Wythenshawe
Community Housing Group

Report and Financial Statements

Wythenshawe Community Housing Group Limited

Year Ended 31 March 2019

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A06 10/08/2019 #113
COMPANIES HOUSE

Company Number: 08198590
Homes England Registration: 4755
Company Limited by Guarantee
Registered Charity Number: 1151085

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Group Highlights – Summary Financial Performance

For the year ended 31 March 2019

Income and Expenditure Account

	2019 £000	2018 £000
Total turnover	68,353	67,015
Income from social housing lettings	59,082	58,946
Operating surplus	10,849	7,554
(Deficit) for the year transferred to reserves	(231)	(7,191)

Balance Sheet

	£000	£000
Intangible assets	172	-
Tangible assets	348,737	342,721
Fixed assets	348,909	342,721
Net current assets/(liabilities)	9,413	10,883
Total assets less current liabilities	358,322	353,604
Loans due >1 year	132,394	135,856
Pensions liability	28,545	20,135
Reserves: revenue	109,739	106,721
Reserves: revaluation	87,584	90,850
Reserves: restricted	60	42
	358,322	353,604

Accommodation Figures

Total General Need's housing properties owned at the year end (Number of dwellings):

	2019	2018
General needs housing – social rent	12,542	12,618
-- affordable rent	793	676
Market rent	39	28
Shared ownership	187	137
Supported housing	116	111
Outright sale	-	2
	13,677	13,572

Group Highlights – Summary Financial Performance (continued)

Statistics

Income and Expenditure Account	**2019** **£000**	**2018** **£000**
(Deficit)/surplus as a % of turnover	8.98%	(10.73)%
(Deficit)/surplus as a % income from lettings	10.39%	(12.20)%
Rent losses (voids and bad debts as a % rents and service charges receivable)	1.17%	1.57%
Rent arrears (gross arrears as a % rents and service charges receivable)	7.00%	7.50%
Gearing (total loans as % of SHG plus reserves)	58%	60.74%
Total revenue reserves (exc pension) per home owned	£14,432	£14,557

Board Members, Executive Directors, Advisors and Bankers

Board	
Chairman	Bishop David Walker (IBM)
Other Members:	Bernadette Heanue (RBM)
	Samuel Wilson (IBM) from 24 May 2018
	Rob Cressey (IBM)
	Sarah Russell (CBM)
	Hazel Summers (CBM) to 24 May 2018
	Edward Dyson from 30 July 2018
Executive Officers	
Group Chief Executive	Nigel Wilson to 31 December 2018
Interim Group Chief Executive	Kevin Lowry from 4 January 2019
Executive Director of Finance	Richard Coughlan
Director of Assets	Paul Butterworth
Director of Development	Jenny Kovacs to 31 March 2019
Executive Director of Housing Services	Jacque Allen
Executive Director of Resources	Susan Richardson
Company Secretary	Shahida Latif-Haider
Registered Office	Wythenshawe House 8 Poundswick Lane Manchester M22 9TA
Registration Numbers	
Company number	08198590
RSH 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	BDO LLP 3 Hardman Street Spinningfields Manchester M3 3AT

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

Solicitors	Anthony Collins LLP 134 Edmund Street Birmingham B3 2ES
	Devonshires Solicitors 30 Finsbury Circus London EC2M 7DT
	Knox Ellis Solicitors Old Bank House 1a Deacon Road Widnes Cheshire WA8 6EA
Bankers	National Westminster Bank PLC Didsbury Branch 699 Wilmslow Road Didsbury Manchester M20 6NW
Funders	The Royal Bank of Scotland Global Banking & Markets 280 Bishopsgate London EC2M 4RB
	M&G Limited Laurence Poutney Hill London EC4R 0HH

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

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" and its subsidiaries together "the Group") for the year ended 31 March 2019.

Principal activities

Wythenshawe Community ("the Trust") is a not-for-profit registered provider of social housing administered by a voluntary Board. Wythenshawe Community is registered under the Companies Act 2006 and is registered with the Regulator of Social Housing ("RSH") as a social landlord. Wythenshawe Community is limited by guarantee and is a registered charity. Wythenshawe Community is a Public Benefit Entity Wythenshawe Community 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

Wythenshawe Community commenced trading on 1 April 2013, when Parkway Green Housing Trust Limited ("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).

In 2018 the Group established two new subsidiaries, Garden City Design & Build Limited, a development company, and Garden City Trading Limited that is a non-charitable property company. There have been some transactions in each of these entities during the year and both organisations have been consolidated into the Group's Financial Statements.

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 £11.5m over the next year on further investment in the stock and £31m 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 £1.2m. This will mean total estimated borrowing at 31 March 2020 would be £124m, against an overall loan facility of £151m. Undrawn loan facilities of £27m 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 decreases for the Group up until 31 March 2020 has been prepared.

The Group will consider new development opportunities subject to the Regulator of Social Housing ("RSH") guidance and any financial criteria set by the Board.

The Board comprised up to six non-executive members and is responsible for managing the affairs of the Group. They collectively have professional, commercial and local experience. The Board met formally 6 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.

The executive team comprised the Group Chief Executive, the Executive Director of Finance, the Director or Property, the Director of Development, the Executive Director of Housing Services and the Executive Director of Resources. 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 & Risk Committee has the responsibility of overseeing the Group Organisations' audit functions, leading on matters of probity and risk, in addition to dealing with information, communication and technology issues.

The Tenant Committee oversees all involvement activity and is made up of at least 12 tenant members, inclusive of a Chair and Deputy. The Committee sits within the Governance Structure of the organisation and will receive management reports related to the delivery of all customers services. These will include all service delivery and performance management information, as well as any proposed policy development and major project work. It can:

- approve or reject report recommendations prior to any Board's ratification;
- trigger further investigative work where concerns are held about the quality and value for money being provided through current service delivery.

The Committee will also receive reports produced by the Group's Service Review Panel, which is responsible for tenant led service reviews across the front line, to approve any recommendations for improvement prior to Board ratification.

The Group Remuneration & Governance Committee consists of six 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 staff salaries can be set.

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 Group has in place the following pension scheme provision:

- A defined contribution pension scheme (provided by the National Employment Savings Trust - NEST);
- A defined benefit pension scheme (Local Government Pension Scheme - LGPS); access to this scheme has been restricted from 2018 to eligible colleagues only.

Employees who join the Group and who are eligible, will be automatically enrolled into the NEST pension scheme. For those that opt out of a pension scheme, the Group completes auto enrolment back into the NEST scheme every three years.

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 deemed historical cost less accumulated depreciation.

Reserves

The reserves policy of the Group is to transfer any surplus or deficit for the period to reserves. For the year ended 31 March 2019 this amounted to a deficit of £0.2m

Donations & Sponsorship

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

- £775 Employee – Compassion
- £50 SK Bollin School
- £525 Women's Aid
- £368 St John's Ambulance
- £150 Mossacre St Vincent's Housing Group
- £53 Donation – Misc
- £100 Ruebens Retreat

The Group has also provided other grants and sponsorship to various local organisations and individuals in the period totalling £43,473 (2018: £9,000)

Financial risk management objectives and policies

The Group uses a number of financial instruments. 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, including 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.

Interest rate risk – The Group finances some of 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 27.

Liquidity risk – The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable requirements and invest cash assets safely and profitably. This is supported by a range of processes and controls to ensure the quality of cash forecasting. The maturity of borrowings is set out in note 23. In addition to these borrowings, at 31 March 2019, the Group has £40m 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 2019. This process is independently validated by the Group's 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.

Employees

The Group has in place a robust performance framework sharing information on its objectives, progress and activities.

The Group is committed to appreciating and celebrating diversity and in particular we support the employment of disabled people. The Group was awarded the prestigious Investors in People Platinum status in 2017 making significant progress; and successfully underwent a first year review in 2018. In addition we achieved IIP Health & Wellbeing accreditation in 2018; and in January 2019 we received certification under the Top Employers Institute. This recognises the frameworks that are in place to ensure that the Group attracts and retains the best talent within its workforce. It ensures that the Group has strong performance driven working practices in place to continue to deliver its corporate objectives through its staff.

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 Board members and executive officers in relation to the Group.

External influences

Wythenshawe Community Housing Group is already committed to ensure it meets statutory requirements in areas such as rent setting 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 stability check undertaken by the Regulator of Social Housing ("RSH").

Resident involvement

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

Tenant Involvement with the Group exists to help "regulate" the business across the Regulatory Standards. There are five bespoke Service Panels of tenants who monitor performance against these standards on a quarterly basis. These Panels also help shape Policy and Strategy for the services that they represent. We also operate with three additional Panels, one responsible for Communication and the coordination of events and another which allocates small grants to Community Groups up to £2.5k. We have a further panel which allows tenants to monitor services delivered locally within neighbourhoods.

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 12 tenant members, inclusive of a Chair and Deputy. The Committee sits within the Governance Structure of the organisation and is also responsible for approving Policy and Strategy for the Group that is shaped in the Panels, before submission to the Board.

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

In 2018/2019 we engaged 1,552 tenants across the wider Group (2017/2018: 1,089). We have 92 individual tenants engaged with the Group which is broken down as 40 for Parkway Green Housing Trust Limited and 39 for Willow Park Housing Trust Limited. We also have 13 homeowners which is reflective of our evolving customer base

Complaints

The Group publicises to tenants and other customers their right to make complaints. 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 139 complaints (122 in 2017/2018), 100% (99% in 2017/2018) of which were dealt with in line with the time limits set out in the Complaints procedure. Satisfaction with the complaint handling process was 82.7% (92.3% in 2017/2018), 122 responses, 88% response rate, of the 139 complaints received. 1 complaint was referred to the Housing Ombudsman during the year which determined in the Group's favour.

