	Sue Morris (TBM)	To 01/04/2016
	Martin Oldfield (CBM)	To 01/04/2016
	Cllr Fran Shone (CBM)	To 01/04/2016
	Steve Thompson (TBM)	To 01/04/2016
	Bishop David Walker (IBM)	To 01/04/2016
	Rob Wakefield (IBM)	
	Mark Wiggins (IBM)	To 01/04/2016
	Sarah Russell (CBM)	From 01/04/2016
	Hazel Summers (CBM)	From 01/04/2016
	Lisa O'Loughlin (IBM)	From 01/04/2016

### Executive Officers

Group Chief Executive	Nigel Wilson	
Executive Director of Finance	Richard Coughlan	
Executive Director of Property Services	Anthony Roden	
Executive Director of Housing Services	Steve License	To 12/06/2015
	Jacque Allen	From 26/10/2015
Executive Director of Resources	Susan Richardson	

### Company Secretary & Registered Office

Richard Coughlan  
Wythenshawe House  
8 Poundswick Lane  
Manchester  
M22 9TA

### Registration Numbers

Company number	08198590
HCA registration number	4755
Registered charity number	1151085
HMRC VAT registration number	163 8459 79 (Group)

### External Auditors

Grant Thornton UK LLP  
4 Hardman Square,  
Spinningfields,  
Manchester  
M3 3EB

### Internal Auditors

KPMG LLP  
St James' Square  
Manchester  
M2 6DS

#### Key:

CBM Councillor Board Member  
IBM Independent Board Member  
RBM Resident Board Member

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## Board Members, Executive Directors, Advisors and Bankers (*continued*)

### Solicitors

Anthony Collins Solicitors LLP  
134 Edmund Street  
Birmingham  
B3 2ES

Devonshires Solicitors  
30 Finsbury Circus  
London  
EC2M 7DT

DWF  
1 Scott Place  
2 Hardman Street  
Manchester  
M3 3AA

### Bankers

National Westminster Bank PLC  
Didsbury Branch  
699 Wilmslow Road  
Didsbury  
Manchester  
M20 6NW

### Funders

Nationwide Building Society  
Kings Park Road  
Moulton Park  
Northampton  
NN3 6NW

The Royal Bank of Scotland  
Global Banking & Markets  
280 Bishopsgate  
London  
EC2M 4RB

Santander PLC  
2 Triton Square  
Regent's Place  
London  
NW1 3AN

# **WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED**

## **Report of the Board**

The Board is pleased to present its report and the audited financial statements of Wythenshawe Community Housing Group Limited ("Wythenshawe Community" or "the Trust") for the year ended 31 March 2016.

### **Principal activities**

The Trust is a not-for-profit registered provider of social housing administered by a voluntary Board. The Trust is registered under the Companies Act 2006 and is registered with the Homes and Communities Agency ("HCA") as a social landlord. The Trust is limited by guarantee and is a registered charity. The Trust is constituted under its Articles of Association.

The Group's principal activities are the development and management of affordable housing through its Subsidiaries.

### **Incorporation and Transfers**

The Trust commenced trading on 1 April 2013, when Parkway Green Housing Trust ("Parkway Green") and Willow Park Housing Trust Limited ("Willow Park") entered into a group structure (together "the Group"). Both Trusts became subsidiaries of the new parent company: Wythenshawe Community Housing Group Limited (WCHG).

### **Business review**

Details of the Group's performance for the period and future plans are set out in the Strategic Report that follows the Report of the Board.

### **Future developments**

A key influence on the timing of borrowings is the rate at which development activity takes place. The Board has approved plans to spend £14.4m over the next year on further investment in the stock and £23.7m to develop general housing as we continue to invest in this area. These activities will be funded through rental streams and social housing grant of £5m. This will mean total estimated borrowing at 31 March 2017 would be £125.2m, against an overall loan facility of £144m. Undrawn loan facilities of £18.8m as at that date would therefore be available under existing arrangements.

The Group will continue to re-invest in our existing properties, based on regular stock condition surveys.

A rent plan outlining planned rent increases for the Group up until 31 March 2017 has been prepared.

The Group will consider new development opportunities subject to the HCA's guidance and any financial criteria set by the Board.

### **The Board and the Executive Officers**

The Board comprised up to twelve non-executive members and is responsible for managing the affairs of the Trust. The Board members are drawn from wide backgrounds and they collectively have professional, commercial and local experience. The Board met formally 5 times during the year to deal with company business, including performance, business planning and to discuss and formulate strategy.

The Board is responsible for the Group's strategy and policy framework. It delegates the day-to-day management and implementation of that framework to the Group Chief Executive and other executive officers.

## **WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED**

The executive team comprised the Group Chief Executive, the Executive Director of Finance, the Executive Director of Property Services, the Executive Director of Housing Services and the Executive Director of Resources. The executive directors served throughout the year. The executive team met on a regular basis and was represented at all Board and Committee meetings.

The executive officers hold no interest in the Trust's shares and act within the authority delegated by the Board. They are directors as defined by the Accounting Direction 2015 so far as disclosure of interests and emoluments are concerned.

Details of the present Board members and the executive officers of the Trust, and those who served during the year are detailed on page 5.

### **Committees**

All Group committees, except the Group Remuneration and Governance Committees, meet at least four times per year. The Group Remuneration and Governance Committees meet as and when required.

The Group Audit, Finance & Risk Committee considers in detail treasury management including the raising of finance, budgets, the business plan, annual financial statements and management accounts before matters are referred to the Board for approval. It also considers the appointment of internal and external auditors, the scope of their work and the reports issued following their reviews along with all aspects of ICT management and the Group's ICT Strategy. It establishes policy objectives within the framework of the Group's overall policy and strategy and makes recommendations to the Board as appropriate and reports to the Board on the effectiveness of the Group's internal control arrangements and reviews the internal and external performance indicators.

The Tenant Committee considers activities and financial issues relating to development and property services, and all activities associated with housing management and community development. It identifies and reviews policies that integrate with the Group's development, maintenance and housing functions.

The Group Remuneration & Governance Committee consists of three Board members. It considers all matters of probity for Board members, employees or close relatives. It also reviews the skills and effectiveness of all the Board Members, interviews potential new members to the Board, ensures compliance with the Constitution, policies, the principles of good governance, regulatory or statutory requirements, and the Human Resources functions.

The WCHG Board, Subsidiary Boards, and Group Committees obtain external specialist advice as required.

### **Remuneration**

#### ***Policy***

The Group Remuneration & Governance Committee is responsible for recommending to the Board the Group's remuneration policy for its executive officers, as well as establishing the brief within which the Group Chief Executive can negotiate staff salaries.

The Group Remuneration & Governance Committee pays close attention to remuneration levels in the sector in determining the remuneration packages of the executive officers. Salaries are set having regard to each executive officer's responsibilities and pay levels for comparable positions.



# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## **Service contracts**

Executive officers are employed on the same terms and conditions as other staff, their notice periods ranging from 1 week (during probationary period) to 6 months.

Further details of executive officers' individual remuneration packages are included in note 10 to the audited financial statements.

## **Pensions**

The executive officers are members of the Greater Manchester Pension Fund, a defined benefit final salary pension scheme. They participate in the scheme on the same terms as all other eligible staff and the Trust contributes to the scheme on behalf of all its employees.

From 1 September 2011 all new employees were also eligible to become members of a defined contribution pension scheme.

Employees who have not opted to join either of the above pension schemes were automatically opted into the Trust's NEST scheme from 1 November 2013.

## **Housing property assets**

Details of changes to the Group's housing property assets are shown in notes 4 and 13 to the financial statements. Completed housing properties are stated at historical cost less accumulated depreciation.

## **Reserves**

The reserves policy of the Group is to transfer any surplus or deficit for the period to reserves. At the period end this amounted to a surplus of £5.4.

## **Donations & Sponsorship**

In line with disclosure requirements, the Group has made the following financial donations in the period:

- £100 Hafal
- £100 Macmillan Cancer Support;
- £100 Cancer Research UK
- £100 JustGiving
- £100 Francis House Family Trust

The Group has also provided other grants and sponsorship to various local organisations and individuals in the period totalling £15,752 (2015: £20,599)

## **Financial risk management objectives and policies**

The Group uses a number of financial instruments, including loans, cash, and other items such as rental arrears and trade creditors that arise directly from its activities. The main purpose of these financial instruments is to raise finance for the Group's activities.

The existence of these financial instruments exposes the Group to a number of financial risks. The main risks arising from the Group's financial instruments are considered by the Directors to be interest rate risk, liquidity risk and credit risk. The Board review and agree policies for managing each of these risks and they are summarised below.

The Group borrows only in sterling and so is not exposed to currency risk.

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

**Interest rate risk** – The Group finances its activities through bank borrowings. The Group's exposure to interest fluctuations on its borrowings is managed by the use of both fixed and variable rate facilities which have been set out in the Strategic Report on page 28.

**Liquidity risk** – The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and invest cash assets safely and profitably, which is supported by the development of a rolling 18 month cashflow forecast. The maturity of borrowings is set out in note 22. In addition to these borrowings, the Group has £18.8m of undrawn committed facilities.

**Credit risk** – The Group's principal credit risk relates to tenant arrears. This risk is managed by providing support to eligible tenants with their application for Housing Benefit and to closely monitor the arrears of self-funding tenants. Changes to the benefits system has been identified as a key risk to the Group.

The Group annually reviews the Treasury Management Policy, which was last approved March 2016 and is further supported by its Treasury Advisors.

### **Payment of creditors**

In line with government guidance, it is our policy to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier. Our performance against this policy is shown at note 20 to the financial statements.

### **Financial instruments**

The Group's approach to risk management is set out in the Strategic Report.

### **Employees**

The strength of the Group lies in the quality of its employees. In particular, our ability to meet our objectives and commitments to tenants in an efficient and effective manner depends on the contribution of all its employees.

The Group continues to share information on its objectives, progress and activities through regular internal newsletters and office and departmental meetings between senior management and staff.

The Group is committed to equal opportunities and in particular we support the employment of disabled people, both in recruitment and in the support of employees who become disabled whilst in the employment of the Group. The Group has been awarded with the Investors in People Gold Award during 2014/2015.

### **Health and safety**

The Board is aware of its responsibilities on all matters relating to health and safety. The Group has in place detailed health and safety policies and provides staff training and education on health and safety matters.

### **Officers' insurance**

The Group has insurance against the liabilities of all the Board members and executive officers in relation to the Group.

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## External influences

Wythenshawe Community Housing Group is already committed to ensure it meets statutory requirements in areas such as rent restructuring and the Government's Decent Homes Standard; 100% of our properties currently meet the Decent Homes Standard. We are also contributing to the efficiency targets for the social housing sector and have identified and delivered savings in areas such as procurement and service delivery, without compromising the excellent performance levels and quality of the services we provide as evidenced through the performance indicators, and the annual viability review undertaken by the HCA.

## NHF Code of Governance

We are pleased to report that the Group has adopted and complies with the principal recommendations of the National Housing Federation (NHF) Excellence in standards of conduct – Code for Members and Excellence in Governance – Code for Members (July 2015).

## Resident involvement

We actively encourage residents' involvement in decision making by promoting mechanisms for residents to get involved. The Group operates with a tenant involvement structure that influences all front line services.

Tenant Involvement at Wythenshawe Community Housing Group exists to help "regulate" the business across the HCA Consumer and Economic Standards. There are five bespoke Service Panels of tenants set up who monitor performance against these standards on a quarterly basis. These Panels are also used to help shape Policy and Strategy for the services that they represent. We also operate with three additional Panels, one responsible for Communication and another which allocates small grants to Community Groups up to £2.5k.

We also have an independent "Complaints Panel" which is registered with the Housing Ombudsman, designed to intervene on complaints during the "Democratic Filter" which is part of the Localism Act.

The Tenant Committee oversees all involvement activity and is made up of 14 tenant members, inclusive of a Chair and Deputy. The Committee sits within the Governance Structure of the organisation and is also responsible for the tenant approval of all Policy and Strategy (ahead of Board submission) for the Group that is shaped in the Panels.

Finally we also have a Service Review Group, which is responsible for tenant led service reviews across the front line. All reviews are submitted to the Tenants Committee for approval.

In 2015/2016 we engaged 1,334 tenants across the wider Group (2014/2015: 1,675), with a satisfaction rate of 99.9% (2014/2015: 99.37%). We have 121 individual tenants engaged with the Group which is broken down as 51 for Parkway Green Housing Trust Limited and 58 for Willow Park Housing Trust Limited.

## Complaints

The Group publicises to tenants and other customers their right to make complaints about failures in service and to challenge its decisions. Customer Feedback leaflets and forms are displayed in our reception areas and information about our complaints process is available on our website and from the Group's customer services team (Contact Centre).

During the period the Group received 131 complaints (169 in 2014/2015), 100% (99% in 2014/2015) of which were dealt with in line with the time limits set out in the Complaints procedure. Satisfaction with the complaint handling process was 90% (83% in 2014/2015),

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

111 responses, 85% response rate. No complaints were referred to the Housing Ombudsman during the year.

### **Internal controls assurance**

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls, which have been developed and embedded throughout the period commencing 1 April 2015 and up to the date of approval of these financial statements through the normal management and governance process.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Group Finance, Audit & Risk Committee to regularly review the effectiveness of the system of internal control. The Board receives the minutes of all Group Finance, Audit & Risk Committee meetings. The Group Finance, Audit & Risk Committee has received the Group Chief Executive's annual review of the effectiveness of the system of internal control for the Group, and the report of the Internal Auditor on the effectiveness of the system of internal control, and has reported its findings to the Board.

The following key procedures are adopted which are designed to achieve effective internal financial control:

#### *Identification and evaluation of key risks*

Risk management refresher workshops for Corporate Performance Managers are held at least every two years. Attendees are asked to identify the risks associated with their area of work, and management responsibility is clearly defined for the identification, evaluation and control of significant risks. This is supported by managers reviewing their department's risk registers as part of their one to ones with Assistant Directors and Directors. This highlights any areas that need to be raised as part of the Strategic Risk Register or cross cutting issues to be addressed.

Our performance management system (Covalent) is also used to record and manage both operational and strategic risk, with managers taking responsibility for risk mitigation in their own operational areas.

There is a formal and ongoing process of management review in each area of the organisation, with the Executive Team reviewing the strategic risks on a quarterly basis, and the Board receiving regular reports on progress to date and the key risks included in the register. The Group Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

#### *Monitoring and corrective action*

A process of control, self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management and to the Board. This includes procedures for ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and delivery of our services.

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## *Environment and control procedures*

The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues. The Group has a robust framework of policies and procedures with which employees must comply, which are subject to annual review and improvement. The revised Risk Management Strategy and Policy was presented and approved by the Audit & Risk Committee in July 2013 and Board in September 2013. These cover issues such as delegated authority, segregation of duties, accounting, financial regulation, health and safety and fraud prevention and detection, the strategy and policy were reviewed during the 2014/2015 financial year, and amendments approved by the Group Finance, Audit & Risk Committee. The next review is planned for September 2016. The Group Finance, Audit & Risk Committee receives a report annually detailing any instances of fraud recorded in the fraud register. The Group also has in place a whistleblowing policy that was reviewed in November 2015 (reviewed on a 2 yearly cycle).

## *Information and financial reporting systems*

Financial reporting procedures include robust strategic and business planning processes, with detailed budgets set for the year ahead, and responsibilities for management, control and reporting clearly defined. These are reviewed in detail by the senior management team and considered and approved by the Board. The Board also regularly reviews management accounts and key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

## *Internal audit assurance*

The internal control framework and risk management process are subject to regular review by the Group's Internal Auditors who advise the executive directors and report to the Group Finance, Audit & Risk Committee. The Group Finance, Audit & Risk Committee meet four times per year and considers internal control and risk at each meeting.