During 2019/2020 the Group will review its complaints policy and procedure in line with the development of the Government Housing Green Paper.

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 has been developed and embedded throughout the period commencing 1 April 2018 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 Audit & Risk Committee to regularly review the effectiveness of the system of internal control. The Board receives the minutes of all Group Audit & Risk Committee meetings. The Group 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 all 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 (Pentana) 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.

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 updated Risk Management Strategy was presented and approved by the Board in January 2017, and covers issues such as delegated authority, segregation of duties, accounting, financial regulation, health and safety and fraud prevention and detection, the strategy and guidance were reviewed during the 2016/2017 financial year, and amendments approved by the Group Audit & Risk Committee. The next review is planned for December 2019. The Group 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 December 2017 (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 Audit & Risk Committee. The Group Audit & Risk Committee meets four times per year and considers internal control and risk at each meeting.

The Group 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 Audit & Risk Committee considered the Internal Audit Annual Report for 2018/2019 at its July 2019 meeting. The annual programme included the audit of 9 systems as follows:

- Accounts Payable & Receivable;
- Development;
- Fleet Management;
- Information Security Management;
- Leaseholders (health check);
- Procurement & Contract Management;
- Safeguarding
- Servicing Framework - Gas;
- Treasury Management.

BDO's overall assessment of the Group's (Wythenshawe Community Housing Group Limited) system of internal control for 2018/2019 was:

- ***The risk management activities and controls in the areas which we examined were found to be suitably designed to achieve the specific risk management, control and governance arrangements.***
- ***Based on our sample testing, risk management, control and governance arrangements were operating with sufficient effectiveness to provide reasonable, but not absolute assurance that the related risk management, control and governance objectives were achieved during the period under review.***

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

External Audit

External audit provides feedback to the Group 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 Audit & Risk Committee after the year-end audit, and after it has been reviewed it is submitted to the RSH.

Regulatory Reports

The RSH re-confirmed the grading for Governance and Viability as G1 and V1 for the Group in December 2018.

Fraud

The Group complies with the Regulator of Social Housing (RSH) 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.

There have been no reported cases of fraud during the year 2018/2019 (2017/2018 - total loss of £234 for the Group).

Statement of compliance with the Governance & Financial Viability Standard

The Accounting Direction 2015 introduced a new requirement for Registered Providers to certify that they have complied with the Regulator'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 RSH's Regulatory Framework in May 2019; no areas of non-compliance were identified for the year ended 31 March 2019.

Code of Governance

The NHF's 2015 Code of Governance was formally adopted by the Group in May 2016. Compliance with the adopted code is annually reviewed by the Board and was last reviewed on 21 May 2019 for the year ended 31 March 2019.

In accordance with the requirements, the Group is pleased to report full compliance with the adopted code for the year ended 31 March 2019, 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 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 the Group 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 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 Trust will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the 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 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 Trust'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 Strategic Report. The Group has in place long term debt facilities (including £40m of undrawn facilities at 31 March 2019), 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 5 May 2017 the Group restructured its borrowing facilities. This has been done to take advantage of lower, long term interest rates available in the market and it lifts restrictions and covenants, in particular cross lending restrictions.

The new facility is for £151m, £90m a note purchase agreement with a private investor, M&G Investments and the remaining £61m is with Royal Bank of Scotland (RBS), £21m on fixed rates and £40m on a revolving credit facility.

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 12 September 2019.

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 auditor 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 auditor 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 29 July 2019 and signed on its behalf by:

Bishop David Walker
Chairman
29 July 2019

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 13,677 homes in Wythenshawe. For the duration of 2018/2019 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.

In 2018 the Group established two new subsidiaries, Garden City Design & Build Limited, a development company, and Garden City Trading Limited that is a non-charitable property company. There has been some transactions in each of these entities during the year and both organisations have been consolidated into the Group's Financial Statements.

Objectives and strategy

The Group has developed a Strategic Plan (last reviewed 2016) covering the period to 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 communities where people choose to live and work, having pride in their homes and value the 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

- We will be delivering a wide range of high quality services engaging and involving our customers;
- We will have reviewed our external funding sources to support the delivery of the Strategic Plan;
- We will have clear targets for growth, and an ambitious development programme;
- Our customers, communities and partners will value the services we provide;
- Our workforce will be highly motivated, competent and will deliver our vision through our values;
- We will maximise the social, economic and environmental impact we can have in the communities we live and work in;
- We will be able to demonstrate the effective use of our resources evidencing excellent governance assurance;

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.

Performance and development

Overview

The Group has continued to invest significantly in the homes of Wythenshawe, this year spending over £16.3m in further improving the properties held for social housing, of which £7.4m has been capitalised while the remainder £8.9m 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 2018/2019:

- Greenbrow Road development - 13 properties
- Bramcote Avenue development – 70 properties
- Nesfield Road development - 2 Properties
- Bowland Road development – 6 Properties
- Altrincham Road Developments – 10 Properties
- Selstead Road Development – 11 Properties
- Greenwood Road Developments – 45 Properties

In addition the Trust undertook its first out of area development completing Phase 1 of its Cricketers Green Development being 6 shared ownership properties in Chelford, Cheshire East.

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. Of the shortlisting the Group received we received the top award for the following:

- **EAC Housing Awards** - Village 135 Winner Gold
- **TPAS** – Inspirational young tenant of the year

Finance

Our performance against financial indicators is set out in the Group Highlights (pages 3 and 4) and summarised below.

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 pension's liability and the Group will consider guidance received from the actuary in respect of contributions payable.

Stock Investment

Expenditure incurred in relation to the improvement programme has been treated as additions to housing properties where expenditure relates to components (see note 13) 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 0.67%, against a target of 0.5%. This is slightly adverse compared to target and is due largely to ensuring the correct care mix at our new flagship extra care scheme, which means properties tend to be void for longer despite significant waiting lists. Bad debts written off were 0.51% (£301k) against a budget of 1.25%. This is an improvement on the target for the year and was achieved by transparent and robust performance management.

Rent arrears

Overall rent arrears, as a percentage of social housing lettings income for the year are 3.27%, which is below the year-end target of 3.77%. Performance in this area is good despite being impacted by the roll out of welfare reforms particularly the under occupation charge and the roll out of Universal Credit full service (UCFS)

Repairs response time

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

- Emergency and appointable repairs completed on time: 99.97% of repairs completed on time against a target of 99.95%;
- Repairs completed first visit: 93.26% of repairs completed first fix against a target of 94.0%.

Staff turnover

For 2018/2019 our staff turnover (calculated as number of leavers in the year divided by the present staff headcount at the end of the year) was 14.1%, a reduction from last year's figure of 16.25%

Absence due to sickness has increased from 2.4% in 2018 to 3.5% in 2019, which was above the Trust's target of 2.5%

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

The Trust 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 Trust.

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 2017-2020 was developed and approved by the Board in December 2017, and is reviewed annually; it can be accessed on the Group's website and also through the hyperlink below:

https://www.wchg.org.uk/wp-content/uploads/WCHG-VFM-Strategy-2017-2020-V5.1-FINAL.pdf

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

- Continue to 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 services are delivered to customers;
- Ensure maximum benefit is obtained from resources and assets; and
- Ensure compliance with the Regulator's VFM Standard.

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, and formally approved by the Parent and Subsidiary Boards. 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 to ensure they remain valid and appropriate, helping eliminate waste leading to tighter budgets;
- 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;
- The Group has 5 Service Panels, each meet on a quarterly basis to review and monitor performance across front line services. These Service Panels (Local Performance, Customer Services, Property, Housing, and Rents, Financial Inclusion & VFM) remain key to the shaping the Group's policies and strategies prior to presenting to the Tenant Committee for approval;
- Internal Performance Management – the performance of the Group (WCHG) and its Subsidiary organisations (WPHT, PGHT, GCD&B & GCT) is monitored by the Group and Subsidiary Boards, and the Tenant Committee.
- The Group also have a robust performance management framework where monthly performance is monitored through Key Performance Indicators, satisfaction and financial data by the Leadership Team (LT), and subsequently reported to the Group Leadership Team (GLT) and Board.
- The Group's Business Intelligence System (Qlik) enhances our ability to analyse and utilize data to improve reporting and performance across the Group, by using a dashboard approach enabling costs, performance and satisfaction to be reviewed together in addition to benchmarking and trend analysis.
- In the Group's Corporate Plan a specific VFM objective is included for each service area ensuring VFM is embedded across all business areas. The Group's Appraisal Framework has a clear VFM competency (demonstrating efficiency and effectiveness) which every member of staff is measured against through performance targets which are monitored through the monthly one-to-ones and appraisal reviews.
- The target for management accounts production is 2 working days - more timely management information will enable better informed decision making;
- External Performance Management - 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, performance and satisfaction are benchmarked where appropriate 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.

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 / GMCA[1]); partner organisations (e.g. Manchester College; Manchester Enterprise Academy); the Regulator; Funders; the Internal and External Auditors; Managers; the Leadership Teams; and the Board.