The Group Finance, Audit & Risk Committee conducts an annual review of the effectiveness of the system of internal control and takes account of any changes that may be needed to maintain the effectiveness of the risk management and control process.

## *Internal Audit Programme*

Internal audit is an important element of the internal control process. Internal audit is responsible for aspects of the annual review of the effectiveness of the internal control system within the organisation.

The Group Finance, Audit & Risk Committee considered the Internal Audit Annual Report for 2015/2016 at its April 2016 meeting. The annual programme included the audit of 6 systems as follows:

- Compliance with consumer regulatory standards - Property Service Compliance;
- Development;
- Safeguarding;
- Strategic/business planning and forecasting;
- Tenancy Management;
- Treasury Management.

KPMG's overall assessment of the Group's (Wythenshawe Community Housing Group Limited) system of internal control was at least "**Significant Assurance**" with minor improvements required in all but one of the areas reviewed. The one area where the Group gained Partial Assurance with improvements required related to Property Service Compliance and was due to the fact that KPMG were unable to gain supporting documentation in relation to historical data under review during the course of the audit.

All recommendations raised were accepted and have or are being implemented.

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## External Audit

External audit provides feedback to the Group Finance, Audit & Risk Committee on the operation of the internal financial controls reviewed as part of the annual audit.

Annually, a management letter is presented to the Group Finance, Audit & Risk Committee after the year-end audit, and after it has been reviewed it is submitted to the HCA.

## Regulatory Reports

The HCA has performed independent assessments of various aspects of the Group's activities as part of their annual regulatory plan for the Group, based on the business plan submissions, the financial forecast returns, the statistical data returns, the quarterly survey returns, the annual financial statements and the auditor's report to management.

The HCA re-confirmed the gradings for Governance and Viability as G1 and V1 for the Group in February 2016.

## Fraud

The Group complies with the HCA's requirements with regard to fraud. The fraud policy was reviewed as part of an annual review of the Group's standing orders and financial regulations.

The policy requires a register to be maintained of all actual and attempted frauds. All such cases are reported to the Board. There have been no reported cases of fraud during the year.

## Statement of compliance with the Governance & Financial Viability Standard

The Accounting Direction 2015 has introduced a new requirement for Registered Providers to certify that they have complied with the HCA's Governance and Financial Viability Standard, disclosing and explaining areas of non-compliance with the required outcomes and the specific expectations of the Standard.

The Board formally reviewed compliance with the Governance and Financial Viability Standard as part of its annual formal review against the HCA's Regulatory Framework in May 2016; no areas of non-compliance were identified for the year ended 31 March 2016.

The Group has a robust framework ensuring:

- Assurance of adherence to all relevant law applicable to the Group;
- Compliance with the Group's governing documents (Constitution, Code of Governance and Standing Orders), and all regulatory requirements, communicating on a timely manner;
- Accountability to its stakeholders (e.g. tenants, local authorities, partners, regulator, funders);
- Safeguarding taxpayers interests and the reputation of the housing sector;
- An effective business planning (incorporating stress testing), risk management and internal controls assurance framework in place;
- Social housing assets are protected and not put at undue risk which is supported by the Group's Asset and Liability Registers.

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

### Code of Governance

The NHF's 2015 Code of Governance was formally adopted by the Group in May 2016, replacing the previously adopted code for the Group (NHF's 2010 Code of Governance, Excellence in Governance). Compliance with the adopted code is annually reviewed by the Board and was last reviewed on 24 May 2016 for the year ended 31 March 2016 across the following main provisions as below:

Section	Provision	Compliance
A	Compliance	✓
B	Constitution and composition of the board	✓
C	Essential functions of the board	✓
D	Board skills, renewal and review	✓
E	Conduct of board and committee business	✓
F	Audit and risk	✓
G	The chief executive	✓
H	Conduct, probity and openness	✓

In accordance with the requirements included within the first provision above, the Group is pleased to report full compliance with the adopted code for the year ended 31 March 2016, and has identified no areas of non-compliance to report.

### Statement of the responsibilities of the Board for the annual report and financial statements

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

Company law and registered social landlord regulation requires the Board to prepare financial statements for each financial period. Under that law the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102 'The Financial Reporting Standard' applicable in the UK and Republic of Ireland.

Under company law the Board must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Trust and of the surplus or deficit of the Trust for that period.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered by Registered Housing Providers 2014, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group and Trust will continue in business.

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Trust and enable it to ensure that the financial statements comply with the Companies Act 2006, the Housing & Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. It is also responsible for taking reasonable steps to safeguard the assets of the Group and Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is also responsible for the maintenance and integrity of the corporate and financial information on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in the annual reports may differ from legislation in other jurisdictions.

### Going concern

The Group's activities, its current financial position and factors likely to affect its future development are set out within the Operating and Financial Review and Strategic Report. The Group has in place long term debt facilities (including £18.8m of undrawn facilities at 31 March 2016), which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has long term business plans which show it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of 12 months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

### Annual general meeting

The annual general meeting will be held on 21 September 2016.

### Statement as to disclosure of information to auditors

The board members confirm that:

- so far as each board member is aware, there is no relevant audit information of which the company's auditors is unaware,
- the board members have taken all steps they ought to have taken as board members to make themselves aware of any relevant audit information and to establish that the company's auditors is aware of that information.

### External auditors

Grant Thornton UK LLP has expressed their willingness to continue in office.

This report was approved by the Board on 21 September 2016 and signed on its behalf by:



**Bishop David Walker**  
Chairman



# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## Strategic Report

### Activities

Wythenshawe Community Housing Group Limited ("the Trust") is the parent company established with two subsidiaries, Parkway Green Housing Trust and Willow Park Housing Trust Limited (together "the Group") The Group manages and delivers major refurbishments and quality services to 13,513 homes in Wythenshawe. For the duration of 2015/2016 the Group's head office was at Wythenshawe House, in Wythenshawe and all its properties are situated within five miles of the head office. The Trust has charitable status and operates primarily as a social landlord, providing affordable general needs housing.

### Objectives and strategy

The Group has reviewed its Strategic Plan, and has developed a Strategic Plan covering the period 2014 – 2020 which incorporates the Group's vision, values and strategic aims.

The Trustees (Board members) have considered the Charity Commission's general guidance on public benefit when reviewing the Group's aims and objectives and in planning future activities

### *Our Vision – why we are here*

The aim of Wythenshawe Community Housing Group Limited is to create a community where people choose to live and work, having pride in their homes and services.

### *Our values – how we do things*

The values which underpin the Group are:

- Honesty;
- Respect;
- Communication;
- Teamwork; and
- Passion.

### *Our strategic aims – where we want to be in the future*

- The Group will be delivering a wide range of high quality services engaging and involving our tenants;
- Our partners, customers and community will value the services we provide;
- We will be recognised and accredited for our work as a leader in field of socially valuable services;
- We will be able to demonstrate the effective use of resources and assurance for our decision making;
- We will have right first time customer focused services;
- A highly motivated, competent workforce able to demonstrate their delivery of our vision through our values;
- We will have maximised the social, economic and environmental impact we can have in Wythenshawe; and
- The Group will have received and sought external funding sources from various sectors that assist in the delivery of our work in Wythenshawe, helping stretch the use of our own resources for greater community benefit.

For each aim we have set out specific measurable outcomes which we shall use to monitor progress towards the achievement of our objectives and delivery of the plan.

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## Performance and development

### Overview

The Group has continued to invest significantly in the homes of Wythenshawe, this year spending over £13.4m in further improving the properties held for social housing, of which £6.5m has been capitalised while the remainder £6.9m has been expensed through the Statement of Comprehensive Income. In addition the Group has continued to develop further properties in the area, with the completion of the following development schemes in 2015/2016:

- Cotefield development – 38 properties
- Amberley development – 12 properties
- Moorcroft development – 6 properties
- Hall Lane development – 4 properties
- Kingsgate development – 12 properties

The Group has continued to try and improve the services provided to tenants, and was shortlisted for a number of awards recognising the quality of services provided by the Group.

### Finance

Our performance against financial performance indicators is set out in the Group Highlights (pages 3 and 4) and summarised below. Our performance continues to improve and we remain in the top 25% of housing associations in the country across all performance indicators. Our financial performance has meant we have met lenders' covenants.

The Group has achieved a surplus of £5.396m for the year; this performance exceeds the budget which was set in line with the Group's 30-year Business Plans. The strong financial performance is largely due to the efficiency savings generated from the new Group structure.

Our financial performance means we have complied with the covenants set by our funders, the pension reserve is in deficit reflecting the movement in the pensions liability and the Group will consider guidance received from the actuary in respect of contributions payable.

### Stock Investment

The Group's improvement programme commenced on day one after transfers, and by the end of March 2011 all homes achieved what is defined as the decent standard.

The improvement programme for Parkway Green was also supported by £43.6m of the Department for Gap Funding from Communities and Local Government, 2012/2013 was the final year of funding available.

Expenditure incurred in relation to the improvement programme has been treated as additions to housing properties where expenditure relates to components (see note 2) and has been included within housing properties on the Statement of Financial Position. All other expenditure has been treated as revenue and expensed through the Statement of Comprehensive Income.

### Rents

#### *Rent losses from voids and bad debts*

Actual void rent loss for the year was 0.4%, against a target of 0.5%. This is an improvement on the target for the year, and was achieved as a result of enhanced cross functional working and continuous reviews of procedures and practices. Bad debts written off were 0.8% (£417k) against a target of 2%.

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## *Rent arrears*

Overall rent arrears, as a percentage of social housing lettings income for the year are 4.06%, which is above the year-end target of 5.39%. Performance in this area has been impacted by the roll out of welfare reforms particularly the bedroom tax. A target of 4.26% has been set for 2016/2017. A number of measures and action plans have been put in place to maintain performance in arrears recovery over the forthcoming year.

## **Repairs response time**

Performance against this indicator is split based on completion on time and first fix:

- Emergency and appointable repairs completed on time: 99.93% of repairs completed on time against a target of 99.9%;
- Repairs completed first visit: 94.39% of repairs completed first fix against a target of 94.5%.

## **Staff turnover**

The Board recognises that the success of our business depends on the quality of our managers and staff. In any organisation staff turnover is inevitable; however, a high level of turnover can lead to increased recruitment costs, lower productivity, lower morale and reduced internal controls assurance during the changeover period.

For 2015/2016 our staff turnover (calculated as number of leavers in the year divided by the present staff headcount at the end of the year) was 7%, an increase from last year's figure of 5.03%, and remains upper quartile in the sector.

Absence due to sickness has decreased from 3.54% in 2015 to 3.1% in 2016, which was above the Trust's target of 3.25%. We will be aiming to further improve on this in the coming year.

The Board is aware of its responsibilities on all matters relating to health and safety. The Group has prepared detailed health and safety policies and provides staff training on these matters.

The Group is committed to equal opportunities and in particular supports the employment of disabled people, both in recruitment and also employees who become disabled whilst in the employment of the Group.

## **Value for money**

The Group is committed to delivering Value for Money (VFM); achieving VFM underpins the delivery of the Group's Vision and Objectives. The Group's VFM Strategy was developed and approved by the Board in May 2014, and is reviewed annually with a formal review planned for 2017; it can be accessed on the Group's website and also through the hyperlink below:

<http://www.wchg.org.uk/wp-content/uploads/wchg-vfm-strategy.pdf>

The four key objectives of the Group's VFM Strategy are as follows:

- Develop the understanding of staff and promote a VFM culture within the Group;
- Work with customers so that they shape VFM decisions and provide scrutiny of the VFM of the Group;
- Ensure that VFM products or services are delivered to customers;
- Ensure compliance with the HCA's VFM Standard.

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## *Strategic Approach to VFM*

The Group supports the delivery of the VFM strategy through the following:

- The Group and its Subsidiaries each has a 30 year business plan which is reviewed annually – these were last approved by the Parent and Subsidiary Boards in March 2016, a subsequent revision to the Willow Park business plan was approved in June 2016. The Group's business plans continue to be stress tested to ensure financial viability is not adversely affected by changes in the operating environment;
- The annual budget setting cycle commences in October of each year, the Group takes a Zero Based Budgeting approach – all costs are reviewed annually by each service area to ensure they remain valid and appropriate, helping eliminate waste;
- The Group also has a robust performance management framework which during 2015/2016 was led by the Corporate Performance Group (made up of senior managers from across all service areas of the Group), which reviewed monthly performance through Key Performance Indicators, satisfaction and financial data, and reports to the Group Leadership Team (GLT) and Board;
- The target for management accounts production has been moved from 4 days after the month end to 3 days with effect from 1 July 2016; this target will then be further reduced to working day 2 for the 2017/2018 financial year. More timely management information will enable better informed decision making. It is hoped that the reduction in production time will be achieved through the automation of processes, freeing up finance team members to assist budget holders to generate further efficiencies throughout the business;
- The Tenant Service Review Group (SRG) reviews service delivery and performance management information, allowing tenants to hold the Group accountable for VFM, and to influence resource allocation. To date SRG have carried out reviews across 8 areas of the business. During 2015/2016, two front line Service Reviews were carried out as below:
  - Communal Grass Cutting;
  - ASB Customer Journey.

31 recommendations for improvement have been made (and approved) across these two service areas. Amongst these are some good examples of the SRG applying VFM principles, for example the ASB review recommended that we make better use of our out of hours resources in our Assure 24 Team. Panels have also made significant changes to how we spend money on transport and catering which saves c£10k per annum;

- There are 6 Service Panels, each meet on a quarterly basis to review and monitor performance across front line services. These Service Panels (Community Safety, Home, Involvement, Rents & Financial Inclusion, Tenancy, and VFM) remain key to shaping the Group's policies and strategies prior to presenting to the Tenant Committee for approval;
- The Annual Report provides an overview of the Group's performance and is made accessible to all tenants. Feedback from tenants is used to further develop performance improvements. Tenants are involved in the development and sign off of the Annual Report through a Communications Panel;
- Costs and performance are benchmarked across the sector through a range of sources to allow clear comparisons and to drive improvement. Managers and budget holders utilise this data to support decision making when reviewing services and budgets.

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## Stakeholders

When a considerable change is proposed to service delivery, the Group's stakeholders are consulted as appropriate in order that any implications on costs and performance are understood, challenged and agreed.

Stakeholders are therefore key to the Group in setting our VFM approach and targets and have been instrumental in the development of the VFM ethos across the Group and assist in scrutinising and monitoring performance.

The Group recognises stakeholders at the wider level as Tenants & Residents; Local Authorities (Manchester City Council & Trafford Council); Greater Manchester (AGMA<sup>1</sup>) / Devolution; partner organisations (e.g. Manchester College; Manchester Enterprise Academy); the Regulator; Funders; the Internal and External Auditors; Managers; the Leadership Teams; and the Board.

Tenants & Residents - The Tenant Committee is a formal part of the Group's governance structure and is responsible for ensuring VFM decisions are taken in the best interests of tenants, securing the expected levels of quality, cost and range of service delivery. The Committee provides a means for tenants to hold the Group accountable for the services delivered. The Committee receives management reports related to the delivery of all customer services, including all service delivery and performance management information, as well as any proposed policy development and major project work. This Committee has the power to trigger further investigative work where there are concerns about the quality and value for money being provided through current service delivery. The Tenant Committee reports to the Group Board on a regular basis.

Board – The Board has ultimate responsibility for decision making and takes a lead role in challenging how the VFM Strategy is delivered. The Group carried out a Governance Review during 2015/2016 which led to the implementation of the Common Board structure helping to ensure it remains effectively placed to meet the requirements of the revised Regulatory Framework. The Board recognises and acknowledges its overall ownership and responsibility for meeting the HCA's VFM Standard, and receives assurance of the Group's compliance as follows:

- The Regulatory Framework requires all RPs to adopt and comply with a recognised code of governance. In compliance with this requirement the Group has adopted the National Housing Federation's Codes, Excellence in Governance and Excellence in Conduct – a compliance review was reported to Board in May 2016.
- The Governance framework includes a Group Finance, Audit & Risk Committee which offers more detailed challenge and scrutiny in relation to VFM.
- Board recruitment endeavours to ensure it includes members with expertise in key areas such as finance, development, housing and regeneration.
- All Board and Committee reports include a formal requirement for VFM implications to be identified and referenced.
- Performance is reviewed by the Group Finance, Audit & Risk Committee and the Boards at each meeting. Management accounts are also presented to the Group Finance, Audit & Risk Committee and to the Boards at each meeting overseeing cost control.
- The Board has been fully engaged in the development of the VFM Self-Assessment, leading to its formal approval before publication.
- Board Awaydays are held three times a year, and in 2015/2016, have covered areas such as Governance (Common Boards), Demystifying Finance, Benchmarking, Asset Management and Return on Assets and Regulation – all of which have an impact on VFM for the Group.

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<sup>1</sup> AGMA – Association of Greater Manchester Authorities

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

- The Group Board has a VFM Board Champion, who has been engaged as part of the VFM self-assessment process. Engagement will continue through the year 2016/2017 to sustain focus in delivering VFM for our stakeholders.

### **Decision Making**

The Group's Strategic Plan is developed and agreed after extensive consultation with our tenants, staff, Board and the wider stakeholders. This is aligned to the Group's Corporate Plan which in turn links to the annual Service Plans. The annual Service Plans document each service area's targets for the year in delivering service improvements, whilst demonstrating VFM. A summary of the 'golden thread' process is as below:



The above golden thread is supported by the Group's approach to performance management ensuring its delivery and integrity.

Tenant Service Panels and the Tenant Committee are consulted with and extensively involved in the decision making process.

The Group Leadership Team (GLT) reviews and appraises all new initiatives against the Group's objectives.

The Group has a strong risk management process; the Group Risk Management Strategy was approved by the Board in September 2013 (the Risk Management framework process was last updated during 2014/2015) and is planned for review September 2016. GLT is responsible for ensuring that the Group's strategic risks are regularly reviewed, updated and scrutinised by the Group Finance, Audit & Risk Committee and reported to the Board on an annual basis. Managers are responsible for reviewing and updating operational risks for each service area.

The Group regularly carries out tenant satisfaction surveys; during early 2014/2015 we commissioned STAR (Survey of Tenants and Residents), internal satisfaction is based on transactional satisfaction surveys. Customer satisfaction feedback is then analysed to ensure we can further develop our services to our tenants.

### **Achievements in 2015/2016**

#### **Assets – Economic Returns**

The Group's stock is split into property groups based initially on the archetype and then analysed further using the Group's Stock Appraisal Model, which includes financial techniques such as Net Present Value and Return on Asset (developed with IPD during the previous year, 2014/2015). This is then overlapped with the day to day information of repairs demand to identify ways of saving money by batching preventative works together. Our stock is surveyed on a 4 year cycle; the last Stock Condition Survey was completed in November 2013 using a 14% sample, with the next survey planned for 2017/2018. Investment decisions are then made utilising all available data, ensuring we maximise our return.

Voids and letting performance data is also utilised by the Group to develop an understanding of the return on assets at the detailed level. Stock demand, turnover and costs are some of the key drivers behind the model. The Group has set upper quartile challenging targets on void turnaround times at 20 days and for 2015/2016, the Group achieved 19.1 days which was ranked first place in the Housemark annual benchmarking with 19 other RPs in the peer group. This is important to the Group due to the impact on income through void rent loss. The Group achieved 0.34% rent loss through voids, again ranked first against 19 peers who

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

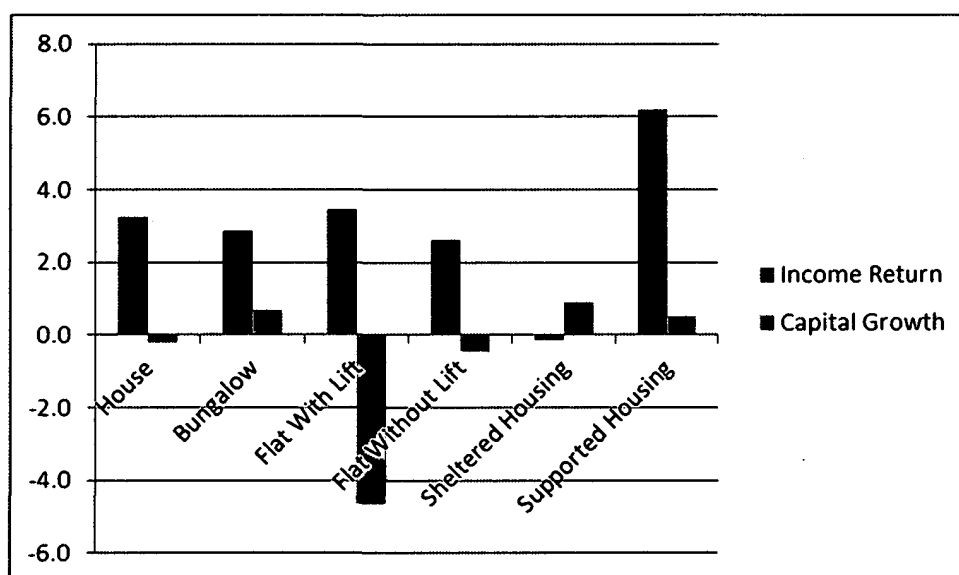
averaged 1.36% rent loss. We have set further stretching targets to reduce this further in 2016/2017 and refine our processes. We continue to keep our sheltered schemes under review, and will utilise the IPD data to inform future decisions once our first Extra Care development (Village 135) opens in 2016.

During 2014/2015, the Group developed its Stock Appraisal Model which determines return on asset information at a location and stock type level to further improve our decision making in this area. The model's approach allows the Group to assess its stock portfolio using income return and capital growth measures, allowing benchmarking against other RPs using the same methodology. The data is used to evaluate 'best use' options for different categories of stock including decisions relating to capital investment, disposals, demolitions, and conversions.

Both measures for the Group's Return on Asset approach (income return and capital growth) are significantly influenced by the level of maintenance and stock investment required.

The graph below reflects an example of the data produced and utilised by the Stock Appraisal Model:

**Returns (Income Return & Capital Growth) by Asset Type**



The Group continues to utilise this data in the annual budget setting and development of the investment programme to ensure investments are made to sustainable stock. Examples include our review of deck access flats in Peel Hall and the investment decision to waterproof the balconies. The Stock Appraisal Model acted as a trigger to review further the investment decision ahead of the budget process and consider alternative options such as re-development, other future maintenance requirements and demand which then helped to inform the final decision to undertake the investment work.

The Group has in place an updated Asset Management Strategy supported by a detailed Asset Management Plan, in addition to an Environmental Sustainability Strategy. The Plans and Strategies help to support the Group in ensuring it has a better detailed understanding of its assets, the cost drivers, and opportunities available to ensure we can maximise the return from our investment decisions.

The Asset Management Plan identifies the properties and components to be renewed over the next 5 years ensuring day to day resources are not wasted on repairing or replacing one off expensive renewals. We maximise cost efficiency by adopting a clear planned maintenance programme which is developed by our in-house understanding of component failures that occur, through the day to day repairs demand. Areas such as whole life costing,

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

product choices, component standardisation and impact upon customer satisfaction/desirability are all ingredients of an effective Asset Management Plan.

The energy efficiency rating (SAP) of the Group's stock is measured at 70.02% (Parkway Green – 72.29%; Willow Park – 68.61%), which reflects the investment to date by the Group.

The Group is committed to ensuring it meets the Government's Decent Homes Standard; 100% of our homes currently meet the Decent Homes Standard.

### Assets – Social Returns

During 2015/2016 we have continued to use the approach to measuring our social value adopted last year:

- We use the HACT Wellbeing Valuation approach to measure the **primary benefits** of relevant activities on local residents;
- We use data from the New Economy Manchester's Unit Cost Database <http://neweconomymanchester.com/stories/832-unit-cost-database> and assessments completed for us by RSM UK Group LLP to measure the **secondary benefits** of our activities – the wider public benefits and the saving to the public purse.

Further to the Social Impact Report 2014-15 ([www.wchg.org.uk/SocialImpact](http://www.wchg.org.uk/SocialImpact)) we have made further progress this year as follows:

- extended the measurement of social impact from five to seven themes of work;
- worked with HACT and other RPs to help develop and embed the HACT model, working towards a consistent and robust approach to measurement;
- reviewed and developed our methodology to reflect increased knowledge and latest thinking on social value, including use of new data published by HACT on health impacts and relieving homelessness;
- contributed to a range of networks and forums to encourage organisations to adopt social value principles and practices.

The Group's 2015/2016 social impact assessment results are as below:

Directorate	Investment £m	Primary benefit £m	Secondary benefit £	Social Value 2016 £	Social Value 2015 £	Social Value Ratio 2016
Community Investment – Health & Wellbeing	£1.1m	£7.3m	£0.2m	£7.6m	£4.3m	1:7
Community Investment – Employment & Skills	£1.0m	£2.7m	£1.8m	£4.5m	£3.4m	1:5
Community Investment – Youth & Education	£0.4m	£1.1m	£2.0m	£3.1m	£2.5m	1:7
Finance (Financial Wellbeing)	£0.3m	£1.9m	£2.0m	£4.0m	£0.5m	1:14
Housing (Community Safety)	£0.5m	£1.2m	-	£1.2m	£2.5m	1:2
Housing (Social Housing)	£0.1m	£0.8m	-	£0.8m		1:12
Housing (Wythenshawe Garden City)	£0.2m	-	£0.5m	£0.5m		1:2
<b>Total</b>	<b>£3.6m</b>	<b>£14.9m</b>	<b>£6.7m</b>	<b>£21.6m</b>	<b>£13.1m</b>	<b>1:6</b>



## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

**Community Investment (health & wellbeing)** – as part of our Health Strategy, Wythenshawe Community Housing Group Limited (WCHG) is committed to providing support to help improve the health and wellbeing of the people in Wythenshawe, who have some of the highest levels of long-term illness, disability and heart disease. Positive outcomes include:

- 18,201 (9,518)<sup>2</sup> hours volunteered across Wythenshawe (examples include the Real Neighbours Timebank which was launched during 2015/2016);
- 217 (39) regular volunteers;
- 550 individuals volunteering their time at least once;
- 22 schools, organisations and events supported by colleagues volunteering their time;
- 64 residents actively involved in tenant groups;
- 2,155 (1,139) individuals regularly participating in sports activities; and
- 295 (300) individuals attending social groups and voluntary organisations.

**Community Investment (employment & skills)** – WCHG offers a range of support to help residents in Wythenshawe develop and increase their skills and to move into sustained employment, delivered in partnership with other organisations. Positive outcomes include:

- 154 (114) people supported into full time employment;
- 107 (103) people achieving qualifications;
- 581 (503) people benefitting from training; and
- 98 (109) people no longer claiming out of work benefits due to going into employment.

**Community Investment (youth & education)** – the Group offers services for children and young people at a number of locations across Wythenshawe. The Group's aim is to deliver a fully inclusive, quality youth offer available to young people from 11 to 19 years of age across five sites in Wythenshawe. Positive outcomes include:

- 378 (375) young people regularly attending youth provision services;
- 93 (100) regularly attending after school club;
- 136 (172) regularly attending the Wow Zone;
- 133 attendees at other educational activities through the Wow Zone (weekend residential, local heritage project, Quarry Bank Mill project);
- 757 (420) young people attending the Wow Zone throughout the year; and
- 120 teachers attending training on use of ICT across the curriculum at the Wow Zone.

**Financial Wellbeing** – this service aims to support income collection and tenancy sustainment, much of the work is delivered in partnership with other organisations where vulnerable tenants facing financial hardship have been given advice that has helped them to stay on top of their budgeting, including maintaining their rent payments. Positive outcomes include:

- 85 (70) customers reporting that their wellbeing had improved after benefiting from financial inclusion services;
- 16 tenants helped to sustain their tenancy by downsizing their home as a result welfare benefit reform; and
- More than £2m (£1.9m) rental income generated from tenants supported through the service.

**Community Safety** – WCHG's Community Safety Strategy aims to improve the quality of life for local residents by helping to reduce anti-social behaviour and crime within our communities. Positive outcomes include:

- 270 (369) individuals reporting that their wellbeing had improved following intervention to address antisocial behaviour.

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<sup>2</sup> Figures in brackets relate to 2014/2015, shown for comparison

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

**Social Housing** – this year we have expanded our review of the social impact of our core business of providing social housing by assessing the improved wellbeing of people moving from homelessness or temporary accommodation into a secure, affordable home in line with newly published information from HACT. We continue to ensure that all of our homes meet the Decent Homes Standard. Positive outcomes include:

- 5 people who had been sleeping rough moved into a secure home; and
- 83 adults/ 71 households moved from temporary accommodation to a secure home, this included 37 adults/ 27 households with dependent children.

**Wythenshawe Garden City** – Wythenshawe was developed in the 1930s as a garden city with wide tree-lined streets and a fruit tree in every garden. Jointly with Manchester City Council, we have responsibility for maintaining and improving most of the green space in Wythenshawe including 14,000 trees. This year we have started to evaluate the benefit of the large number of trees in Wythenshawe. Positive outcomes include:

- 73 tonnes of carbon removed from the atmosphere;
- 2252 tonnes of carbon stored in the trees;
- 2.8 tonnes of airborne pollutants removed from the atmosphere saving the NHS £15,025; and
- 5,426,804 litres of water intercepted by trees, saving £7,186 in sewage charges.

The above social value ratio can be further benchmarked against the PlaceShapers<sup>3</sup> members where the average social value ratio calculated for LSVTs for 2014 was 1:10, or alternatively 1:12 for RPs with stock over 10,000 units.

Further information can be found in the Group's Social Impact publication: ([www.wchg.org.uk/SocialImpact](http://www.wchg.org.uk/SocialImpact))

### *Assets – Environmental Returns*

Addressing fuel poverty, health and wellbeing has always been an important consideration when making asset investment decisions. Examples of ongoing work include:

Description	VFM saving
Following completion of the Energy Company Obligation (ECO) project to install a Bio Mass communal heating system to replace the existing, poorly performing gas heating at three tower blocks and electric heating at one tower block, tenders have been issued for a substantial project to re-envelope the three 'Hard to Treat' Sharston Multi storey blocks including external wall insulation and cladding and new windows with low emissivity glazing.	The Group will be providing External Wall Insulation (EWI) and new windows to three high rise blocks during 2016, with an anticipated carbon saving of 86 tonnes per annum and potential fuel savings to occupants of £100 per year based on energy saving Trust figures.
Within the traditional stock, high efficiency A rated condensing combination boilers have been installed to over 920 homes (approx 7% of stock) in 2015/2016, reducing the volume and cost of energy consumed to heat the homes of customers.	A year on year decrease of <b>£70k</b> has been recorded for the cost of major heating repairs representing a saving of 28.5% on the previous year's expenditure of £245k.
Loft and/or Cavity wall insulation upgrades have been carried out to around 900 properties in the year to 31 March 2016.	Accessing over £350k in Grant funding, the scheme has typically increased individual SAP ratings of properties by 7 points, with a rating change from D to C, and potential achieving annual energy costs savings of £185 per property.
The Group operates a waste recycling centre	The Group processed 3,946 tonnes of waste

<sup>3</sup> PlaceShapers is a national network of over 100 community based housing associations, owning c750,000 homes in total

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

Description	VFM saving
for its in-house operations to ensure recycling is maximised from our activity and waste costs are kept to an absolute minimum.	through the centre, achieved a recycling level of 99% and saved the Group <b>£226k</b> per annum against traditional skip hire contract.
WCHG have committed to supporting the Carbon Literacy Project and are part of the working group.	We are in the early stages of devising and rolling out the project, but are committed to investing in our colleagues to become carbon literate which will generate a low carbon culture.