[1] AGMA / GMCA – Association of Greater Manchester Authorities / Greater Manchester Combined Authority

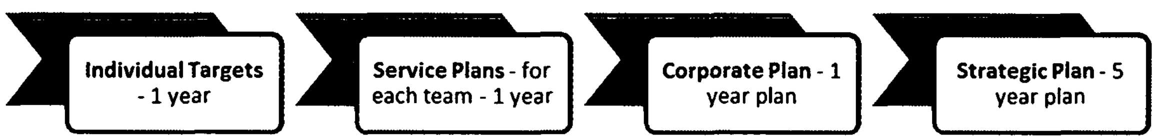
Tenants & Residents - The Tenant Committee is a formal part of the Group's governance structure and is responsible for ensuring VFM decisions are taken in the best interests of tenants, securing the expected levels of quality, cost and range of service delivery. The Committee provides a means for tenants 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 Board recognises and acknowledges its overall ownership and responsibility for meeting the Regulator'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. The Group has adopted the National Housing Federation's Codes, the 2015 Code of Governance and Excellence in Conduct – a compliance review was reported to Board in May 2019;
- The Governance framework includes a Group Audit & Risk Committee which offers more detailed challenge and scrutiny in relation to VFM;
- Board recruitment endeavors 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 Boards at each meeting. Management accounts are also presented to the Boards at each meeting overseeing cost control;
- The Board has been fully engaged in the development and setting of the Group's VFM Metrics, and the targets for the year 2019/2020. Monitoring of performance against the targets is reviewed by the Boards at each meeting;
- Board Away days are held three times a year, and in 2018/2019, have covered areas such as New funding environment and risk, Fire Safety, Resident involvement, Growth, Homelessness, Social value, Community Centres, Benchmarking and Group structure – all of which have an impact on VFM for the Group.
- 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 2019/2020 to sustain focus in delivering VFM for our stakeholders.

Decision Making

The Group's Strategic Plan is developed and agreed after extensive consultation with the Board, staff and the wider stakeholders. Aligned to the Strategic Plan is the Group's Corporate Plan, which is then further broken down into the detailed Service Plans, which 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 last reviewed and approved by the Board in January 2017. GLT is responsible for ensuring that the Group's strategic risks are regularly reviewed, updated and scrutinised by the Group Audit & Risk Committee and reported to the Board on an annual basis. Managers are responsible for reviewing and updating operational risks.

The Group regularly carries out tenant satisfaction surveys; 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.

WYTHENSHAWE COMMUNITY HOUSING GROUP LIMITED

VFM Metrics

Section	Indicator	Actual 2014/2015	2015/2016	2016/2017	2017/2018	2017/2018 Sector Scorecard	2018/2019 Actual	2018/2019 Target		2019/2020 Target
Business Health	Operating Margin - Overall	13.58%	17.94%	20.00%	6.11%	27.89%	10.50%	18.38%	○	7.96%
	Operating Margin - Social housing lettings	13.25%	16.44%	21.10%	4.70%	30.43%	7.25%	14.28%	○	5.28%
	EBITDA MRI% Interest	284.68%	342.67%	346.23%	53.24%	213.61%	242.25%	307.25%	○	198.50%
Development - capacity & supply	New supply delivered: absolute (social)	30	77	99	112		163	119	◉	119
	New supply delivered: absolute (non-social)	0	0	30	23		11	0	◉	21
	New supply % (social)	0.22%	0.57%	0.73%	0.83%		1.20%	0.87%	◉	0.87%
	New supply % (non-social)	0.00%	0.00%	0.21%	0.16%		0.08%	0.00%	◉	0.15%
	Gearing	32.41%	32.33%	30.34%	33.33%	35.14%	30.02%	37.73%	◉	33.78%
Outcomes delivered	Customer satisfaction (overall)	85.00%	85.00%	85.00%	86.30%	87.50%	86.30%	86.30%	◉	86.30%
	Reinvestment	4.01%	5.34%	8.18%	6.89%	5.80%	5.84%	10.64%	○	12.55%
	Investment in communities	£1,516,000	£1,777,000	£1,421,000	£1,432,000		£1,584,000	£1,870,600	○	£1,929,385
Effective asset management	Return on capital employed (ROCE)	2.39%	3.22%	3.84%	2.14%	3.72%	2.90%	3.71%	○	2.14%
	Occupancy	99.79%	99.76%	99.73%	99.59%	99.40%	99.37%	99.50%	○	99.50%
	Ratio of responsive repairs to planned maintenance	0.69	0.64	0.47	0.58	0.61	0.59	0.53	○	0.42
Operating efficiencies	Headline social housing cost per unit	£3,203	£3,137	£3,009	£3,721	£3,450	£3,614	£3,510	○	£3,654
	Management cost per unit	£732	£741	£684	£943	£1,024	£882	£811	○	£902
	Maintenance cost per unit	£784	£731	£569	£766	£907	£784	£708	○	£617
	Major repairs cost per unit	£1,138	£1,136	£1,207	£1,316	£420	£1,330	£1,338	◉	£1,455
	Service charge cost per unit	£437	£398	£443	£590	£332	£502	£517	◉	£539
	Other social housing costs cost per unit	£112	£132	£105	£106	£186	£116	£136	◉	£141

Key	
○	Adverse
◉	Favourable

Business Health

This section looks at the profitability of operating assets before exceptional expenditure. Operating margins are calculated using the operating surplus / deficit as a % of the turnover. Surpluses from the sale of fixed assets (housing properties) are not included. The actuals are lower than budgeted due to the following:

- Routine, Planned Maintenance & Major Repairs expenditure was higher than budgeted by c£700k due to the additional fire safety related costs and also aids and adaptations spend.

The margins are higher than last year but lower than the previous years due to the following reasons:

- Pension adjustment for 2018/2019 - the increase in Current Service costs is as a result of updated assumptions only and will have a similar impact across others in the sector within similar schemes;
- Fire safety costs incurred in the year - the Group's significant headroom in its loan covenants for 2018/2019 meant investment in improving fire safety maintenance could be made without impacting on its covenants adversely;
- Increase in Aids and Adaptations spend resulting from demand.

Benchmarking:

- *The 2018 Sector Scorecard data indicate a national median of 27.89% (2017 - 30.3%) for overall operating margins, and 30.43% (2017- 31.6%) for operating margins – social housing lettings;*
- *WCHG performance is lower than the Sector Scorecard data due to the Group's strategic choice of significant additional investment in the wider community (e.g. support services, financial inclusion services, apprenticeship programmes), the provision of value added services (e.g. environmental services, improvements beyond the Decent Homes Standard), which is then reflected in social returns.*

EBITDA MRI is a key indicator of liquidity and capacity, and is measured using the overall operating surplus / deficit, and adjusted for interest, tax, depreciation, amortization and major repair improvements. The actual for the year 2018/2019 is lower than the target due to the lower operating surplus for the year, explained above.

EBITDA MRI% Interest (actual and target) for 2017/2018 was much lower than previous years, and also has improved metrics from 2019 onwards, this is due to the increased interest costs for the year ended 31 March 2018 which included the non-recurring loan restructuring costs, including break costs.

Benchmarking:

- *The 2018 Sector Scorecard data indicate a national median of 213.61% (2017- 227.6%);*
- *The Group's performance for 2018/2019 is strong against the Sector Scorecard data, primarily due to the lower interest costs. The lower interest costs are a result of the restructuring of finance undertaken during the 2017/2018 year. The target in 2019 shows a lower position due to both a reduced anticipated surplus as a result of the final year of the 1% rent cut and an increase in salary cost following an agreed 3.5% increase. In addition interest costs are anticipated to increase as cash is drawn to deliver planned developments.*

Development – Capacity & Supply

This measure looks at the absolute delivery of social and non-social units, and also as a % of the total units (social, and non-social). The housing units delivered in 2017/2018 were lower than budgeted due to the delays on the Bramcote and Greenbrow sites. As a result, delivery for the period ended 31 March 2019 includes a number of units which were originally budgeted for in the previous year.

The 119 new supply units for 2020 relate to Scholars Field (70); Cricketers Green (4); The Learning Disabilities Project (20) Woodhouse Lane (18) Hall Lane (5) and Button Lane (2). The new supply (Non-social) relates to outright sale at Scholars Field.

Gearing measures net debt as a % of the carrying value of housing properties, and is seen as a key indicator of capacity and growth appetite – the actual is slightly lower than the target for 2018/2019 mainly due to less debt being drawn due to changes in the planned development programme.

Benchmarking:
- *The 2018 Sector Scorecard indicates a national median of 35.14%, with larger RPs tending to have higher gearing;*
- *The Group's performance is favourable against the sector due to the robust level of assets, available as security.*

Outcomes Delivered

Customer satisfaction is measured as % of residents very or fairly satisfied with their landlords services overall – the data for 2017/2018 and 2018/2019 is from the most recent STAR survey carried out. The Group completes the survey every three years and therefore it's result may not be directly comparable to the sectors result of 87.5%

Reinvestment is measured as the cost of investing in properties (existing and new) as a % of the carrying value of total properties. The measure is lower than budgeted for 2018/2019 by c £6m for the year, due to anticipated developments not coming to fruition.

Investment in communities is below the target figure, as the Group has been able to secure grant income to support some of this spend. The target for next year also excludes any potential grant income that may be received.

Effective Asset Management

ROCE is determined as the operating surplus / deficit as a % of the capital employed (total fixed assets + total current assets – current liabilities). The adverse variance for 2018/2019 against the target is due to the lower operating surplus for the year (as explained above).

Occupancy is measured as the number of occupied units as a % of total number of units occupied and units void but available for letting (general needs only), and remains in line with the target, and the 2018 Sector Scorecard national median of 99.4%.

Ratio of responsive repairs to planned maintenance looks at responsive repairs against planned, major repairs, capitalised major repairs. Performance of 0.59 is ahead of the target position for the year, and is in line with the 2018 sector scorecard of 0.61%. The target for 2019/2020 represents a responsive to planned ratio of approximately 30:70

Operating Efficiencies

This uses the Regulator's headline social housing cost per unit, which is then broken down into its key headings.

Overall social housing costs per unit are higher than the budget for 2018/2019 due in part to the increased costs as noted above and also due to the lower number of units at the year-end compared to the budget, as a result of increased right to buy sales.

Benchmarking:
- *The 2018 Sector Scorecard indicates a national median of £3,450;*
- *Performance for the year is higher than target due to the additional spend incurred on the fire safety work at the Multis, aids and adaptations demand.*

Assets

The Group's stock is split into asset groups based initially on the archetype and then analysed further using the Group's Asset Performance Evaluation Model, (Savills APE model), which includes financial techniques such as Net Present Value and Return on Asset to rank stock and identify poor performing assets requiring intervention. This is overlapped with the day to day information of repairs demand to identify ways of saving money by batching preventative works together. Our stock is formally surveyed on a 4 to 5 year cycle; the most recent Stock Condition Survey was completed in August 2018 approved by Board in November 2018. Investment decisions are then made utilizing all available data from our Promaster Asset Management software and the stock condition survey results to develop annual investment programmes. This programme ensures the Group retains the Decent Homes standard and ensures we maximize the efficiency of our stock.

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 APE model. The Group has set upper quartile challenging targets on void turnaround times at 19 days and for 2018/2019, the Group achieved 20.28 days (Maintenance and Allocations) which exceeded Upper Quartile in Housemark annual benchmarking. This is important to the Group due to the impact on income through void rent loss - the Group achieved 0.57% rent loss through voids loss.

The Group include all Standard and Major voids within the Maintenance days turnaround period and do not remove any voids which have had capital works undertaken. If we were to apply this approach our average turnaround for Maintenance would have been 13.2 days.

The Groups Asset Management Strategy is based around the key principles of Asset Performance, Stock Intelligence, Repairs Management, and Compliance, supported by a detailed Investment Plan which covers 5 years of stock investment, underpinned by the 30 year business plan. In addition, the Group has an Group's Environmental Sustainability Strategy which helps ensure consideration and options for long term sustainable issues are firmly considered by the Group. The Plans and Strategies ensure we have a better detailed understanding of its assets, the cost drivers, and opportunities available to ensure we can maximise the return from our investment decisions.

To objectively measure asset performance, the Group utilizes the Savills Asset Performance Evaluation (APE) Model, to provide insight at a granular property and collective stock level, accounting for income and expenditure from across the business. The model's approach allows the Group to assess its stock portfolio using Net Present Value measures, providing benchmarking opportunities 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.

The Group utilises this data in the annual budget setting process and development of the investment programme to ensure investments are made to sustainable stock and are responsive to identified repair demand trends, to target an optimum balance between programmed and reactive works (70:30 rule). Poor performing asset groups may be candidates for further 'Options Appraisal'. Examples include the recent review of the Group's Sheltered Accommodation provision, triggered by the poor overall performance of stock in this tenure group and a downward projection of 30 year NPV, leading to a decision to actively explore other uses of specific sheltered blocks within the portfolio. The Groups Board subsequently approved the demolition of one Sheltered block and provision of new homes will follow on this site in future years. Further examples of positive intervention on asset groups would include the Real Benchill initiative and high rise block intervention projects triggered by the APE model outputs and supported by Fire risk Assessment recommendations.

The Group's stock achieves an average energy efficiency rating (SAP) of 70 which reflects the range of Decent Homes investment activities delivered since transfer. Modern homes delivered under the Group's ambitious development programme typically achieve energy efficiency ratings in band B (SAP scores 81-91). The Group is committed to improving energy performance of the stock and actively reviews properties where Energy Assessment at relet has a result less than Band D (SAP rating 55) to ensure viable improvements are undertaken prior to tenancy.

The Group is committed to ensuring it meets the Government's Decent Homes Standard; 100% of our homes currently meet the Decent Homes Standard and this is tracked and reported monthly

Operations

All costs are benchmarked across the sector where possible, 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.

Treasury Management

The Group's current loan funding is as detailed below:

Trust	Funder	Loan Facility	Loans drawn	Current headroom	Security (2018 Valuations)	Asset Cover Ratio
PGHT	RBS	£36m	£21m	£15m	£64.2m	178% (110%)
PGHT	M&G	£25m	£25m	N/A	£39.2m	157% (105%)
PGHT	**Total**	**£61m**	**£46m**	**£15m**	**£103.4m**	**170%**
WPHT	RBS	£25m	N/A	£25m	£39.8m	159% (110%)
WPHT	M&G	£65m	£65m	N/A	£97.9m	151% (105%)
WPHT	**Total**	**£90m**	**£65m**	**£25m**	**£137.7m**	**153%**
Total		**£151m**	**£111m**	**£40m**	**£241.1m**	**160%**

**funding agreement covenants included in brackets*

Based on asset cover requirements of 110%, the Group has scope for additional funding of c£260m. The Group protects itself against the full impact of uncertainty and, in particular, interest rate increases by having an appropriate proportion of its debt at fixed rates - £90m of the above funding (from M&G) is at 3.4%, whilst the bank funding has a debt cost of 3.65%.

The Group's effective interest rate for 2019 was 3.55% which is lower than the sector's average effective interest rate of 4.8% for 2018 (RSH's Global Accounts).

The Group sets and charges rent in accordance with the Rents Restructuring Policy, and does not currently utilise the additional 5% tolerance on its charged rents. From April 2017, 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 continued to work on its asset and liability registers during 2018/2019 to ensure complete and in line with the 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.

The Group has an approved development programme of 412 units consisting of houses, bungalows and apartments - the programme has 110 affordable rent, 202 shared ownership, 20 special needs accommodation, 39 Rent to Buy and 58 outright sale. The business plan has been stress tested and sensitivity tested to include the programme and this is reviewed regularly in light of building cost increases. The build programme runs until 2022.

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.

A summary VFM Report 2019 will be available to all stakeholders on the Group's website from 30 September 2019, 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.

The key risks currently faced by the Group are summarised on Page 31.

Financial position

The Groups 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:

Accounting Policies

The Group's principal accounting policies are set out on pages 48 to 82 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. All accounting policies have been reviewed and remain unchanged.

Housing Properties

At 31 March 2019 the Trust owned 1 housing property which was carried on the Statement of Financial Position at depreciated cost. The Group in total owned 13,677 housing properties (2018: 13,572). The properties were carried in the Statement of Financial Position at cost (after depreciation) of £323.3m (2018:£312m). Housing properties under construction amounted to £8.7m and Solar Panels amounted to £1.5m.

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 on page 27.

Pension costs

The Group participates in the Greater Manchester Pension Fund, and has contributed to the scheme in accordance with the level set by the actuaries of 23.05%. The last full actuarial valuation was completed 31 March 2016 and published in March 2017. The next full actuarial valuation will be carried out for 31 March 2019.

From 1 September 2011 all new employees were also eligible to become members of a defined contribution pension scheme (AEGON). The auto enrolment scheme pension (NEST) came into operation in November 2013. Employees who have not opted to join any of the offered pension schemes were automatically opted into the Group's NEST scheme from 1 November 2013.

The Group reviewed its pension scheme provision during the year 2018/2019, resulting in one single pension provider for the defined contribution schemes (NEST).

Capital structure and treasury policy

The Group restructured its finance on 5 May 2017, the capital structure for the Group at 31 March 2019 is as below:

Parkway Green - The Trust had borrowings of £46m, gross of fees none of which falls due to be paid within the next year as shown below.

Maturity	**2019 £m**	**2018 £m**
Within one year	-	-
Between one and two years	-	-
Between two and five years	-	-
After five years	46.0	46.0
	46.0	46.0

The new facility is £61m, £25m as a note purchase agreement with a private investor, M&G Investments which has a fixed rate interest rate of 3.4%.The remaining £36m is with Royal Bank of Scotland (RBS), £21m on fixed rates (detailed below) and £15m on a revolving credit facility.

- £7m at 6.29% maturing 31 March 2028;
- £7m at 5.85% maturing 31 March 2033;
- £7m at 6.08% maturing 31 March 2036 and cancellable on 31 March 2025.

Willow Park - The Trust had borrowings of £65.0m, none of which falls due to be paid within the next year as shown below.

Maturity	**2019 £m**	**2018 £m**
Within one year	-	-
Between one and two years	-	-
Between two and five years		5.0
After five years	65.0	69.0
	65.0	74.0

The facility is £90m, £65m as a note purchase agreement with a private investor, M&G Investments which has a fixed rate interest rate of 3.4%. The remaining £25m is on a revolving credit facility with Royal Bank of Scotland (RBS) with interest rates of LIBOR + 1.25-1.5%.

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 58% by 31 March 2019.

The Group has cash balances of £14.3m at 31 March 2019 (2018: £12.7m) and the current ratio stands at 0.94 (2018: 0.92). 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 47. The net cash inflow from operating activities in the period was £32m.