### Operations

All costs are benchmarked across the sector through a range of sources in order that a clear comparison of operating costs is achieved and variances understood. This is utilised during budget setting so that the opportunity costs of decisions are understood and acted upon.

For the year 2015/2016, the Group delivered total VFM achievements of £2.9m which can be split between £0.3 million relating to the Group structure (in line with the target set) and £2.6m relating to additional VFM savings against a VFM target of £2.1m (set out in the 2015 VFM Self-Assessment).

Using efficiency gains as a % of turnover as a measure, this would give 4.44% for the Group for 2016 (6.26% for 2015; 7.08% for 2014), which can be benchmarked against the PlaceShaper members where the % efficiency gains calculated for LSVTs for 2014 was 3.44%, or alternatively 2.73% for similar RPs (with stock over 10,000 units).

The Group structure took effect from 1 April 2013 bringing together Parkway Green and Willow Park. Whilst ensuring the Group's focus remained on the delivery of its services to tenants, the continued harmonisation of structures, operations and joint procurement across the Group during 2015/2016 realised additional actual savings of £0.3m, leading to annual recurring efficiency savings of £4.3m, higher than the recurring efficiency savings anticipated in the approved business case (£2.2m).

Since implementation of the Group structure in 2013, WCHG has delivered a total of £11.7 million efficiencies against a target of £6.7 million over the previous three years, higher than expected by £5 million:

- £3.466m in 2013/2014;
- £3.977m in 2014/2015; and
- £4.266m in 2015/2016.

Other direct VFM achievements of £2.6m was also delivered for 2015/2016 over a number of service areas (including housing services - £281k; community investment - £224k; central support - £176k; Wythenshawe Works - £333k; development & investment - £1.536m).

The detailed VFM achievements are disclosed in section 6.2 of the Group's VFM Self-Assessment 2016.

### Treasury Management

The assets of the Group currently provide loan security as below:

Trust	Funder	Loan Facility	Loans drawn	Current headroom	Security (2016 Valuations)	Asset Cover
PGHT	RBS	£54m	£45.2m	£8.8m	£138m	2.56
WPHT	Nationwide & Santander	£90m	£80m	£10m	£207m	2.30

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

<b>Total</b>	<b>£144m</b>	<b>£125.2m</b>	<b>£18.8m</b>	<b>£345m</b>	<b>2.40</b>
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Based on asset cover requirements of 110%, the Group has scope for additional funding of c£160m. Given the challenging operating environment and the Board's low appetite for risk in such circumstances, the Board takes a prudent approach and as such, surpluses and spare capacity are to be utilised on achieving the Group's business objectives.

The Group's effective interest rate for 2016 was 4.2% (Parkway Green – 3.7% due to a larger proportion of its debt on a variable rate; Willow Park – 4.5%) which is lower than the sector's average effective interest rate of 4.7% for 2015 (and in line with the sector's average rate of 4.5% for LSVTs).

<b>Subsidiary – ROCE<sup>4</sup></b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
PGHT	2.7% <sup>5</sup>	2.9%	5.4%
WPHT	3.1%	4.3%	4.8%
<b>Total</b>			

ROCE is calculated as the operating surplus (adjusted for depreciation, and capitalised major repairs) as a percentage of the capital employed for each Subsidiary. The above table reflects a steady increase since the group structure was implemented, due to the reduced operating costs. The HCA's Global Accounts 2015 indicate an average return on capital employed in 2014/2015 at 4.5% (4.2% for LSVTs).

Interest cover (EBITDA MRI<sup>6</sup>, used by the HCA as one of a range of indicators for financial performance) can be assessed for the Group as follows and reflects the increasing surpluses over the period 2014 to 2016:

<b>Subsidiary – Interest Cover</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
PGHT	195%	221%	417%
WPHT	168%	234%	273%

The 2015 Global Accounts indicate EBITDA MRI interest cover across the sector for 2015 at 155.6% (LSVTs at 160.5%), confirming strong performance from both Subsidiaries.

During 2016/2017, the Group has also commenced a Funding Review to ensure the Group's facilities are better aligned with the Strategy.

The Group sets and charges rents in accordance with the Rents Restructuring Policy, and does not currently utilise the additional 5% tolerance on its charged rents. From April 2016, the Group applied the 1% reduction in line with the Government's direction. The effect of the 1% reduction for 4 years till 2020 has been assessed as part of the ongoing review of the Group's Business Plans, and remains comfortably within the constraints of the Group's existing loan facilities.

The Group has worked on its asset and liability registers during 2015/2016 to ensure complete and in line with HCA's revised Regulatory Framework.

### *Reinvestment*

The Group is required to retain surpluses in line with its Business Plans in order to meet the repayment requirements of the Group's Funders.

Regular reports on financial performance are reported to the Group and Subsidiary Boards.

As noted in earlier sections, efficiencies have been made as part of the two organisations (Parkway Green & Willow Park) coming together and how these efficiencies are to be

<sup>4</sup> ROCE – Return on Capital Employed.

<sup>5</sup> 2014 PGHT ROCE adjusted for reclassification of loans from due within one year to falling due after one year.

<sup>6</sup> EBITDA MRI – Earnings before Interest, Tax, Depreciation, Amortisation, less Major Repairs expenditure capitalised.

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

invested will be discussed with the Boards at the formal Board meetings and the Board Awaydays.

The Group will continue to build on the strong performance demonstrated over the last three years looking for more efficient ways of delivering the services our tenants, against a backdrop of the 1% rent reduction from 2016 to 2020, in addition to welfare reform.

The Group has an approved development programme of 451 units consisting of houses, bungalows and apartments including the Village 135 extra care development. The programme has 266 affordable rent, 131 shared ownership, and 54 outright sale. The business plan has been stressed tested and sensitivity tested to include the programme and this is reviewed regularly in light of building cost increases. The build programme runs until 2018.

The Group invests in a range of community schemes (covering employment and skills, education, community and financial inclusion, youth, health, community safety and involvement) to support and promote regeneration within the area.

The Group continually seeks to identify viable options where new homes can be developed to meet the government's demand for granting pathway to home ownership.

The Group's aim is that VFM savings made will be reinvested into the Group in order that services can be sustained or further improved for customers during a period of considerable reform within Housing.

### **Gains Planned for 2015/2016**

The Group has a VFM tracker which will seek to capture all VFM savings during the year 2016/2017 as they occur to ensure forecast gains can be delivered.

Total VFM gains planned for 2016/2017 are c£1.5m - the detailed VFM gains planned are disclosed in section 9 of the Group's VFM Self-Assessment 2016.

### **VFM Action Plan**

The VFM Action Plan for the Group for the following year is:

Objective	Action	Responsibility
Deliver 2016/2017 efficiency savings.	To manage and achieve efficiency savings of c£1.5m for 2016/2017 and to continue to ensure VFM is embedded within the Group, through training, and performance management. This will be supported by the Group's Procurement Strategy, and toolkit which will be developed during 2016/2017.	Senior Management
Delivery of the Housing Operating Model	To implement the new Housing Operating Model, achieve the efficiencies identified whilst ensuring focused services.	Senior Management
Review return on asset data and Stock Appraisal Model approach to consider alternative models and further benefits they may offer.	To improve analysis of asset modelling data and better inform disposal and investment business decisions.	Senior Management
Improve the	To work with other RPs to further develop	Senior Management

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

Objective	Action	Responsibility
measurement of social value across the Group.	the HACT model.	
Maximise environmental returns.	Implement the Group's Environmental Sustainable Strategy and annual Board update on progress.	Senior Management
Enhance tenant involvement.	Future VFM targets to be set based on consultation with tenants.	Tenant Committee Senior Management

The above is a summary of the Group's VFM Self-Assessment 2016; the full Self-Assessment will be available to all stakeholders on the Group's website from 30 September 2016, and can be accessed via the hyperlink: <http://www.wchg.org.uk/vfm> or can be requested from head office.

### Risks and uncertainties

The main risks that may prevent the Group achieving its objectives are contained on the Risk Register which is reviewed regularly throughout the year by the senior management team and approved by the Board. The risks are recorded and assessed in terms of their impact and probability. All reports submitted to the Board and sub-committees have a standard assessment of the risk implications of the proposed plan and actions.

The key risks currently faced by the Group are:

- Changes in the current financial environment, affecting the delivery of the Business Plan. This includes the potential of re-pricing of loans including specifically interest rate fluctuations and cost increase in relation to build costs.
- Following the 2015 Budget announcement where rents for social housing will be reduced by 1% a year for 4 years from April 2016, the Trust has considered the financial implications of this and has worked on looking at how we can meet these significant challenges whilst safeguarding the Trust's assets and services.
- Potential financial and operational exposure to the changes in Welfare Reform, specifically, increased rent arrears due to Universal Credit, under occupancy/non dependant charges and direct payments.
- The loss of key members of staff.

### Financial position

The Group Statement of Comprehensive Income and Statement of Financial Position are summarised in the Group Highlights (pages 3 to 4) and the key features of the Group's financial position are set out below:

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## ***Accounting Policies***

The Group's principal accounting policies are set out on pages 45 to 52 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include capitalisation of development administration costs and housing property depreciation. Each of these accounting policies has remained unchanged during the period under review subject to accounting for housing properties from valuation to cost (using the deemed cost approach on transition) in line with FRS102.

## ***Housing Properties***

At 31 March 2016 the Trust owned 1 housing property which was carried on the Statement of Financial Position at cost. The Group in total owned 13,513 housing properties (2015: 13,516). The properties were carried in the Statement of Financial Position at cost (after depreciation) of £299.3m (2015: £302.8m). The Group appointed external professional valuers to value the Group's housing properties, for funding purposes, as at 31 March 2016 and at that date the value of the properties held for letting, on an existing use for social housing basis, was £331m. Housing properties under construction amounted to £10.2m.

Our investment in housing properties this year was funded through a mixture of social housing grant, loan finance and working capital, where we continue to show a strong current asset balance, an important indicator of liquidity. The Group's treasury management arrangements are considered below.

## ***Pension costs***

The Group participates in the Greater Manchester Pension Fund, which is available to all permanent members of staff. The Group has contributed to the scheme in accordance with the level set by the actuaries of 17.5%. The last full actuarial valuation was completed 31 March 2013 and published in April 2014.

From 1 September 2011 all new employees (of Parkway Green) were also eligible to become members of a defined contribution pension scheme.

Employees who have not opted to join either of the above pension schemes were automatically opted into the Group's NEST scheme from 1 November 2013.

## ***Capital structure and treasury policy***

The capital structure for the Group is as below:

Parkway Green - The Trust had £45.2m, gross of fees, of drawn down loan funding at 1 April 2015, and has not drawn down any additional funds during the period, total loans drawn down to date remain £45.2m. Of the £45.2m funding drawn, £21.0m was held on a fixed rate as at 31 March 2016, details of which are below. As borrowing increases, tranches will be fixed to achieve a balance between fixed and variable rate borrowing as set out in the business plan. The following forward fixes have already been put in place:

- £7m at 5.675% commenced 1 April 2009, maturing 31 March 2028;
- £7m at 5.890% commencing 1 April 2010, maturing 31 March 2033;
- £7m at 5.450% commenced 1 April 2008, maturing 31 March 2036 and cancellable on 31 March 2025.

All remaining borrowings are on a variable rate basis renewable monthly at LIBOR prevalent rates. All Trust borrowings and deposits are in sterling and so the Trust is not exposed to currency risk. The total facility available is £54m.

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

Willow Park - The Trust had £80m, gross of fees, of drawn down loan funding at 1 April 2015, total loans drawn down to date is £80m, none of which falls due to be paid within the next year as shown below.

	2016	2015
<b>Maturity</b>	<b>£m</b>	<b>£m</b>
Within one year	-	-
Between one and two years	10.00	10.00
Between two and five years	25.00	25.00
After five years	45.00	45.00
	<u>80.00</u>	<u>80.00</u>

The Trust borrows from Nationwide Building Society and Santander PLC at both fixed and floating rates of interest. At the year-end, 75% of the Trust's borrowings were at fixed rates (75% in 2014/2015). The fixed rates of interest range from 5.42% to 6.59%.

The trend information in the Group Highlights (pages 3 and 4) shows that gearing, calculated as total loans as a percentage of capital grants and reserves, was 6.2.22% by 31 March 2016. During the next twelve months further planned borrowings to finance the investment in the maintenance programme and the development programme could increase the gearing further. However, gearing should improve as the Group gets beyond its peak borrowing in 2017.

The Group's lending agreements require compliance with a number of financial and non-financial covenants. The Group's position is monitored on an on-going basis and reported to the Board each quarter. Recent reports confirmed that the Group was in compliance with its loan covenants at the Statement of Financial Position date and the Board expects to remain compliant in the foreseeable future.

The Group has cash balances of £27m at 31 March 2016 (2015: £27.5m) and the current ratio stands at 2.55 (2015: 2.66). The Group monitors cash flow forecasts closely to ensure that sufficient funds are available to meet liabilities when they fall due, whilst not incurring unnecessary finance costs, by only drawing on loan facilities when required.

### **Cashflows**

Cash inflows and outflows for the period are shown in the cashflow statement on page 44. The net cash inflow from operating activities in the period was £20.2m.

### **Post Balance Sheet Events**

There have been no events since the year end that have had a significant effect on the Group's financial position.



**Richard Coughlan**  
**Director of Finance**  
**21 September 2016**



# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## Review of the business

Details of the Trust's performance for the period and at the year-end are set out on pages 17 to 32 and is also summarised in the Trust Highlights on page 3.