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
29 July 2019

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 30 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 that the Group does not comply with Data Protection legislation (General Data Protection Regulation - GDPR) - changes include stricter rules, justification required for each type of personal data and why held, Privacy Impact Assessments for all data subjects / activities. Penalties / fines are increased under the new legislation and will impact on viability if the Group is found to be in breach / non-compliance.	Included in the Group's Internal Audit Plan for 2016/2017, and 2017/2018 (January 2018) prior to GDPR deadline of May 2018. Consultants (The Data Protection People - DPP) supported the Group to achieve compliance by carrying out a Gap Analysis, and develop an Action Plan to achieve compliance. The January 2018 IA carried out to assess progress. Related Policies updated and approved by May 2018 Board - training and guidance material on Intranet. Data Protection training rolled out by Data Protection Manager.
There is a risk that the Group does not comply with Fire Safety legislation, providing the relevant duty of care to our residents, Group assets.	The Group's Fire Risk Assessments are undertaken by Total Fire Service (third party accredited consultant), who have also provided access to their live portal enabling timely management of recommendations raised. Issued weekly to relevant staff and managers for regular monitoring and up-dates. The Group has in place a fire strategy group of operational managers to co-ordinate improvements and recommendations on fire safety. Data on recommendations raised and progress is included in the monthly corporate performance packs reviewed by the Leadership team. Fire Risk Assessments are now on Group's website.
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 RSH & HE, reputation damage and affects future bids.	Monitoring is in place at GLT level and Board. Tendering strategy to ensure correct timing of contracts. Recent schemes delivered by the Group have all seen shared ownership sales, completions significantly ahead of originally anticipated. New appraisal system being implemented which will help to strengthen the appraisal process. Development Strategy and assumptions discussed at the March 2018 Board Away Day – approved by March 2018 Board. Development Strategy & Housing Policy also discussed at the October 2018 Board Away Day.
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: Risk assessments in place; safeguarding procedures in place; Standard in place; BDO carried out recent safeguarding audit which took place late 2018 giving 'substantial assurance'; Safeguarding Policy in place and reviewed annually; Staff trained to identify Safeguarding issues; Briefings take place annually via the Safeguarding September campaign. All referrals now made via the Dynamics IT system, using either intranet tool or app, which leads to an improved quality of referral and reporting. Safeguarding

Key Risk	Status, controls in place
	Steering Group meets bi-monthly to review referrals and good practice, and share information across the Group.action plan being developed
There is a risk that the Group does not comply with H&S legislation, the Health & Safety At Work Act 1974 etc, which could lead to endangering the H&S of employees, contractors, customers, members of the public, and potentially a breach of the Regulator's Regulatory Standards (Consumer Standards, and also the Governance and Financial Viability Standard).	The Group has a H&S Manager; the updated H&S Policy was approved by Board 28 November 2016, with a revised version approved November 2018, which in turn is supported by detailed policies, procedures and guidelines; the Internal Health & Safety group meet quarterly; H&S is reported formally to the Boards twice a year. H&S Asset Management reporting has been developed further into a monthly report for Board. H&S was included in 2017/2018 Internal Audit Plan – reported to Group Audit & Risk Committee on 12/02/2018. Further review carried out by ROSPA in December 2017 (against Occupational H&S Assessment Series 18001), report issued, action plan developed and in progress.
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 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 under intensive review. Bad Debt provision has been increased in the updated business plans. Monthly rent arrears monitoring reports scheduled for the Board, in addition to monthly meetings with Group Chief Executive and Executive Director of Finance,
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. Leadership team review monthly the progress of investment activity at corporate performance and compliance with 'Decent Homes'. Detailed annual investment plans are developed each year through the budgeting cycle based upon stock condition and asset information. Tendering strategy to ensure correct timing of contracts. The Group has also completed a Procurement Review (April 2016 to December 2016 - Clarity Procurement, updated guidance, Policy & Strategy approved by Board January 2017) which will help to further strengthen this area. Procurement Manager in post. The Group's business plan remains equipped to meet the requirements of the stock condition survey. Regular stock condition surveys carried out - latest carried out in 2017/2018. Asset performance evaluation (APE) in place to identify high and low performing assets, to aid decision making.
There is a risk that 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 detailed performance reporting includes a joint finance and performance pack to join up all information and reviewed by the Leadership team. Internal audit of repairs was undertaken and actions agreed and implemented. HQN accreditation retained in May 2017 for the Repairs and Maintenance service and the Gas service following external

Key Risk	Status, controls in place
	assessment of the service. 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 growing development programme, changing group structure, lack of sales may lead to additional risk - viability issues for Garden City Trading Limited and ultimately the Group.	A full development appraisal is carried out on each development, a new appraisal system has been implemented in 2017/2018 to ensure the process can be developed further which will allow appraisals for each element of the development also, in addition to ensuring assumptions can be better accounted for. Development Strategy discussed at March 2018 Board Away Day – approved by March 2018 Board. Development Strategy & Housing Policy also discussed at the October 2018 Board Away Day. IA on Development is included in 2018/2019 Internal Audit Plan – Reasonable Assurance, with a number of recommendation suggested and implemented.
There is a risk that the Group responds to incidents inadequately (due to poor business continuity or disaster recovery plans) leading to failures in systems that could impact on the organisation and tenants.	Business Continuity Plan in place, reviewed during 2016/2017 and 2017/2018. Departmental plans developed in line with service plans and risk registers. Evacuation Policy is in place. Critical Incident Reporting & Escalation Policy approved November 2016. Fire Risk Assessments are carried out by a specialist third party (qualified) on an annual basis on all communal areas. Actions identified are implemented via a monitored action plan. Fire Safety leaflet developed and issued to multi storey and sheltered accommodation. Fire Service consulted as part of the development of schemes (e.g. Village 135) to ensure appropriate building control sign off regarding fire safety. Exercises carried out for Incident Management Team (14/02/2018) and Business Recovery Teams (26/02/2018). Lessons learnt identified in the Business Impact Analysis report. Subsequent exercise carried out in November 2018 – 07/11/2018 & 09/11/2018.
There is a risk that IT systems fail and 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, reported to Group Audit & Risk Committee in April 2017. Further audit included in the 2017/2018 plan, reported to Group Audit & Risk Committee in April 2018. Included as part of the exercise on BCP in February & November 2018.
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. New scheme appraisal system being implemented to strengthen further. The Group has previously worked with IPD to develop a more comprehensive Return on Assets modelling tool - to help the Group to assess its stock portfolio further looking at income return and capital growth - at a location and stock type level. The Return on Asset framework was further developed (Savills – Asset Performance Evaluation, APE) during 2017/2018 to include longer term investment data, to be informed by the Stock Condition Survey undertaken 2017/2018. This will be combined with repair trends and housing information (demand, voids, rents etc) and utilized by the Promaster Options Appraisal Module to provide objective NPV based assessment of stock performance which can be overlaid with 'soft' performance metrics including ASB, customer profiles etc. Performance monitoring incorporates monitoring and reporting on covenant compliance on a monthly basis.

Key Risk	Status, controls in place
	The Group completed a Funding review and restructure in May 2017, supported by David Tolson Partnership to review current structure and potential borrowing capacity, and implement a revised funding structure. Rates achieved were lower than budgeted, providing longer term funding, ensuring financial risk is minimised. The Group's current banker and bank funder (RBS) does not meet the Treasury Management Policy minimum criteria – advice from Treasury consultant – as RBS / NatWest are still government controlled, RBS would be an acceptable exception to the Group's Policy – reviewed at each Board meeting.
There is a risk that the Group does not comply with the RSH's regulatory framework (specifically the economic standards) which may lead to a downgrade in its financial viability rating.	The Group's regulatory returns for 2018/2019 which goes towards ensuring compliance have been planned to enable full compliance – submissions to date have been within deadlines. The RSH confirmed completion of their annual stability check for the Group, resulting in reaffirming V1 and G1, which has been updated on the RSH website (December 2018). 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 January 2019 Board meeting. The Group's updated business plans were submitted to the Board (March 2018), and submitted to the HCA within the deadline (6 weeks of Board approval / June 2018). 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 completed a Funding Restructure project (RBS as sole bank funder to the Group with up to £61m, and private placement investment of £90m) in May 2017 – leading to a more flexible group wide solution, less restrictions, whilst allowing for future growth. The PP rate agreed is 3.4% which was significantly lower than the existing rates, supporting viability further.
There is a risk that the Group does not comply with the RSH's regulatory framework (specifically the economic standards) which may lead to a downgrade in its governance rating	The RSH confirmed completion of their annual stability check for the Group, resulting in reaffirming V1 and G1, which has been updated on the RSH website (December 2018). 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. A review of the Terms of Reference of the Committees was also carried out in November 2018, updated Terms of Reference will be submitted to the Board in March 2019 – annual process. The updated Training Plan was approved by the Board in January 2019 (annual process). 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 and Subsidiary Boards approved to proceed with the Common

Key Risk	Status, controls in place
	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, PGHT & WPHT in addition to the two Committees have been selected. Post implementation review carried out now that the new structure has fully bedded in, which has resulted in the likelihood score reducing. A Board & Committee Appraisal & Effectiveness Review was carried out in November & December 2018, feedback was presented to the Board in January 2018. Annual process. Annual compliance reviews are submitted to the Board reviewing compliance against the Regulatory Framework and the adopted Code of Governance (latest reported to May 2018 Board).

Key performance indicators

The key performance indicators for the Group for the year ended 31 March 2019 were:

Key Performance Indicators	Performance – year ended 31 March 2019	Group Target 2018/2019
Budget Performance	£47.4m (104.1%)	£45.5m (100%)
Development Programme (2019-2021)	£30.0m (93.1%)	£32.2m (100%)
Loan Covenant Compliance – Interest cover	PGHT 162% WPHT 304%	PGHT 110% WPHT 110%
Loan Covenant Compliance – Financial Indebtedness	PGHT 35% WPHT 31%	PGHT 55% WPHT 55%
Loan Covenant Compliance – Asset Cover (M&G)	PGHT 129% WPHT 121%	PGHT 105% WPHT 105%
Loan Covenant Compliance – Asset Cover (RBS)	PGHT 146% WPHT 135%	PGHT 110% WPHT 110%
Percentage Rent Arrears	2.87%	3.77%
Gas Safety	100%	100%

Approved by

Bishop David Walker
Chairman
29 July 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WYTHENSHAWE COMMUNITY HOUSING GROUP LIMITED

Opinion

We have audited the financial statements of Wythenshawe Community Housing Group Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Reserves, the Consolidated and Company Statement of Financial Position, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2019 and of the group's deficit 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.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Board have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Board.

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

Responsibilities of the board for the financial statements

As explained more fully in the Statement of Board's Responsibilities set out on pages 15 - 16, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board is responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP.

Joanne Love (Senior Statutory Auditor)
For and on behalf of GRANT THORNTON UK LLP
Statutory Auditor
Chartered Accountants
Manchester
M3 3EB

Dated: 7 August 2019.

Consolidated Statement of Comprehensive Income for the year ended 31 March 2019

	Note	2019 £000	2018 £000
Turnover	3	68,353	67,015
Cost of sales	3	(6,841)	(6,984)
Operating costs	3	(54,930)	(56,174)
Movement in fair value of investment properties	3	591	235
Surplus on sale of fixed assets – housing properties	3	3,676	3,462
Operating surplus		**10,849**	**7,554**
Movement in fair value of financial instruments	23	412	178
Interest receivable and other income	7	53	16
Interest payable and similar charges *	8		
- Loan interest		(4,398)	(4,480)
- Break costs			(12,577)
- Non utilisation fees		(215)	(156)
Other finance charges	29	(564)	(565)
Surplus/(Deficit) on ordinary activities before taxation		**6,137**	**(10,030)**
Tax on surplus/(deficit) on ordinary activities	11	(91)	-
Surplus(Deficit) for the financial year		**6,046**	**(10,030)**
Remeasurement in respect of pension schemes	29	(6,277)	2,839
Total comprehensive income for the year		**(231)**	**(7,191)**

*The break costs were a result of a refinancing exercise carried out in May 2017, see Note 22 for further details.

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

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 29 July 2019 and are signed on its behalf by:

Board Member
Rob Cressey

Consolidated Statement of Changes in Reserves for the year ended 31 March 2019

	Income and expenditure reserve	Restricted reserve – BIG Lottery Fund and ESF Building Better Opportunities	Revaluation reserve	Total
	£000	£000	£000	£000
Balance at 1 April 2017	109,617	-	95,187	204,804
Deficit for the year	(10,030)	-	-	(10,030)
Other comprehensive income for the year	2,839	-	-	2,839
Transfer from revaluation reserve to income and expenditure reserves	4,337	-	(4,337)	-
Transfer from income and expenditure reserves to restricted reserves	(42)	42		
Balance at 1 April 2018	106,721	42	90,850	197,613
Surplus for the year	6,046	-		6,046
Other comprehensive income for the year	(6,277)	-	-	(6,277)
Transfer from revaluation reserve to income and expenditure reserves	3,267	-	(3,267)	-
Transfer from income and expenditure reserves to restricted reserves	(18)	18	-	-
Balances at 31 March 2019	**109,739**	**60**	**87,584**	**197,383**

The accompanying notes form part of these financial statements.

Statement of Changes in Reserves for the year ended 31 March 2019

	Income and expenditure reserve	Restricted reserve – BIG Lottery Fund and ESF Building Better Opportunities	Revaluation reserve	Total
	£000	£000	£000	£000
Balance at 1 April 2017	1,065	-	-	1,065
Deficit for the year	(108)	-	-	(108)
Other comprehensive income for the year	-	-	-	-
Transfer from revaluation reserve to income and expenditure reserves	-	-	-	-
Balance at 1 April 2018	957	-	-	957
Surplus for the year	169	-	-	169
Other comprehensive income for the year	-	-	-	-
Transfer from revaluation reserve to income and expenditure reserves	-	-	-	-
Balances at 31 March 2019	**1,126**	-	-	**1,126**

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position – co no 08198590
as at 31 March 2019

	Note		2019 £000		2018 £000
Intangible fixed assets	12	172		-	
Tangible fixed assets					
Housing properties	13	332,603		328,244	
Investment Properties	15	6,175		4,255	
Other tangible fixed assets	14	9,959		10,222	
Total fixed assets			**348,909**		**342,721**
Current assets					
Properties for sale	17	6,288		8,129	
Stock	18	101		102	
Investment	19	70		-	
Debtors	20	3,906		3,761	
Cash and cash equivalents		14,264		12,707	
		24,629		24,699	
Creditors: Amounts falling due within one year	21	(15,216)		(13,816)	
Net current assets			**9,413**		**10,883**
Total assets less current liabilities			**358,322**		**353,604**
Creditors: amounts falling due after more than one year	22	132,394		135,856	
Provisions for liabilities:					
Defined benefit pension liability	29	28,545		20,135	
			160,939		155,991
Total net assets			**197,383**		**197,613**
Capital and reserves					
Revenue reserve	31		109,739		106,721
Revaluation reserve	32		87,584		90,850
Restricted reserve	33		60		42
			197,383		**197,613**

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 29 July 2019 and are signed on its behalf by:

Chairman	**Board Member**	**Secretary**
Bishop David Walker	**Rob Cressey**	**Shahida Latif-Haider**

Statement of Financial Position – co no 08198590
as at 31 March 2019

	Note		2019 £000		2018 £000
Intangible fixed assets	12	172		-	
Tangible fixed assets					
Housing properties	13	54		1,811	
Other tangible fixed assets	14	300		300	
Total fixed assets			**526**		**2,111**
Current assets					
Properties for sale	17	-		1,554	
Stock	18	101		102	
Debtors	19	10,661		2,052	
Investments		20		-	
Cash and cash equivalents		62		5,197	
		10,844		8,905	
Creditors: Amounts falling due within one year	20	(10,244)		(10,059)	
Net current (liabilities)/assets			**600**		**(1,154)**
Total assets less current liabilities			**1,126**		**957**
Creditors: amounts falling due after more than one year	21	-		-	
Capital and reserves					
Revenue reserve	30		957		1,065
Surplus/(deficit) for the year			169		(108)
			1,126		**957**

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 29 July 2019 and are signed on its behalf by:

Chairman
Bishop David Walker

Board Member
Rob Cressey

Secretary
Shahida Latif-Haider

Consolidated Statement of Cash Flows for the year ended 31 March 2019

	Note	2019 £000	2018 £000
Net cash inflow from operating activities	34	32,114	22,008
Cash flow from investing activities			
Purchase and construction of housing properties		(21,853)	(24,817)
Proceeds from sale of housing properties		5,539	5,458
Proceeds from disposal of tangible fixed assets		-	18
Disposal of investment properties		-	-
Purchase of tangible fixed assets		(323)	(67)
Interest received		53	16
		(16,584)	**(19,392)**
Cash flow from financing activities			
Interest paid		(4,903)	(15,705)
Investment in Shares		(20)	-
Investment in Joint Venture		(50)	-
Loans received		-	99,000
Repayment of borrowings		(9,000)	(114,200)
		(13,973)	**(30,905)**
Net change in cash		**1,557**	**(28,289)**
Cash at beginning of the year		12,707	40,996
Cash at the end of the year		**14,264**	**12,707**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2019

1. Legal status

The Trust is registered under the Companies Act 2006 and is a registered provider of social housing. 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
Garden City Design & Build Limited	Companies Act 2006	Registered
Garden City Trading Limited	Companies Act 2006	Registered

The Group's Registered office is Wythenshawe House, 8 Poundswick Lane, Manchester, M22 9TA.

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.

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 Group is a public benefit entity in accordance with FRS 102.

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 of £151m, £90m as a note purchase agreement with a private investor, M&G Investments, £21m on fixed interest rates with Royal Bank of Scotland and the remaining £40m is on a revolving credit facility with Royal Bank of Scotland (RBS), 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.

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 set out in the notes to these financial statements. 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.
iii. **Classification of loans** – the Group has reviewed the terms of loan agreements in accordance with the requirements of FRS 102. Following this it has been concluded that there is a £7m fixed rate loan within PGHT that has a callable option on it (details with note 23) and therefore is classified as non-basic with the fair value adjustment being recognised through the statement of comprehensive income. All other loans are considered basic and are held at amortised cost.
iv. **Impairment** - As part of the Group's continuous review of the performance of assets, management identify any homes, or schemes, that have increasing void losses, are impacted by policy changes or where the decision has been made to dispose of the properties. These factors are considered to be an indication of impairment. Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any impairment losses are charged to operating surpluses.

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 the statement of comprehensive income. The Group engages independent valuation specialists to determine fair value at each year-end. The valuer uses a valuation technique based on an open market basis. 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 29. The liability as at 31 March 2019 was £28.545m.

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 £10.354m at 31 March 2019.

v. **Bad Debts and Write Offs** - The Trust 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%

Basis of Consolidation

The Group accounts consolidate the accounts of the Trust and all its subsidiaries at 31 March 2019 using merger accounting. 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. Joint ventures are not consolidated into the Group accounts. The financial statements for the two Garden City entities have been prepared using purchase accounting.

Turnover and revenue recognition

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.

Interest Payable

Interest payable includes non-utilisation fees and break costs 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, and from 2019 also became the Group's single provider of the defined contribution pension scheme.