## Principal risks and uncertainties

The principal risks for the Group were as below:

Key Risk	Status, controls in place
There is a risk the Group fails in its safeguarding duty of care leading to adverse impacts for tenants or staff and the risk of reputational damage to the organisation.	Each service area has: <ul style="list-style-type: none"> <li>• PR handled by the Communications team;</li> <li>• Risk assessments in place;</li> <li>• Procedures in place;</li> <li>• Standard in place;</li> <li>• Schedule of Audits in place, KPMG have completed the third safeguarding audit which took place in November 2015 giving 'significant assurance';</li> <li>• Safeguarding Policy in place;</li> <li>• Staff trained to identify Safeguarding issues.</li> </ul> Briefings taking place via team meetings.
There is a risk that the Group may be unable to develop and / or deliver sustainable business plans updated for the 2015 budget changes.	<p>The Group developed updated business plans, which were approved by the Group Finance Committee and the Group and Subsidiary Boards, before submission to the HCA (30 October 2015).</p> <p>The HCA confirmed completion of their stability check for the Group, resulting in reaffirming V1 and G1, which has been updated on the HCA website (February 2016).</p> <p>Funders were also comfortable with the Group's approach.</p> <p>Re subsequent business plans:</p> <p>The Group's updated business plans, which were approved by the Group Finance Committee (February 2016) and the Group and Subsidiary Boards (March 2016), have been submitted to the HCA within the deadline.</p> <p>The updated business plans have also been submitted to both Funders, and are awaiting formal confirmation of business plan approval.</p> <p>The Board remains comfortable that they are in position to be able to adjust the business plan to meet potential future challenges for the sector as demonstrated by the stress testing on the business plans. The Group will also start looking at Funding over the near future with a view to renegotiate a flexible group wide solution, whilst allowing for future growth.</p>
There is a risk that the Group does not comply with the HCA's regulatory framework (specifically the economic standards) which may lead to a downgrade in its governance rating.	<p>The Group's Terms of Reference state that the Boards' role is to ensure compliance with appropriate legislative and regulatory requirements. The Group has developed a Board member retirement and succession planning policy which will ensure the Group's governance structure retains a suitable skills mix. Board Champions are in place for VFM and Safeguarding. The Group and Subsidiaries' Boards Terms of Reference were updated in June 2015 to ensure they explicitly included VFM. Training and support as identified during the appraisal process is provided to ensure skills and knowledge remain at the appropriate level, the new Training Plan was discussed with the Board in the March 2016 Board Away Day.</p> <p>The HCA confirmed completion of their stability check for the Group, resulting in reaffirming V1 and G1, which has been updated on the HCA website (February 2016).</p> <p>The Board carried out a Governance Review in 2015 to further improve the Group's governance structure to ensure it is best placed with regards to the revised Regulatory Framework. Group</p>

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

Key Risk	Status, controls in place
	and Subsidiary Boards approved to proceed with the Common Board process in July 2015, updates provided to the subsequent Boards in line with the time plan. New Board structure commenced from 01/04/2016, Board member selection was skills based. The new Board is in place, with 12 Board members, Chairs for WCHG, Parkway Green & Willow Park in addition to the two Committees have been selected. Once the new structure has bedded in, it is anticipated that the risk score will reduce.
There is a risk that the Group does not comply with the HCA's regulatory framework (specifically the economic standards) which may lead to a downgrade in its financial viability rating.	<p>The Group's regulatory returns for 2016/2017 which goes towards ensuring compliance have been planned to enable full compliance. The Group's Terms of Reference state that the Boards' role is to ensure compliance with appropriate legislative and regulatory requirements. The Group has developed a Board member retirement and succession planning policy which will ensure the Group's governance structure retains a suitable skills mix. Training and support as identified during the appraisal process is provided to ensure skills and knowledge remain at the appropriate level. The Group's latest Board Training Plan was discussed at the March 2016 Board Awayday.</p> <p>The HCA confirmed completion of their stability check for the Group, resulting in reaffirming V1 and G1, which has been updated on the HCA website (February 2016).</p> <p>The Group's updated business plans, which were approved by the Group Finance Committee (February 2016) and the Group and Subsidiary Boards (March 2016), are in the process of being submitted to the HCA within the deadline (6 weeks of Board approval).</p> <p>The updated business plans have also been submitted to both Funders, we are awaiting confirmation of business plan approval in time for the May 2016 Board.</p> <p>The Board remains comfortable that they are in position to be able to adjust the business plan to meet potential future challenges for the sector as demonstrated by the stress testing on the business plans. The Group will also start looking at Funding over the near future with a view to renegotiate a flexible group wide solution, whilst allowing for future growth.</p>
There is a risk that issues encountered during the delivery on the new build construction projects leads to lost future rental income, relationship damage with the HCA, reputation damage and affects future bids.	Monitoring is in place at GLT level and Board. Tendering strategy to ensure correct timing of contracts. The Group has commissioned a Procurement Review (commenced in April 2016) which will help to further strengthen this area. Recent schemes delivered by the Group have all seen shared ownership sales, completions significantly ahead of originally anticipated. Comprehensive work is in progress relating to the budgeting of the Group's first Extra care scheme (Village 135).
There is a risk that changes in the welfare system impact on the Group's ability to deliver services.	The Group recognises the Government's increased pace in making changes. Increased internal resource for Welfare Rights/Tenancy Support - a full analysis has been carried out by the Group to assess the resourcing impact over the next 5 years, recruitment is in progress. Use of data profiling to target high risk cases. Application and use of discretionary payments in place. Flexible management approach to adapt to changing environment reflected in business plan. Impact monitored very closely to identify any issues at earliest opportunity. Data sharing agreement with DWP in place. In addition, the Group has looked at the impact of under 21s being restricted from HB entitlement (there are 71 cases identified on partial or full HB currently), the reduction in the maximum benefit cap from £26k to £23k, as well as the proposed RTB scheme extended to housing associations. This will continue to remain

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

Key Risk	Status, controls in place
	under intensive review. Bad Debt provision has been increased in the updated business plans.
There is a risk that poor delivery on planned programme projects (linked to stock condition survey) leads to adverse impacts on future funding.	Monitoring is in place at GLT level and Board. Tendering strategy to ensure correct timing of contracts. The Group's business plan remains equipped to meet the requirements of the stock condition survey.
There is a risk the Wythenshawe Works delivers poor performance which would impact on the Group reputation and tenant satisfaction.	Based on scale, this service area has the greatest potential to impact on reputation. Monthly performance reporting includes a joint finance and performance pack to join up all information. Internal audit of repairs was undertaken and actions agreed and implemented. HQN accreditation received during 2014/2015 re Repairs & Maintenance and Gas Servicing. A further internal audit report on compliance with the tenancy standards was carried out in 2015/2016 to help improve controls within Wythenshawe Works.
There is a risk that the Group responds to incidents inadequately leading to failures in systems that could impact on the organisation and tenants.	Business Continuity plan in place. Departmental plans developed in line with service plans and risk registers. Evacuation Policy is in progress, guidance leaflets to be issued once finalised.
There is a risk that IT systems fail and that this impacts on operational performance.	Data backup and recovery procedures in place. SLAs in place for the key contracts. IT (Data Security and Cyber Security) included in the 2016/2017 Internal Audit Plan.
External changes, variations or movements in interest rates, inflation may expose or create a financial viability or liquidity risk for the Group.	The Group is supported by an external treasury management and business planning advisor. The Group has a robust business planning process which includes preparing numerous sensitivities ensuring it is appropriately stress tested, including multi variant scenarios. New developments are subject to scheme appraisals to ensure they are financially viable. The Group has worked with IPD to develop a more comprehensive Return on Assets modelling tool - this will help the Group to assess its stock portfolio further looking at income return and capital growth - at a location and stock type level. Performance monitoring incorporates monitoring and reporting on covenant compliance on a monthly basis.

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

### Key performance indicators

The key performance indicators for the Group for the year ended 31 March 2016 were:

Key Performance Indicators	Performance – year ended 31 March 2016	Group Target 2015/2016	Trend
Budget Performance	£43.19m (84.3%)	51.21m (100%)	Stable
Development Programme (2015-2018)	£34.27m (94.3%)	£36.33m (100%)	Stable
Loan Covenant Compliance	PGHT 3.51 WPHT £6.507m	PGHT 2.46 WPHT -£21.787m	Stable
Percentage Rent Arrears	4.06%	4.80%	Improving
Gas Safety	100%	100%	Stable

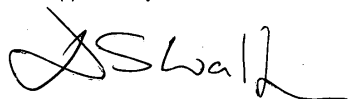
The management performance indicators for the Group for the year ended 31 March 2016 were:

Management Indicators	Year to Date Performance	Group Target 2015/2016
Spend per property on repairs and investment	£1,525.42	£1,642.54
Spend per property on management	£1,882.80	£2,146.13
% current rent collection	100.5%	100%
Former tenants cash rent collection	£116,110	£150,000
% of Emergency and Appointable Repairs completed within the target time	99.93%	99.90%
% of repairs completed on the first visit	94.39%	94.50%
% of customers satisfied with repairs	96.92%	96.50%
Property Turnover Percentage	4.70%	6.00%

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

Management Indicators	Year to Date Performance	Group Target 2015/2016
Total average void turnaround time for properties let in the month (calendar days)	19.1 days	20.25 days
% of customers satisfaction with the ASB service	100%	99.50%
% of lets with fewer than 10 bids	5.99%	10%
% of complaints where the customer received a full response within 14 calendar days	100%	100%
% of complaints first time fix	91.60%	95%
% of calls answered in 30 seconds	87.89%	90%
% of calls - first time fix	82.03%	90%
Satisfaction with contact centre	98.47%	98.50%
Sickness absence – overall	3.12%	3.25%
Delivery of VFM Targets	£2.3m	£2.15m

Approved by



**Bishop David Walker**  
**Chairman**  
 21 September 2016

# **WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED**

We have audited the financial statements of Wythenshawe Community Housing Group Limited for the year ended 31 March 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Individual Statement of Financial Position, the Consolidated Statement of Changes in Reserves, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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.

### **Respective responsibilities of Board and auditor**

As explained more fully in the Statement of responsibilities of the Board set out on pages 14 and 15, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2016 and of the group's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other requirement of the Companies Act 2006**

In our opinion the information in the Report of the Board, operating and Financial review and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

### Matters on which we are required to report by exception

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

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

*Grant Thornton UK LLP*

### **Joanne Love (Senior Statutory Auditor)**

For and on behalf of GRANT THORNTON UK LLP

Statutory Auditor

Chartered Accountants

4 Hardman Square,

Spinningfields,

Manchester

M3 3EB

Dated: *26 September 2016*

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## Consolidated Statement of Comprehensive Income for the year ended 31 March 2016

	Note	2016 £000	2015* Restated £000
Turnover	3	63,025	60,725
Cost of sales	3	(1,291)	-
Operating costs	3	(51,094)	(52,476)
Movement in fair value of investment properties	15	665	-
<b>Operating surplus</b>		<b>11,305</b>	<b>8,249</b>
Surplus on sale of fixed assets – housing properties	6	539	623
Movement in fair value of financial instruments	22	(224)	(1,694)
Interest receivable and other income	7	98	85
Interest payable and similar charges	8	(5,531)	(5,638)
Other finance income/(charges)	27	(791)	(592)
<b>Surplus on ordinary activities before taxation</b>		<b>5,396</b>	<b>1,033</b>
Tax on surplus on ordinary activities	11	-	-
<b>Surplus for the financial year</b>		<b>5,396</b>	<b>1,033</b>
<b>Actuarial gain/(loss) in respect of pension schemes</b>		<b>8,532</b>	<b>(10,003)</b>
<b>Total comprehensive income for the year</b>		<b>13,928</b>	<b>(8,970)</b>

The operating surplus for the year arises from the Group's continuing operations.

The notes on pages 45 to 81 form part of these financial statements.

The financial statements on pages 40 to 81 were approved by the Board and authorised for issue on 21 September 2016 and are signed on its behalf by:

Board Member





# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## Consolidated Statement of Changes in Reserves for the year ended 31 March 2016

	Income and expenditure reserve £000	Revaluation reserve £000	Total £000
Balance at 1 April 2014	85,610	108,474	194,084
Total comprehensive income for the year	(8,970)	-	(8,970)
Transfer from revaluation reserve to income and expenditure reserves	4,337	(4,337)	-
Transfer of restricted expenditure from unrestricted reserve	-	-	-
<b>Balances at 31 March 2015</b>	<u>80,977</u>	<u>104,137</u>	<u>185,114</u>
Total comprehensive income for the year	13,928	-	13,928
Transfer from revaluation reserve to income and expenditure reserves	4,393	(4,393)	-
Transfer of restricted expenditure from unrestricted reserve	-	-	-
<b>Balances at 31 March 2016</b>	<u><u>99,298</u></u>	<u><u>99,744</u></u>	<u><u>199,042</u></u>

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## Consolidated Statement of Financial Position – co no 08198590 as at 31 March 2016

		2016	2015*
	Note	£000	Restated £000
<b>Intangible fixed assets</b>	12	10	27
<b>Tangible fixed assets</b>			
Housing properties	13	311,352	310,813
Investment Properties	15	2,410	-
Other tangible fixed assets	14	10,756	11,431
<b>Total fixed assets</b>		<b>324,528</b>	<b>322,271</b>
<b>Current assets</b>			
Properties for sale	17	5,314	-
Stock	18	223	265
Debtors	19	4,499	5,175
Cash at bank and in hand		27,055	27,506
		37,091	32,946
<b>Creditors: Amounts falling due within one year</b>	20	(10,602)	(10,338)
<b>Net current assets/(liabilities)</b>		<b>26,489</b>	<b>22,608</b>
<b>Total assets less current liabilities</b>		<b>351,017</b>	<b>344,879</b>
<b>Creditors: amounts falling due after more than one year</b>	21	134,747	135,351
<b>Net pension liability</b>	27	17,228	24,414
		151,975	159,765
<b>Total net assets</b>		<b>199,042</b>	<b>185,114</b>
<b>Capital and reserves</b>			
Revenue reserve		99,298	80,977
Revaluation reserve		99,744	104,137
		199,042	185,114

\*The comparatives for the year ended 31 March 2015 have been restated in line with the requirements of FRS 102 and the SORP 2014

The financial statements on pages 40 to 81 were approved by the Board and authorised for issue on 19 September 2016 and are signed on its behalf by:

Chairman  
Bishop David Walker

Board Member  
Bernadette Heanue

Secretary  
Richard Coughlan





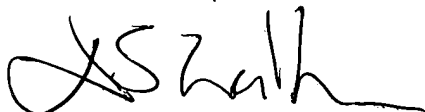
# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## Statement of Financial Position – co no 08198590 as at 31 March 2016

	Note	2016 £000	2015* Restated £000
<b>Tangible fixed assets</b>			
Housing properties	13	59	61
Other tangible fixed assets	14	<u>338</u>	<u>167</u>
			228
<b>Total fixed assets</b>		<b>397</b>	
<b>Current assets</b>			
Stock	18	223	265
Debtors	19	6,088	7,829
Cash at bank and in hand		<u>2,383</u>	<u>1</u>
		8,694	8,095
<b>Creditors: Amounts falling due within one year</b>	20	<u>(8,415)</u>	<u>(8,129)</u>
<b>Net current liabilities</b>		<b>279</b>	<b>(34)</b>
<b>Total assets less current liabilities</b>		<b>676</b>	<b>194</b>
<b>Creditors: amounts falling due after more than one year</b>	21	<u>-</u>	<u>-</u>
		-	-
<b>Capital and reserves</b>			
Revenue reserve		<u>676</u>	<u>194</u>
		<b>676</b>	<b>194</b>

The financial statements on pages 40 to 81 were approved by the Board and authorised for issue on ~~19~~ 21 September 2016 and are signed on its behalf by:

Chairman  
Bishop David Walker



Board Member  
Bernadette Heanue



Secretary  
Richard Coughlan



# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## Consolidated Statement of Cash Flows for the year ended 31 March 2016

	Note	2016 £000	2015 £000
<b>Net cash inflow from operating activities</b>	29	20,162	26,122
<b>Cash flow from investing activities</b>			
Purchase and construction of housing properties		(17,370)	(12,412)
Proceeds from sale of housing properties		2,734	2,681
Proceeds paid to MCC under RTB sharing agreement		(320)	(550)
Proceeds from sale of tangible fixed assets		-	15
Purchase of tangible fixed assets		(239)	(68)
Interest received		98	84
		<b>5,065</b>	<b>15,872</b>
<b>Cash flow from financing activities</b>			
Interest paid		(5,516)	(5,664)
Loans received		-	5,000
		<b>(451)</b>	<b>15,208</b>
<b>Net change in cash</b>		<b>(451)</b>	<b>15,208</b>
<b>Cash at beginning of the year</b>		<b>27,506</b>	<b>12,298</b>
<b>Cash at the end of the year</b>		<b>27,055</b>	<b>27,506</b>

The accompanying notes on pages 45 to 81 form part of these financial statements.

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## Notes to the Financial Statements for the year ended 31 March 2016

### 1. Legal status

The Trust is registered under the Companies Act 2006 and is registered with the Homes and Communities Agency (HCA) as a social landlord. The Trust is limited by guarantee and is a registered charity. The guarantee is limited to £1 per member.

The Group comprises of the following entities:

Name	Incorporation	Registered / Non registered
Parkway Green Housing Trust	Companies Act 2006	Registered
Willow Park Housing Trust Limited	Companies Act 2006	Registered

### 2. Accounting Policies

#### Basis of accounting

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers (Housing SORP 2014) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

The Group's financial statements have been prepared in compliance with FRS102 as it applies for the first time to the financial statements of the Group for the year ended 31 March 2016. The Group transitioned from previous UK GAAP to FRS102 as at 1 April 2014. An explanation of how the transition to FRS102 has affected the reported financial position and performance, as well as the exemptions taken on transition, is given in note 35.

In preparing the individual financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS102:

- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments (including categories of financial instruments; items of income, expenses, gains or losses relating to financial instruments; and the exposure to and management of risk) have not been presented as equivalent disclosures have been provided in respect of the Group as a whole, and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

The financial statements are presented in sterling (£).

#### Going concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The Group has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has long-term business plans which show that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

The Government's announcements in July 2015 impacting on the future income of the Group have led to a reassessment of the Group's business plans - no significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

### Significant judgements and estimates

Preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for income and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

### Significant management judgements

The following are the significant management judgements made in applying the accounting policies of the Group that have the most significant effect on amounts recognised in the financial statements:

- i. **Capitalisation of property development costs** - the Group capitalises development expenditure in accordance with the accounting policy described on page 49. Initial capitalisation of costs is based on management's judgement that development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.
- ii. **Categorisation of housing properties** - the Group has undertaken a review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The Group has determined that market rented properties are investment properties.

### Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is provided below:

- i. **Tangible fixed assets** – other than investment properties, tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles, maintenance programmes and changes to decent homes standard (which may require more frequent replacement of key components) are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- ii. **Revaluation of investment properties** - the Group carries its investment property at fair value, with changes in fair value being recognised in profit and loss. The Group engaged independent valuation specialists to determine fair value at the transition date, 31 March 2015 and 31 March 2016. The valuer used a valuation technique based on a discounted cash flow model. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in note 15.
- iii. **Pension and other post-employment benefits** - the cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 27. The liability as at 31 March 2016 was £17.2m.

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

- iv. **Fair value measurement** – Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices. Fair value measurements were applied to one loan which had options in the year 2025, the total value of this instrument was £10.8m at 31 March 2016.

### **Basis of Consolidation**

The Group accounts consolidate the accounts of the Trust and all its subsidiaries at 31 March using merger accounting. Where merger accounting is used, the investment is recorded in the association's Statement of Financial Position at the nominal value of the shares issued together with the fair value of any additional consideration paid. In the Group's financial statements, merged Subsidiary undertakings are treated as if they had already been a member of the Group. The results of such a subsidiary are included for the whole period in the year it joins the Group. The corresponding figures for the previous year include its results for that period, the assets and liabilities at the previous Statement of Financial Position date and the shares issued by the association as consideration as if they had always been in issue.

### **Turnover**

Turnover comprises rental and service charge income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale, other services provided at the invoice value (excluding VAT where recoverable) and revenue grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities. Revenue from non-social housing (mainly community centre activities) is recognised on receipt of takings

### **Taxation**

The Group has charitable status and is registered with the Charities Commission and is therefore exempt from paying Corporation Tax on charitable activities.

### **Value Added Tax**

The Group is registered for VAT. A large proportion of its income, including rents and service charges, is exempt from VAT. The majority of expenditure is subject to VAT which cannot be reclaimed, and expenditure is therefore shown inclusive of VAT. Partial exemption has been obtained for some business activities and any VAT recovered through partial exemption rules is credited to the Statement of Comprehensive Income.

VAT on improvement works expenditure included within the transfer agreement with Manchester City Council is fully recoverable, with a proportion then repayable to the Council. Expenditure on these works is shown inclusive of VAT, with income from VAT recoverable disclosed within other revenue grants. The balances of VAT payable and recoverable at year-end are included as a current liability and/or asset.

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## Interest Payable

Interest payable includes non-utilisation fees and is charged to the Statement of Comprehensive Income in the period.

## Employee Benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

## Pensions

The Group participates in the Greater Manchester Pension Fund (GMPF), a multi-employer defined benefits scheme. The assets of the scheme are held separately from those of the Group.

For the GMPF, scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. A net surplus is recognised only to the extent that it is recoverable by the Group through reduced contributions or through refunds from the plan.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Remeasurements are reported in the Statement of Comprehensive Income.

From 1 September 2011 the Trust also operated a defined contribution pension scheme. Contributions to the scheme are charged to the Statement of Comprehensive Income in the period to which they relate. The Trust's National Employment Savings Trust scheme (NEST) also came into operation in November 2013.

## Disposal of Housing Properties

The Group sells properties under the statutory regulations of preserved right to buy, right to acquire and through the staircasing of shared ownership properties. Surpluses and deficits on such sales are recognised after operating surpluses and deficits. The sale is recognised when the transaction is completed. Surpluses and deficits on sales are shown after the deduction of the share of sales proceeds payable to Manchester City Council under the terms of the transfer agreement where applicable.

## Intangible Fixed Assets

Intangible fixed assets represent licenses in respect of telecommunication masts purchased from Manchester City Council as part of the transfer. Licenses are amortised over ten years to reflect the period for which the licenses are held.

## Loan Arrangement Fees

The loan arrangement fee is to be capitalised and depreciated over the life of the loan.

## Financial instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS102 are accounted for under the amortised historical cost model.

Basic financial instruments are recognised at amortised historical cost.



## **WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED**

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in surplus or deficit.

### **Housing Properties**

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and shared ownership.

Completed housing and shared ownership properties are stated at historical cost less accumulated depreciation.

The Group has elected to use deemed cost for housing properties as part of its transitional arrangements.

Cost includes the cost of acquiring land and buildings and development costs incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. Where the first tranche has been sold prior to the acquisition of the properties, these are included in fixed assets only.

### **Government Grants including Social Housing Grant**

Grants due from government organisations or received in advance are include as current assets or liabilities.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with the HCA. Government grants released on the sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the Statement of Financial Position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any amortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income.

Upon disposal of the associated property, the Group is required to recycle grant proceeds and recognise them as a liability.

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## Other grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised as revenue when the grant proceeds are received or receivable. Where grant is received with specific performance-related requirements it is recognised as a liability until the conditions are met and then it is recognised as Turnover.

## Depreciation

No depreciation is provided on freehold land, or assets under construction. Other fixed assets are reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down is charged to the operating surplus/deficit.

Major components are treated as separable assets and depreciated over the expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following annual rates, on a straight line basis:

Structure	50 years
Land	NIL
Assets under construction	NIL
Windows	30 years
Doors	25 years
Kitchens	20 years
Bathrooms	25 years
Roof	50 years
Boilers	15 years
Central Heating	30 years
Wiring	25 years
Canopies	30 years
PV Panels	20 years

The Group depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

## Impairment

Annually housing properties are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell.

## Other Tangible Fixed Assets

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis, at rates considered appropriate to write off the assets over their effective working lives as follows:

Freehold buildings	2%-4%
Long leasehold property	Over life of lease
Furniture, fixtures and fittings	10%
Computers and office equipment	25%

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

Motor vehicles	20%
Plant and machinery	20%
CCTV	20%
Land	Nil

### Investment property

Investment property includes commercial and other properties not held for the social benefit of the Group or for use in the business. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

### Properties for Sale

Shared ownership first tranche sales, and property under construction are valued at the lower of cost and realisable value. Cost comprises materials, direct labour, and direct development overheads. Net realisable value is based on estimated sales prices after allowing for all further costs of completion and disposal.

### Stock

These items are included in the accounts at the lower of cost and estimated net realisable value.

At each reporting date, stock and properties held for sale are assessed for impairment. If there is evidence of impairment, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

### Short-term debtors and creditors

Short term debtors are measured at transaction price, less any impairment. Extended payment arrangements for tenancy arrears (instalment plans) will be discounted to the net present value using an appropriate market rate of interest.

Where deferral of payment terms have been agreed at below market rate, and where material, the balance is shown at present value, discounted at a market rate.

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### Operating Leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Group recognises annual rental expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## Recycling of Capital Grant

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

## Disposal Proceeds Fund (DPF)

Receipts from the sale of SHG funded properties less the net book value of the property and the costs of disposal are credited to the DPF, this creditor is carried forward until it is used to fund the acquisition of new social housing.

## Holiday pay accrual

The Group recognises an accrual for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

## Bad Debts and Write Offs

The Group provides against general debtors and rent arrears of current and former tenants to the extent that they are considered to be irrecoverable. An estimation of rent arrears that will not be recovered is made on the following basis:

Current tenants:	Arrears of up to 4 weeks	0%
	Arrears of 4 to 13 weeks	10%
	Arrears of 13 to 26 weeks	25%
	Arrears of 26 to 39 weeks	50%
	Arrears of 39 to 52 weeks	75%
	Arrears over 52 weeks	95%
Former tenants:	All arrears	100%

## Intra-Group Recharges

Costs are incurred by the parent organisation, Wythenshawe Community Housing Group Limited, and recharged back to the Trust in accordance with the intra group agreement. Such costs are recognised by the Trust on notification from Wythenshawe Community Housing Group Limited.

## Reserves

The Group establishes restricted reserves for specific purposes where their use is subject to external restrictions and designated reserves where reserves are earmarked for a particular purpose.

## Revaluation Reserve

The difference on transition between the valuation of housing properties and the historical cost carrying value is credited to the Revaluation Reserve.

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

### 3. Turnover, cost of sales, operating costs and operating surplus

#### Continuing activities - Group

	2016				
	Turnover £000	Fair value £000	Cost of sales £000	Operating Costs £000	Operating Surplus £000
<b>Social Housing Activities</b>					
Income and expenditure from social housing lettings	60,269	-	-	(50,359)	9,910
<b>Other Social Housing Activities</b>					
First tranche shared ownership sales	1,678	-	(1,291)	-	387
Supported people contract income	26	-	-	-	26
<b>Non Social Housing Activities</b>	1,052	-	-	(735)	317
<b>Movement in fair value of investment properties</b>	-	665	-	-	665
	<b>63,025</b>	<b>665</b>	<b>(1,291)</b>	<b>(51,094)</b>	<b>11,305</b>
	2015				
	Turnover £000	Fair value £000	Cost of sales £000	Operating Costs £000	Operating Surplus £000
<b>Social Housing Activities</b>					
Income and expenditure from social housing lettings	59,525	-	-	(51,638)	7,887
<b>Other Social Housing Activities</b>					
First tranche shared ownership sales	-	-	-	-	-
Supported people contract income	5	-	-	-	5
<b>Non Social Housing Activities</b>	1,195	-	-	(838)	357
<b>Movement in fair value of investment properties</b>	-	-	-	-	-
	<b>60,725</b>	<b>-</b>	<b>-</b>	<b>(52,476)</b>	<b>8,249</b>

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

### 3. Turnover, cost of sales, operating costs and operating surplus (continued) Particulars of income and expenditure from social housing lettings - Group

	2016			2015		
	General Housing £000	Supported Housing £000	Total £000	General Housing £000	Supported Housing £000	Total £000
<b>Turnover from social housing lettings</b>						
Rent receivable net of identifiable service charges	59,058	445	59,503	58,098	437	58,535
Service charges receivable	342	2	344	321	2	323
<b>Net rental income</b>	<b>59,400</b>	<b>447</b>	<b>59,847</b>	<b>58,419</b>	<b>439</b>	<b>58,858</b>
VAT shelter income	374	2	376	634	4	638
Amortised government grants	46	-	46	29	-	29
<b>Turnover from social housing lettings</b>	<b>59,820</b>	<b>449</b>	<b>60,269</b>	<b>59,082</b>	<b>443</b>	<b>59,525</b>
<b>Expenditure on social housing lettings</b>						
Management	(9,925)	(75)	(10,000)	(9,817)	(71)	(9,888)
Services	(5,326)	(43)	(5,369)	(5,856)	(47)	(5,903)
Routine maintenance	(9,795)	(74)	(9,869)	(10,517)	(78)	(10,595)
Planned maintenance	(3,159)	(23)	(3,182)	(3,013)	(22)	(3,035)
Major repairs expenditure	(5,613)	(39)	(5,652)	(6,935)	(49)	(6,984)
Regeneration expenditure	(1,763)	(14)	(1,777)	(1,503)	(13)	(1,516)
Bad debts	(413)	(4)	(417)	(599)	(5)	(604)
Depreciation and amortisation charged	(12,302)	(80)	(12,382)	(12,468)	(71)	(12,539)
Accelerated depreciation on disposal of components	(1,711)	-	(1,711)	(574)	-	(574)
<b>Operating costs on social housing lettings</b>	<b>(50,007)</b>	<b>(352)</b>	<b>(50,359)</b>	<b>(51,282)</b>	<b>(356)</b>	<b>(51,638)</b>
<b>Operating surplus on social housing lettings</b>	<b>9,813</b>	<b>97</b>	<b>9,910</b>	<b>7,800</b>	<b>87</b>	<b>7,887</b>
Void losses	(204)	(2)	(206)	(235)	(2)	(237)

#### 4. Accommodation in management and development - Group

	<b>2016 Units</b>	<b>2015 Units</b>
General needs housing – social rent	12,976	13,217
affordable rent	336	145
Market rent	12	-
Shared ownership	78	54
Supported housing	111	100
	<b>13,513</b>	<b>13,516</b>
<b>Total units owned and managed</b>	<b>13,513</b>	<b>13,516</b>
Developed in the period	72	24
Acquired in the period	5	6
Demolished in the period	-	(6)
Management Voids	-	(2)
Sold in the period	-	(1)
Right to Buys in the period	(62)	(56)
Right to Acquires in the period	(14)	(17)
Full staircasing	(4)	-
	<b>(3)</b>	<b>(52)</b>
<b>Movement in period</b>	<b>(3)</b>	<b>(52)</b>
<b>Accommodation in development at the period end</b>	<b>163</b>	<b>207</b>

This is arrived at after charging:

55

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## 6. Surplus on sale of fixed assets – housing properties - Group

	2016 £000	2015 £000
Right to buy sales proceeds	2,910	2,770
Less: share of proceeds due to MCC	(320)	(380)
<b>Trust share of sales proceeds</b>	<b>2,590</b>	<b>2,390</b>
Carrying value of fixed assets	(1,945)	(1,678)
Other costs of sales	(106)	(89)
<b>Surplus on sale of fixed assets</b>	<b>539</b>	<b>623</b>

Under the terms of the transfer agreement, Parkway Green Housing Trust is required to pay £9,999 to Manchester City Council (MCC) for every property sold under right to buy. Total sales for 2016 were 62 (2015: 55).

## 7. Interest receivable and other income - Group

	2016 £000	2015 £000
Interest receivable and similar income	98	85
	<b>98</b>	<b>85</b>

## 8 Interest payable and similar charges - Group

	2016 £000	2015 £000
Loan interest	5,450	5,540
Non utilisation fees	81	98
Payment arrangements amortised		
	<b>5,531</b>	<b>5,638</b>

## 9. Employees - Group

The average number of persons employed during the period was:

	2016 Average Number	2015 Average Number
Administration	119	119
Asset management and development	293	303
Housing support and care	78	84
Regeneration	70	64
	<b>560</b>	<b>570</b>



## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

The average number of people employed during the period expressed as full-time equivalents was:

	<b>2016 Average FTEs</b>	<b>2015 Average FTEs</b>
Administration	110	98
Asset management and development	291	298
Housing support and care	72	64
Regeneration	55	31
	<b>528</b>	<b>491</b>

Full time equivalents are calculated based on a standard working week of 35 hours.

Staff costs for the above persons

	<b>2016 £'000</b>	<b>2015 £'000</b>
Administration	4,753	4,546
Asset management and development	9,448	9,219
Housing support and care	2,470	2,431
Regeneration	1,418	1,278
	<b>18,089</b>	<b>17,474</b>

Employee costs:

	<b>2016 £000</b>	<b>2015 £000</b>
Wages and salaries	14,876	14,255
Social security costs	1,089	1,102
Other pension costs	2,124	2,117
	<b>18,089</b>	<b>17,474</b>

The Trust's employees were eligible to be members of the Greater Manchester Pension Scheme (GMPS). Further information on the scheme is given at Note 27.

From 1 September 2011 all new employees of PGHT were eligible to become members of a defined contribution pension scheme.

For the year ended 31 March 2016 the contributions paid by the Trust into the scheme were £80,490 (2015: £67,157)

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## 10. Directors' and senior staff emoluments - Group

The directors and senior staff costs detailed below for 2016 and 2015 are the full costs before transfer priced out from the parent company.