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. Fees are amortised as part of the Effective Interest Rate calculation.

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.

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

The Group has not applied hedge accounting.

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.

The Trust elected to apply a deemed costs to properties held at the date of transition to FRS 102 (1 April 2014). Since this date housing properties are stated at cost less accumulated depreciation and impairment losses. 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.

Investment property

Investment property includes market rent 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.

Investment in subsidiaries

Investment in subsidiaries are accounted for at cost less impairment.

Investment in jointly controlled entities

Investment in jointly controlled entities are held at cost less impairment.

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.

Government Grants including Social Housing Grant

Government grants include grants receivable from Homes England (and its predecessor organisations), local authorities and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model. The Group has taken advantage of transitional relief for deemed cost and as such grant up to date of transition has been treated under the performance model with subsequent grants treated under the accruals model.

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

Government grants received for housing properties are subordinated to the repayment of loans by agreement with Homes England. 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.

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 of housing properties

No depreciation is provided on freehold land, or assets under construction.
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	100 years
Land	NIL
Assets under construction	NIL
Windows	30 years
Doors	35 years
Kitchens	20 years
Bathrooms	30 years
Roof	70 years
Boilers	15 years

Central Heating	30 years
Wiring	40 years
Canopies	35 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 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.

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

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.

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)

Up to 31 March 2017 receipts from the sale of SHG funded properties less the net book value of the property and the costs of disposal were credited to the DPF, this creditor is being carried forward until it is used to fund the acquisition of new social housing within the allotted time frames.

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 Willow Park Housing Trust (WPHT) and Parkway Green Housing Trsut (PGHT) in accordance with the intra group agreement. Such costs are recognised by WPHT and PGHT 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.

Each year an element is transferred to reserves, being the depreciation charge in respect of the revaluation uplift of the asset.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring surplus or deficit. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to expenditure in 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 rent 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.

WYTHENSHAWE COMMUNITY HOUSING GROUP LIMITED

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

Continuing activities - Group

2019	Turnover £000	Surplus on sale £000	Fair value movement £000	Cost of sales £000	Operating costs £000	Operating Surplus/(Deficit) £000
Social housing activities	59,081	-	-	-	(54,930)	4,151
Income and expenditure from lettings						
Other social housing activities						
First tranche shared ownership sales	5,653	-	-	(4,492)	-	1,161
Non social housing activities	3,619	-	-	(2,349)	-	1,270
Movement in fair value of investment properties (note 15	-	-	591	-	-	591
Surplus on sale of fixed assets – housing properties (note 6)	-	3,676	-	-	-	3,676
Total	68,353	3,676	591	(6,841)	(54,930)	10,849

2018	Turnover £000	Surplus on sale £000	Fair value movement £000	Cost of sales £000	Operating costs £000	Operating Surplus/(Deficit) £000
Social housing activities						
Income and expenditure from lettings	58,946	-	-	-	(56,174)	2,772
Other social housing activities						
First tranche shared ownership sales	3,075	-	-	(2,412)	-	663
Non social housing activites	4,994	-	-	(4,572)	-	422
Movement in fair value of investment properties (note 15)	-	-	235	-	-	235
Surplus on sale of fixed assets – housing properties (note 6)	-	3,462	-	-	-	3,462
Total	67,015	3,462	235	(6,984)	(56,174)	7,554

WYTHENSHAWE 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

	2019			2018		
	General Housing £000	**Supported Housing £000**	**Total £000**	**General Housing £000**	**Supported Housing £000**	**Total £000**
Turnover from social housing lettings						
Rent receivable net of identifiable service charges	57,698	501	58,199	57,655	481	58,136
Service charges receivable	604	6	610	509	4	513
Net rental income	**58,302**	**507**	**58,809**	**58,164**	**485**	**58,649**
VAT shelter income	46	-	46	124	-	124
Amortised government grants	226	-	226	173	-	173
Turnover from social housing lettings	**58,574**	**507**	**59,081**	**58,461**	**485**	**58,946**
Expenditure on social housing lettings						
Management	(11,919)	(105)	(12,024)	(12,652)	(109)	(12,761)
Services	(6,790)	(60)	(6,850)	(7,922)	(62)	(7,984)
Routine maintenance	(10,606)	(91)	(10,697)	(10,290)	(85)	(10,375)
Planned maintenance	(1,885)	(16)	(1,901)	(1,586)	(13)	(1,599)
Major repairs expenditure	(8,788)	(63)	(8,851)	(8,009)	(68)	(8,077)
Regeneration expenditure	(1,571)	(13)	(1,584)	(1,421)	(11)	(1,432)
Bad debts	(299)	(3)	(302)	(569)	(4)	(573)
Depreciation and amortisation charged	(10,944)	(98)	(11,042)	(10,759)	(93)	(10,852)
Accelerated depreciation on disposal of components	(1,660)	(19)	(1,679)	(2,498)	(23)	(2,521)
Operating costs on social housing lettings	**(54,462)**	**(468)**	**(54,930)**	**(55,706)**	**(468)**	**(56,174)**
Operating surplus on social housing lettings	**4,112**	**39**	**4,151**	**2,755**	**17**	**2,772**
Void losses	(389)	(2)	(391)	(348)	(3)	(351)

4. Accommodation in management and development - Group

At the end of the period, accommodation in management for each class of expenditure was as follows:

		2019 Units	2018 Units
General needs housing	– social rent	12,542	12,618
	- affordable rent	793	676
Market rent		39	28
Shared ownership		187	137
Supported housing		116	111
Outright sale			2
Total units owned and managed		**13,677**	**13,572**
Developed in the period		174	111
Acquired in the period		16	13
Demolished in the period		-	-
Management Voids		-	-
Tenure transfer		(17)	5
Right to Buys in the period		(49)	(70)
Right to Acquires in the period		(19)	(18)
Full staircasing		(6)	(1)
Movement in period		**99**	**40**
Accommodation in development at the period end		**252**	**204**

5. Operating surplus - Group

This is arrived at after charging:

	2019 £000	2018 £000
Depreciation of housing properties	10,586	10,401
Accelerated depreciation on disposal of components	1,679	2,521
Depreciation of tangible fixed assets - other	425	428
Amortisation of intangible fixed assets	-	-
Amortisation of finance charges	22	22
Operating lease rentals		
- land and buildings	8	9
- vehicles	488	520
- office equipment	35	26
External Auditors' remuneration (excluding VAT)		
- fees payable to the Group's auditors for the financial statements audit	11	8
- audit of the accounts of subsidiaries	39	32
- Other services – tax compliance	38	40
-VAT	16	21
-employee benefits	14	3

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

	2019 £000	2018 £000
Proceeds from disposals of housing properties	5,606	5,545
Carrying value of fixed assets	(1,863)	(1,996)
Other costs of sales	(67)	(87)
Surplus on sale of fixed assets	**3,676**	**3,462**

7. Interest receivable and other income - Group

	2019 £000	2018 £000
Interest receivable and similar income	53	16
	53	**16**

8 Interest payable and similar charges - Group

	2019 £000	2018 £000
Loan interest	4,398	4,480
Break costs payable on refinance (Note 23)	-	12,577
Non utilisation fees	215	156
	4,613	**17,213**

9. Employees - Group

The average number of persons employed during the period was:

	2019 Average Number	2018 Average Number
Administration	118	120
Asset management and development	265	261
Housing support and care	72	74
Regeneration	79	86
	534	**541**

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

	2019 Average FTEs	2018 Average FTEs
Administration	105	105
Asset management and development	261	258
Housing support and care	68	70
Regeneration	65	67
	499	**500**

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

Staff costs for the above persons

	2019 £'000	2018 £'000
Administration	4,931	4,905
Asset management and development	9,181	8,884
Housing support and care	2,313	2,193
Regeneration	1,850	1,705
	18,275	**17,687**

Employee costs:

	2019 £000	2018 £000
Wages and salaries	14,275	14,076
Social security costs	1,322	1,320
Other pension costs	2,678	2,291
	18,275	**17,687**

The Group's employees were eligible to be members of the Greater Manchester Pension Fund (GMPF). Further information on the scheme is given at Note 28.

From 1 September 2011 all new employees of the Group were eligible to become members of a defined contribution pension scheme. For the year ended 31 March 2019 the contributions paid by the Group into the scheme were £61,849 (2018: £69,363)

10. Directors' and senior staff emoluments - Group

The directors and senior staff costs detailed below for 2019 and 2018 are the full costs before transfer priced out from the parent company.

The aggregate remuneration for key management personnel charges, which includes the executive directors and other members of the senior management team, in the year is:

	2019 £000	2018 £000
Basic salary	582	680
Benefits in kind	57	49
Employers NI contributions	81	91
Pension contributions	113	134
	833	954

	2019 £000	2018 £000
Emoluments of the Chief Executive, who was also the highest paid Director, excluding pension contributions	116	163
Amount of Chief Executive pension	26	35
Benefits in kind of Chief Executive	10	10

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

	2019 Number	2018 Number
£60,000 to £70,000	3	2
£70,000 to £80,000	4	5
£80,000 to £90,000	1	-
£90,000 to £100,000	2	1
£100,000 to £110,000	-	2
£110,000 to £120,000	2	1
£120,000 to £130,000	-	-
£130,000 to £140,000	-	-
£140,000 to £150,000	-	-
£150,000 to £160,000	-	-
£160,000 to £170,000	-	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 (2018:£nil).

Expenses paid during the year to members of the Board amounted to £145 (2018: £123).