The aggregate remuneration for key management personnel charges in the year is:

	<b>2016 £000</b>	<b>2015 £000</b>
Basic salary	608	511
Benefits in kind	37	48
Employers NI contributions	69	63
Pension contributions	92	97
	<u>806</u>	<u>719</u>

	<b>2016 £000</b>	<b>2015 £000</b>
Emoluments of the Chief Executive, who was also the highest paid Director, excluding pension contributions	141	133
Amount of Chief Executive pension	26	24
Benefits in kind of Chief Executive	10	10

Salary bandings for all employees earning over £60,000:

	<b>2016 Number</b>	<b>2015 Number</b>
£60,000 to £70,000	-	1
£70,000 to £80,000	5	5
£80,000 to £90,000	-	1
£90,000 to £100,000	2	-
£100,000 to £110,000	-	2
£110,000 to £120,000	1	1
£120,000 to £130,000	1	-
£130,000 to £140,000	-	1
£140,000 to £150,000	-	1
£150,000 to £160,000	1	-

The Chief Executive is a member of the Greater Manchester Pension Scheme. He is an ordinary member of the pension scheme and no enhanced or special terms apply. The Trust does not make any further contribution to an individual pension arrangement for the Chief Executive.

No emoluments were paid to the Board members during the year (2015:£nil).

Expenses paid during the year to members of the Board amounted to £1,772 (2015: £1,008).

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

### 11. Taxation on deficit from ordinary activities - Group

	2016 £000	2015 £000
<b>Current taxation reconciliation</b>		
Surplus on ordinary activities before taxation	<u>5,396</u>	<u>1,033</u>
Theoretical tax at UK corporation tax rate 20% (2015: 21%)	(1,079)	(217)
Effects of:		
- income not subject to corporation tax	<u>1,079</u>	<u>217</u>
<b>Current taxation charge</b>	<u>-</u>	<u>-</u>

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

### 12. Intangible fixed assets Group

	Telecom Licenses £000
<b>Cost</b>	
At 1 April 2015	<u>249</u>
At 31 March 2016	<u>249</u>
<b>Amortisation</b>	
At 1 April 2015	222
Charge for year	<u>17</u>
At 31 March 2016	<u>239</u>
<b>Net book value</b>	
At 31 March 2016	<u>10</u>
At 31 March 2015	<u>27</u>

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## 13. Tangible Fixed Assets – housing properties

### Group

	Social housing properties held for letting £000	Properties under construction £000	Shared Ownership £000	Shared Ownership under construction £000	Solar Panels £000	Total housing properties £000
Cost						
At 1 April 2015	314,834	6,058	1,643	-	2,335	324,870
Additions	-	7,973	-	1,967	-	9,940
Properties acquired	329	-	-	-	-	329
Works to existing properties	6,497	-	-	-	-	6,497
Schemes completed	3,571	(5,770)	2,199	-	-	-
Disposals	(1,862)	-	(843)	-	-	(2,705)
Disposals of components	(1,928)	-	-	-	-	(1,928)
At 31 March 2016	321,441	8,261	2,999	1,967	2,335	337,003
Depreciation						
At 1 April 2015	13,677	-	29	-	351	14,057
Charge for year	11,718	-	47	-	117	11,882
Released on disposal	(70)	-	(3)	-	-	(73)
Disposal of components	(215)	-	-	-	-	(215)
At 31 March 2016	25,110	-	73	-	468	25,651
Social Housing Grant						
At 1 April 2015	-	-	-	-	-	-
Received in year	-	-	-	-	-	-
Schemes completed	-	-	-	-	-	-
Released on disposals in year	-	-	-	-	-	-
At 31 March 2016	-	-	-	-	-	-
Net book value						
At 31 March 2016	296,331	8,261	2,926	1,967	1,867	311,352
At 31 March 2015	301,157	6,058	1,614	-	1,984	310,813

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## 13. Tangible Fixed Assets – housing properties (continued)

Expenditure on works to existing properties:

	2016 £000	2015 £000
Amounts capitalised	6,497	5,366
Amounts charges to income and expenditure account	6,936	5,936
<b>Total</b>	<b>13,433</b>	<b>11,302</b>

An independent valuation was carried out on the Trust's housing properties by Savills (UK) Limited as at the 31 March 2016. The full valuation of the properties was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors as follows:

- i. £331 million Existing Use Value: Social Housing.

In valuing housing properties, discounted cash flow methodology was adopted with key assumptions including:

Discount rate	5.75%
Annual inflation rate	1.5% for year 1, 2% thereafter
Level of annual rent increase	CPI plus 1%

The carrying value of the housing properties that would have been included in the financial statements had the assets been carried at historical cost less SHG and depreciation is as follows:

	2016 £000	2015 £000
Historical cost	272,062	259,742
Social housing grant	(68,026)	(67,581)
Depreciation and impairment	(66,971)	(55,375)
	<b>137,065</b>	<b>136,786</b>

### Social housing grant

	2016 £000	2015 £000
Total accumulated SHG receivable at 31 March:		
Recognised in the Statement of Comprehensive Income	-	-
Held as deferred income	445	3,664
	<b>445</b>	<b>3,664</b>

### Housing properties book value, net of depreciation and grants comprises:

	2016 £000	2015 £000
Freehold land and buildings	311,293	313,862
	<b>311,293</b>	<b>313,862</b>

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## 13. Tangible fixed assets – housing properties (continued)

<b>Association</b>			
	<b>Social housing properties held for letting £000</b>	<b>Properties under construction £000</b>	<b>Total housing properties £000</b>
<b>Cost</b>			
At 1 April 2015	63	-	63
Additions	-	-	-
Properties acquired	-	-	-
Works to existing properties	-	-	-
Disposals	-	-	-
At 31 March 2016	63	-	63
<b>Depreciation</b>			
At 1 April 2015	2	-	2
Charge for year	2	-	2
Released on disposal	-	-	-
At 31 March 2016	4	-	4
<b>Social Housing Grant</b>			
At 1 April 2015	-	-	-
Additions	-	-	-
At 31 March 2016	-	-	-
<b>Net book value</b>			
At 31 March 2016	59	-	59
At 31 March 2015	61	-	61

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## 14. Tangible fixed assets - Other Group

	Long Leasehold Offices £000	Freehold Land £000	Freehold Offices £000	Plant & Machinery £000	Furniture, Fixtures & Fittings - Office £000	Furniture, Fixtures & Fittings - Housing £000	Computers & Office Equipment £000	CCTV Shops and Industrial Estates £000	Motor Vehicles £000	Total £000
<b>Cost</b>										
At 1 April 2015	715	372	13,549	56	775	62	4,039	1,287	-	20,855
Additions	-	-	-	-	1	-	237	-	-	238
Disposals	(370)	-	(224)	-	-	-	-	-	-	(594)
At 31 March 2016	345	372	13,325	56	776	62	4,276	1,287	-	20,499
<b>Depreciation</b>										
Depreciation at 1 April 2015	365	-	3,220	16	596	62	3,878	1,287	-	9,424
Depreciation charge for the yr	36	-	259	8	73	-	84	-	-	460
Depreciation on disposal	(69)	-	(72)	-	-	-	-	-	-	(141)
At 31 March 2016	332	-	3,407	24	669	62	3,962	1,287	-	9,743
<b>Net book value</b>										
At 31 March 2016	13	372	9,918	32	107	-	314	-	-	10,756
At 31 March 2015	350	372	10,329	40	179	-	161	-	-	11,431



# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## 14. Tangible fixed assets – Other

### Association

	Long Leasehold Offices £000	Freehold Land £000	Freehold Offices £000	Plant & Machinery £000	Furniture, Fixtures & Fittings - Office £000	Furniture, Fixtures & Fittings - Housing £000	Computers & Office Equipment £000	CCTV Shops and Industrial Estates £000	Motor Vehicles £000	Total £000
<b>Cost</b>										
At 1 April 2015	-	-	-	40	170	-	-	-	-	210
Additions				-	237	1				238
Disposals										
At 31 March 2016	-	-	-	40	407	1	-	-	-	448
<b>Depreciation</b>										
Depreciation at 1 April 2015	-	-	-	-	43	-	-	-	-	43
Depreciation charge for the yr				8	59					67
Depreciation on disposal										
At 31 March 2016	-	-	-	8	102	-	-	-	-	110
<b>Net book value</b>										
At 31 March 2016	-	-	-	32	305	1	-	-	-	338
At 31 March 2015	-	-	-	40	127	-	-	-	-	167

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## 15. Investment properties non-social housing properties held for letting

	2016 £000
At 1 April 2015	
Additions	1,745
Increase in value	665
At 31 March 2016	<u>2,410</u>

Investment properties were valued as at 31 March 2016. The group's investment properties have been valued by Thomson & Associates Chartered Surveyors, professional external valuers. The full valuation of properties was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors.

## 16. Investments in subsidiaries

Wythenshawe Community Housing Group Limited has two subsidiaries:

- Parkway Green Housing Trust;
- Willow Park Housing Trust Limited.

Wythenshawe Community Housing Group Limited (parent) has full control over the above subsidiaries and is the ultimate controlling party.

The principle activities for the parent and the subsidiaries are the development and management of affordable housing.

The Group, including the subsidiaries are registered under the Companies Act 2006, and are registered with the HCA (the Regulator) as a social landlord.

## 17. Properties for Sale

	Group		Association	
	2016 £000	2015 £000	2016 £000	2015 £000
Completed Properties	<u>5,314</u>	<u>-</u>	<u>-</u>	<u>-</u>

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## 18. Stock

	Group		Association	
	2016 £000	2015 £000	2016 £000	2015 £000
Materials	<u>223</u>	<u>265</u>	<u>223</u>	<u>265</u>

## 19. Debtors

	Group		Association	
	2016 £000	2015 £000	2016 £000	2015 £000
<b>Due within one year</b>				
Rent and service charges receivable	5,511	5,036	-	-
Less: provision for bad and doubtful debts	<u>(2,588)</u>	<u>(2,156)</u>	<u>-</u>	<u>-</u>
	<b>2,923</b>	<b>2,880</b>	<b>-</b>	<b>-</b>
Amounts owed by subsidiaries	-	-	5,235	6,433
Other debtors	1,004	1,513	331	686
Prepayments and accrued income	<u>572</u>	<u>782</u>	<u>522</u>	<u>710</u>
<b>Total due within one year</b>	<b><u>4,499</u></b>	<b><u>5,175</u></b>	<b><u>6,088</u></b>	<b><u>7,829</u></b>

## 20. Creditors: amounts falling due within one year

	Group		Association	
	2016 £000	2015 £000	2016 £000	2015 £000
Bank overdrafts	-	2,370	-	2,370
Rents and service charges received in advance	1,353	1,061	-	-
Housing loans (Note 22)	-	-	-	-
HMRC VAT	24	69	24	69
Other tax and social security	-	-	-	-
Trade creditors	2,416	881	2,416	881
Other creditors	162	169	127	80
Deferred grant income (Note 24)	102	41	-	-
Leaseholder sinking fund balances	235	278	-	-
Accruals and deferred income	<u>6,310</u>	<u>5,469</u>	<u>5,848</u>	<u>4,729</u>
	<b><u>10,602</u></b>	<b><u>10,338</u></b>	<b><u>8,415</u></b>	<b><u>8,129</u></b>

The average number of days between receipt and payment of invoices was 28 days (2015: 26 days).

Housing loans have been reclassified to payable after one year following a review of the payment terms of the loan.

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## 21. Creditors: amounts falling due after one year

	Group		Association	
	2016 £000	2015 £000	2016 £000	2015 £000
Housing loans net of arrangement fee (Note 22)	128,499	128,253	-	-
HMRC Vat	-	-	-	-
Leaseholder sinking funds balances	328	296	-	-
Disposal proceeds (Note 23)	642	1,862	-	-
Deferred grant income (Note 24)	5,278	4,940	-	-
	<b>134,747</b>	<b>135,351</b>	<b>-</b>	<b>-</b>

## 22. Debt analysis

	Group		Association	
	2016 £000	2015 £000	2016 £000	2015 £000
<b>Due within one year</b>				
Housing loans drawn down	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>2016 £000</b>	<b>2015 £000</b>	<b>2016 £000</b>	<b>2015 £000</b>
Due within one year	-	-	-	-
Between two and five years	30,000	30,000	-	-
After five years	94,719	94,697	-	-
Fair value adjustment	3,780	3,556	-	-
	<b>128,499</b>	<b>128,253</b>	<b>-</b>	<b>-</b>

Housing loans are secured by specific charges on the Group's housing properties.

Parkway Green - the loans are repayable on maturity, with fixed rates of interest, the first repayment is due in 2034. Variable rate loans are included within loans repayable within one year due to the balance being renewable monthly on a variable rate of c1.58% for £19.2m and c3.43% for £5m. During the year the Trust held three £7.0 loans on fixed rates of 5.45%, 5.68% and 5.89%.

Willow Park – the loans are repayable on maturity, interest on £60m of the bank loan is repaid in half and quarterly instalments at fixed rates of interest ranging from 5.42% to 6.59%. The final capital instalments fall to be repaid in period 2019 to 2031. The remaining bank loan (£20m) is repaid over a 25-year term at variable rates of interest.

The Group has incurred £665k of loan fees (Parkway Green only) which have been offset against the long-term loan balance. The loan fees will be amortised over the life of the loan facility through the Statement of Comprehensive Income.

At 31 March 2016, the Group had undrawn loan facilities of £18.8m (2015: £18.8m).

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## 23. Disposal Proceeds Fund

	Group		Association	
	2016 £000	2015 £000	2016 £000	2015 £000
At 1st April	1,862	518	-	-
Net proceeds recycled	1,137	1,339	-	-
Interest accrued	13	5	-	-
Acquisition of dwellings for letting	(2,370)	-	-	-
Balance as at 31 March (included in Note 21)	<b>642</b>	<b>1,862</b>	-	-

£2.37m was utilised during the year ended 31 March 2016 for the development of the Trust's extra care development, along with developments at Diane Avenue, Nesfield Road, Bideford Drive, Amberley Drive, Moorcroft Road, Hall Lane, Altrincham Road and Scout Drive.

## 24. Deferred grant income

	Group		Association	
	2016 £000	2015 £000	2016 £000	2015 £000
At 1 April 2015	4,981	1,345	-	-
Grant received in the year	445	3,664	-	-
Released to income in the year	(46)	(28)	-	-
At 31 March 2016	<b>5,380</b>	<b>4,981</b>	-	-

	Group		Association	
	2016 £000	2015 £000	2016 £000	2015 £000
Amounts to be released within one year	102	41	-	-
Amounts to be released in more than one year	5,278	4,940	-	-
At 31 March 2016	<b>5,380</b>	<b>4,981</b>	-	-

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## 25. Capital commitments

	Group		Association	
	2016 £000	2015 £000	2016 £000	2015 £000
Expenditure contracted but not provided in the accounts	34,647	40,915	27,313	22,996
Expenditure authorised by the Board but not contracted	15,958	32,541	15,958	32,541
	<u>50,605</u>	<u>73,456</u>	<u>43,271</u>	<u>55,537</u>

The amounts above are expenditure that has been contracted and authorised as part of the three year development plan to 31 March 2018. This will be financed by grant income of £5m, additional drawn downs on the existing loan facilities of £11.6m and revenue income through rent received, outright and shared ownership sales.

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

The payments which the Trust is committed to make in the next year under operating leases are as follows:

	<b>Group</b>		<b>Association</b>	
	<b>2016 £000</b>	<b>2015 £000</b>	<b>2016 £000</b>	<b>2015 £000</b>
Land and buildings				
Minimum lease payments	14	28	-	-
Split between:				
Within one year	14	14	-	-
One to five years	-	14	-	-
Beyond five years	-	-	-	-
	<b>14</b>	<b>28</b>	<b>-</b>	<b>-</b>
	<b>2016 £000</b>	<b>2015 £000</b>	<b>2016 £000</b>	<b>2015 £000</b>
Vehicles				
Minimum lease payments	4	256	4	17
Split between:				
Within one year	4	243	4	4
One to five years	-	13	-	13
	<b>4</b>	<b>256</b>	<b>4</b>	<b>17</b>
	<b>2016 £000</b>	<b>2015 £000</b>	<b>2016 £000</b>	<b>2015 £000</b>
Office equipment, leases expiring				
Minimum lease payments	61	108	60	100
Split between:				
Within one year	41	46	40	40
One to five years	20	62	20	60
	<b>61</b>	<b>108</b>	<b>60</b>	<b>100</b>

### 26. Contingent liabilities

The Group had no contingent liabilities at 31 March 2016 (2015: £nil).

### 27. Pension Obligations

The Greater Manchester Pension Fund (GMPF) is a multi-employer scheme with more than one participating employer, which is administered by Tameside MBC under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The Group commenced participation in the Fund at transfer for both subsidiaries. Triennial actuarial valuations of the pension scheme are performed by a qualified, independent actuary using the projected unit method.

The most recent formal actuarial valuation was undertaken at 31 March 2013 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2016 by a qualified independent actuary.

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## 27. Pension Obligations (continued)

### Contributions

The employers' contributions to the GMPF by the Group for the period 1 April 2015 to 31 March 2016 were £2,287k (2015: £2,255k) and the employers' minimum contribution rate was 19.4% (Willow Park) / 18.3% (Parkway Green) of pensionable pay until 31 March 2016.

### Assumptions

	<b>2016</b>	<b>2015</b>
	<b>%pa</b>	<b>%pa</b>
Rate of increase in salaries	3.5%	3.6%
Rate of increase in pensions in payment	2.2%	3.2%
Discount rate	3.5%	3.2%
Expected return on assets	3.6%	2.4%

### Mortality assumptions

The post-retirement mortality assumptions used to value the benefit obligation at March 2016 are based on the PFA92 and PMA92 tables projected to calendar year 2018 for pensioners, and 2032 for non-pensioners.

The assumed life expectations on retirement at age 65 are as follows:

	<b>At 31 March 2016</b>	
	<b>Males</b>	<b>Females</b>
Current Pensioners	21.4 years	24.0 years
Future Pensioners	24.0 years	26.6 years
	<b>At 31 March 2015</b>	
	<b>Males</b>	<b>Females</b>
Current Pensioners	21.4 years	24.0 years
Future Pensioners	24.0 years	26.6 years



# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## 27. Pension Obligations (continued)

### Fair value and expected return on assets

The fair value of assets (employer) in the GMPS and the expected rates of return were:

	<b>31 March 2016</b>	<b>31 March 2015</b>
	<b>Long Term Return</b>	<b>Long Term Return</b>
	<b>%pa</b>	<b>%pa</b>
Equity	73%	73%
Bonds	17%	17%
Property	6%	6%
Cash	4%	6%

Employers contributions for the year ended 31 March 2017 are predicted to be £2,068k.

There is no provision for unitising the assets of a Fund under the LGPS. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis.

	<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>	<b>31 March 2014 £000</b>
Fair value of the above assets related to the Trust	72,653	71,479	62,434
Present value of liabilities	(89,881)	(95,893)	(76,172)
<b>Deficit related to the Trust</b>	<b>(17,228)</b>	<b>(24,414)</b>	<b>(13,738)</b>

### Investment returns

Actual return for the period 1 April 2015 to 31 December 2015	(3.0%)
Estimated return for the period from 1 April 2015 to 31 March 2016	(0.6%)

The return on the fund in market value terms for the year to 31 March 2016 is estimated based on actual fund returns as provided by the Administering Authority and index returns where necessary.

### Recognition in the surplus of deficit

	<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>
Current service cost	2,838	2,336
Past service cost	4	
Interest cost	3,110	3,311
Expected return on employer assets	(2,319)	(2,719)
Curtailments and settlements	-	-
<b>Total operating charge</b>	<b>3,633</b>	<b>2,928</b>

Of the above costs £2,842k (2015: £2,336k) has been charged to operating surplus and £791k has been charged (2015: £592k) other finance/income cost.

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## 27. Pension Obligations (continued)

### Reconciliation of defined benefit obligation

	31 March 2016	31 March 2015
	£000	£000
Opening defined benefit obligation	95,893	76,172
Current service cost	2,838	2,336
Past service cost	4	-
Interest cost	3,110	3,311
Contributions by members	705	727
Actuarial losses	(11,273)	14,620
Losses on curtailments	-	-
Estimated benefits paid	(1,396)	(1,273)
Closing defined benefit obligation	89,881	95,893

### Reconciliation of fair value of employer assets

	31 March 2016	31 March 2015
	£000	£000
Opening fair value of employer assets	71,479	62,434
Expected return on assets	2,319	2,719
Contributions by members	705	727
Contributions by the employer	2,287	2,255
Actuarial gains	(2,741)	4,617
Benefits paid	(1,396)	(1,273)
Closing fair value of employer assets	72,653	71,479

### Projected pension expense for the year to 31 March 2016

	31 March 2016	
	£000	% of pay*
Projected current service cost	2,399	22.9% to 26%
Interest on obligation	3,176	32.2% to 33.3%
Expected return on plan assets	(2,567)	(32.2% to 42.7%)
<b>Total</b>		

\*The percentage is shown as a range to reflect the different rates in the two subsidiaries, Parkway Green Housing Trust Limited and Willow Park Housing Trust Limited.

### Contributions paid to the defined contribution pension scheme.

	31 March 2016	31 March 2015
	£000	£000
Contributions paid	80	67

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## 28. Share capital

The group is limited by guarantee and therefore has no share capital.

	2016 No	2015 No
Number of members		
At 1 April	12	12
Joined during the year	4	4
Leaving during the year	(10)	(4)
At 31 March	<u>6</u>	<u>12</u>

## 29. Reconciliation of operating deficit to net cash inflow from operating activities

	2016 £000	2015 £000
<b>Operating surplus</b>	11,305	8,249
Amortisation of finance charges	22	23
Amortisation of intangible fixed assets	17	17
Depreciation of tangible fixed assets - properties	11,880	11,902
Depreciation of tangible fixed assets - other	462	604
Accelerated depreciation on disposal of components	1,711	574
Movement in fair value of investment properties	(665)	-
Pension current service cost	2,842	2,336
Pension contributions paid	(2,287)	(2,255)
Curtailments and settlements	-	-
	<u>25,287</u>	<u>21,450</u>
<b>Working capital movements</b>		
(Increase)/Decrease in properties for sale	(5,314)	-
Decrease/(Increase) in stock	42	156
Decrease/(Increase) in debtors	1,877	(227)
(Decrease)/Increase in creditors	<u>(1,730)</u>	<u>4,743</u>
<b>Net cash inflow from operating activities</b>	<u>20,162</u>	<u>26,122</u>

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

### 32. Related parties

Nigel Wilson is the Vice Chair of the Procure Plus Board. At 31 March 2016 The Group owed £nil to Procure Plus. Nigel Wilson is also a member of JV North, a HCA development Partnership. The Group paid JV North Limited £9,048 (2015: £nil) in membership fees during the year ended 31 March 2016. At the year-end there was a balance of £nil on the purchase ledger. During the year to 31 March 2016 the Group received £nil towards development projects. Nigel Wilson is also the Vice Chair of the Community Gateway Association and the Wythenshawe Forum Trust. There were no transactions with either entity during the year and both had £nil outstanding on the purchase ledger at 31 March 2016.

Cllr Paul Andrews  
Cllr Eddy Newman  
Martin Oldfield  
Cllr Fran Shone  
Hazel Summers  
Sarah Russell

The above are local councillors who also are Board members. They do not have any contractual arrangements with the Trust.

The company has taken advantage of exemptions conferred by Financial Reporting Standard 8 from disclosing transactions with fellow wholly owned group undertakings consolidated in the accounts of WCHG.

Martin Oldfield was a Board member during the year and also employee of Manchester City Council. The following transactions were undertaken with Manchester City Council during the year, sales of £261k (2015: £271k) and purchases of £1,794k (2015: £2,369k). At 31 March 2016 the group owed £125k (2015: £33k) to Manchester City Council and were owed £151k (2015: £128k) by Manchester City Council.

Clare Flynn	To 01/04/2016
Bernadette Heanue	
Sue Morris	To 01/04/2016

The above are tenant Board members. Their tenancies are on normal commercial terms and they are not able to use their position to their advantage. At 31 March 2016 the aggregate value of rent arrears was £959.70 in credit.

David Teale is a Board member and is also the Chief Executive of North of England Excellence, during the year transactions with them totalled £666 (2015: £nil). At the year end there was £nil (2015: £nil) due to the North of England Excellence.

# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

## 33. Financial assets and liabilities

The board policy on financial instruments is explained in the Board Report as are references to financial risks.

Categories of financial assets and financial liabilities

	2016 £000	2015 £000
Financial assets that are debt instruments measured at amortised cost:		
Cash	27,055	27,506
Rent arrears due	2,923	2,880
Leasehold arrears due	170	151
Accounts receivable	738	1,007
Other debtors	96	355
Financial liabilities measured at fair value through surplus or deficit:		
Loans	(48,499)	(48,253)
Financial liabilities measured at amortised cost:		
Loans	(80,000)	(80,000)
Bank overdraft	-	(2,370)
Trade creditors	(2,416)	(881)
Rent received in advance	(1,353)	(1,061)
Other creditors	(186)	(236)
Accruals	(6,310)	(5,469)
Leaseholder sinking fund balance	(563)	(575)
Loan commitments measured at cost less impairment	-	-
	<u>(108,345)</u>	<u>(106,946)</u>

The loan agreements have been reviewed as part of the transition to FRS102 and it has been concluded that the following loan within Parkway Green Housing Trust includes a call option on the interest rate and the loan has therefore been classified as non-basic in the financial statements with all other loans being classified as basic. The movement in fair value has been recognised through the surplus or deficit.

The attributes of the loan detailed as non-basic are detailed below:

Start date:	01.04.2008
Pre margin rate:	4.45%
Amount:	£7,000,000
Dates of the call options:	31.03.2025
Payment dates (quarterly):	30 Jun, 30 Sep, 31 Dec, 31 Mar
Final maturity date:	31.03.2036

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

### 34. Investment in Joint Venture

Wythenshawe Community is part of a consortium of eight registered social landlords who have invested in a company limited by guarantee, JV North Limited. The nature of this company is to act as a vehicle to expand the partner's development programme for providing new affordable homes aided with grant funding from the Homes and Communities Agency's National Affordable Housing Programme.

JV North Limited has reported on its performance for the 12 months ended 31 March 2016. The key financial information relating to JV North Limited as at 31 March 2016 is as detailed below:

	12 months ending 31 March 2016 (unaudited) £	12 months ending 31 March 2015 £
Turnover	136,560	131,040
Administration expenses	(112,493)	(128,868)
Operating (loss) / profit	<u>24,067</u>	<u>2,172</u>
	<b>As at 31 March 2016 (unaudited) £</b>	<b>As at 31 March 2015 £</b>
Assets	2,659,789	490,176
Liabilities	(2,576,203)	(432,982)
Net assets	<u>83,586</u>	<u>57,194</u>

The financial statements for JV North Limited can be obtained from JV North Limited at its registered office, Cavendish 249, Cavendish Street, Ashton Under Lyne, OL6 7AT (New Charter Housing Trust).

### 35. Transition to FRS 102

The association has adopted FRS 102 for the year ended 31 March 2016 and has restated comparative prior year amounts.

#### Holiday pay provision

A provision is now made for entitlement to holiday at the year-end which has not been taken by employees. This has been calculated based on payroll records and totalled £78k as a liability in opening reserves.

#### Financial Instruments

One of the bank loans with Royal Bank of Scotland was previously reported at amortised cost. £7m of the loan facility includes an option for the bank to call it before the final maturity date and has therefore been classified as non-basic. The fair value of the loan has been calculated and measured through the operating surplus in the statement of comprehensive income.

#### Grant accounting

Grants were previously netted off the costs of the asset. Under FRS 102, government grants must be accounted for using the accruals model or the performance model as the association is accounting for its properties at cost, it has adopted the accruals model for government grants, as required by SORP 2014. Non-government grants are accounted for under the performance model.

Under the accruals model, the government grants have been allocated to the related assets and amortised over the useful economic life of those assets. The unamortised amount is held within deferred income, split between <1 year and > 1 year. The amount of amortised grant that has been recognised in opening reserves is £66.4m.

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

Under the performance model, grants have been recognised when the group has entitlement or when the performance conditions have been met. £66.4m of income has been recognised in the opening reserves. This amount includes £66.4m of grant that was obtained in relation to assets previously held at revaluation.

### Defined benefit pension scheme

The net pension finance cost recognised in the Statement of Comprehensive Income for the year ended 31 March 2015 under the previous UK GAPP was the net of the expected return on pension plan assets and the interest on pension liabilities. FRS 102 requires the recognition in the Statement of Comprehensive Income, of a net interest costs, calculated by multiplying the net plan obligations by the market yield on high quality corporate bonds (the discount rate applied). The change has had no effect on net assets as the measurement of the net defined benefit plan obligation has not changed. Instead, the decrease in the surplus for the year has been mirrored by a reduction in the actuarial losses presented with Other Comprehensive Income.

## WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

### Restated statement of financial position

	As previously stated 1 April 2014 £000	Effect of transition 1 April 2014 £000	<b>FRS 102 (as restated) 1 April 2014 £000</b>	As previously stated 1 April 2015 £000	Effect of transition 1 April 2015 £000	<b>FRS 102 (as restated) 1 April 2015 £000</b>
Fixed Assets	323,234	1,347	324,581	325,696	(3,426)	322,270
Current Assets	16,935	-	16,935	32,946	-	32,946
Creditors: amounts falling due within one year	(33,979)	(101)	(34,080)	(10,219)	(119)	(10,338)
<b>Net current assets</b>	<b>(17,044)</b>	<b>(101)</b>	<b>(17,145)</b>	<b>22,727</b>	<b>(119)</b>	<b>22,608</b>
<b>Total assets less current liabilities</b>	<b>306,190</b>	<b>1,246</b>	<b>307,436</b>	<b>348,423</b>	<b>(3,545)</b>	<b>344,878</b>
Creditors: amounts falling due after more than one year	96,424	3,190	99,614	126,855	8,496	135,351
Net pension liability	13,738	-	13,738	24,414	-	24,414
	<b>110,162</b>	<b>3,190</b>	<b>113,353</b>	<b>151,269</b>	<b>8,496</b>	<b>159,765</b>
Revenue reserve	21,203	64,407	85,610	19,234	61,743	80,977
Revaluation reserve	174,825	(66,351)	108,474	177,920	(73,783)	104,137



# WYTHENSHAW COMMUNITY HOUSING GROUP LIMITED

Restated surplus for the year ended 31 March 2015

	As previously stated 31 March 2015 £000	Effect of transition 31 March 2015 £000	<b>FRS 102 (as restated) 31 March 2015 £000</b>
Turnover	60,695	30	60,725
Operating costs	(48,176)	(4,300)	(52,476)
Movement in fair value of financial instruments	-	(1,694)	(1,694)
<b>Operating surplus</b>	<b>12,519</b>	<b>(5,964)</b>	<b>6,555</b>
Surplus on sale of fixed assets - housing properties	1,227	(604)	623
Interest receivable and similar income	85	-	85
Interest payable and similar charges	(5,638)	-	(5,638)
Other finance income/(charges)	418	(1,010)	(592)
<b>Surplus on ordinary activities before taxation</b>	<b>8,611</b>	<b>(7,578)</b>	<b>1,033</b>
Tax on surplus on ordinary activities	-	-	-
<b>Surplus for the financial year</b>	<b>8,611</b>	<b>(7,578)</b>	<b>1,033</b>