11. Taxation on deficit from ordinary activities - Group

	2019 £000	2018 £000
Current taxation reconciliation		
Surplus on ordinary activities before taxation	6,137	(10,030)
Theoretical tax at UK corporation tax rate 19% (2017: 20%)	1,166	-
Effects of:		
- income not subject to corporation tax	(1,166)	-
- Prior year tax adjustment	(91)	
Current taxation charge	**(91)**	**-**

12. Intangible fixed assets
Group

	Telecom Licenses £000	Software Licences £000	Total £000
Cost			
At 1 April 2018	249	-	249
Additions	-	172	172
At 31 March 2019	249	172	421
Amortisation			
At 1 April 2018	249	-	249
Charge for year	-	-	-
At 31 March 2019	249	-	249
Net book value			
At 31 March 2019	-	172	172
At 31 March 2018	-	-	-

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 2018	351,099	10,240	7,266	4,299	2,335	375,239
Additions	322	6,982	-	4,418	-	11,722
Properties acquired	160	-	-	-	-	160
Works to existing properties	7,389	-	-	-	-	7,389
Schemes completed	10,761	(10,761)	4,691	(4,691)	-	-
Transfers	2,513	-	(1,256)	-	-	1,257
Disposals	(1,778)	(856)	(628)	(900)	-	(4,162)
Disposals of components	(2,857)	-	-	-	-	(2,857)
At 31 March 2019	367,609	5,605	10,073	3,126	2,335	388,748
Depreciation						
At 1 April 2018	46,028	-	265	-	702	46,995
Charge for year	10,283	-	186	-	117	10,586
Released on disposal	(232)	-	(27)	-		(259)
Disposal of components	(1,178)	-				(1,178)
At 31 March 2019	54,901	-	424	-	819	56,144
Net book value						
At 31 March 2019	312,708	5,605	9,649	3,125	1,516	332,603
At 31 March 2018	305,071	10,240	7,001	4,299	1,633	328,244

13. Tangible Fixed Assets – housing properties (continued)

Expenditure on works to existing properties:

	2019 £000	2018 £000
Improvement works capitalised	7,333	8,143
Amounts charges to income and expenditure account	8,851	8,077
Total	**16,184**	**16,220**

An independent valuation was carried out on the Trust's housing properties by Savills (UK) Limited as at the 31 March 2014. This value was used as the 'deemed cost' during the transition to FRS 102. 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.	£308 million	Existing Use Value: Social Housing.
ii.	£355 million	Assuming the sale of vacant properties as they arise

In valuing housing properties at 31 March 2014, discounted cash flow methodology was adopted with key assumptions including:

Discount rate	6.25%
Annual inflation rate	2.5% for year 1 2.25% for year 2 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:

	2019 £000	2018 £000
Historical cost	323,788	310,299
Depreciation and impairment	(97,433)	(88,312)
	226,355	221,987

Social housing assistance

	2019 £000	2018 £000
Total accumulated SHG receivable at 31 March:		
Recognised in the Statement of Comprehensive Income	63,215	62,988
Held as deferred income	18,166	12,279
	81,381	75,267

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

	2019 £000	2018 £000
Freehold land and buildings	332,556	328,244
	332,556	328,244

The group considers individual schemes to be separate Cash Generating Units (CGU's) when assessing for impairment, in accordance with the requirements of Financial Reporting 102 and SORP 2014. No impairment charge has been made this year.

13. Tangible fixed assets – housing properties (continued)

Association

	Social housing properties held for letting £000	Properties under construction held for letting £000	Properties under construction shared ownership £000	Total housing properties £000
Cost				
At 1 April 2018	63	856	900	1819
Additions	-	-	-	-
Properties acquired	-	-	-	-
Works to existing properties	-	-	-	-
Disposals	-	(856)	(900)	(1,756)
At 31 March 2019	63	-	-	63
Depreciation				
At 1 April 2018	8	-	-	8
Charge for year	1	-	-	1
Released on disposal	-	-	-	-
At 31 March 2019	9			9
Net book value				
At 31 March 2019	54	-	-	54
At 31 March 2018	55	856	900	1,811

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	Total £000
Cost									
At 1 April 2018	345	372	13,438	107	776	62	2,201	1,287	**18,588**
Additions	-	-	-	18	-	-	133	-	**151**
Disposals	-	-	-	-	-	-	-	-	**-**
At 31 March 2019	345	372	13,438	125	776	62	2,334	1,287	**18,739**
Depreciation									
Depreciation at 1 April 2018	345	-	3,909	37	754	62	1,971	1,287	**8,365**
Depreciation charge for the year	-	-	253	19	11	-	132	-	**415**
Depreciation on disposal	-	-	-	-	--	-	-	-	**-**
At 31 March 2019	345	-	4,162	56	765	62	2,103	1,287	**8,780**
Net book value									
At 31 March 2019	-	372	9,276	69	11	-	231	-	**9,959**
At 31 March 2018	-	372	9,550	70	22	-	230	-	**10,222**

14. Tangible fixed assets – Other

Association

	Plant & Machinery	Furniture, Fixtures & Fittings - Office	Furniture, Fixtures & Fittings - Housing	Total
	£000	£000	£000	£000
Cost				
At 1 April 2018	91	575	1	**667**
Additions	18	132	-	**150**
Disposals	-	-	-	**-**
At 31 March 2019	109	707	1	**817**
Depreciation				
Depreciation at 1 April 2018	21	345	1	**367**
Depreciation charge for the year	19	131	-	**150**
Depreciation on disposal			-	
At 31 March 2019	40	476	1	**517**
Net book value				
At 31 March 2019	69	231	-	**300**
At 31 March 2018	70	230	-	**300**

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

	2019 £000	2018 £000
At 1 April 2018	4,255	2,213
Additions	1,329	1,807
Disposals	-	-
Decrease in value	591	235
At 31 March 2019	**6,175**	**4,255**

Investment properties were valued as at 31 March 2018. 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 four subsidiaries:

- Parkway Green Housing Trust;
- Willow Park Housing Trust Limited;
- Garden City Design & Build Limited;
- Garden City Trading Limited.

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

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

The Group, including all the subsidiaries are registered under the Companies Act 2006. The Parent and two charitable subsidiaries are registered with the RoSH (the Regulator) as a social landlord.

17. Properties for Sale

	Group		Association	
	2019 £000	2018 £000	2019 £000	2018 £000
Shared ownership properties:				
Completed properties	915	1,752	-	-
Work in progress	3,120	4,299	-	901
	4,035	6,051		901
Outright sale properties:				
Completed properties	-	1,328	-	-
Work in progress	2,253	750	-	653
	2,253	2,078	-	653
	6,288	**8,129**	-	**1,554**

18. Stock

	Group 2019 £000	Group 2018 £000	Association 2019 £000	Association 2018 £000
Materials	101	102	101	102

19. Investment

	Group 2019 £000	Group 2018 £000	Association 2019 £000	Association 2018 £000
Investment in Shares	20	-	20	-
Investment in Joint Venture	50	-	-	-
	70	-	20	-

20. Debtors

	Group 2019 £000	Group 2018 £000	Association 2019 £000	Association 2018 £000
Due within one year				
Rent and service charges receivable	4,137	4,420	4	-
Less: provision for bad and doubtful debts	(2,399)	(2,491)	-	-
	1,738	**1,929**	**4**	-
Amounts owed by subsidiaries		-	9,072	663
Other debtors	470	701	237	338
Prepayments and accrued income	1,698	1,131	1,348	1,051
Total due within one year	**3,906**	**3,761**	**10,661**	**2,052**

21. Creditors: amounts falling due within one year

	Group 2019 £000	Group 2018 £000	Association 2019 £000	Association 2018 £000
Rents and service charges received in advance	2,205	2,147	-	-
Housing loans (Note 23)	-	-	-	-
HMRC VAT	-	25	-	25
Trade creditors	2,356	1,571	1,419	1,571
Other creditors	44	91	20	78
Deferred grant income (Note 25)	282	233	-	-
Disposal Proceeds Fund (Note 24)	1,421	1,532	-	-
Leaseholder sinking fund balances	525	425	-	-
Accruals and deferred income	8,383	7,792	7,067	6,187
Amounts owed to subsidiaries		-	1,738	2,198
	15,216	**13,816**	**10,244**	**10,059**

22. Creditors: amounts falling due after one year

	Group 2019 £000	Group 2018 £000	Association 2019 £000	Association 2018 £000
Housing loans net of arrangement fee (Note 23)	114,126	123,517	-	-
Leaseholder sinking funds balances	384	293	-	-
Disposal proceeds (Note 24)	-	-	-	-
Deferred grant income (Note 25)	17,884	12,046	-	-
	132,394	**135,856**	**-**	**-**

23. Debt analysis

	Group 2019 £000	Group 2018 £000	Association 2019 £000	Association 2018 £000
Due within one year				
Bank loans	-	-	-	-
	-	**-**	**-**	**-**

	2019 £000	2018 £000	2019 £000	2018 £000
Due after more than one year	-	-	-	-
Other loans	90,000	90,000	-	-
Bank loans	20,586	29,565	-	-
Fair value adjustment	3,540	3,952	-	-
	114,126	**123,517**	**-**	**-**

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

Parkway Green - at 31 March 2017 the loans were repayable on maturity, with fixed rates of interest; the first repayment was due in 2034. Variable rate loans were included within loans repayable after one year on variable rates of c1.58% for £19.2m and c3.43% for £5m. During the year to 31 March 2017 the Trust held three £7.0m loans on fixed rates of 5.45%, 5.68% and 5.89%.

Willow Park - at 31 March 2017 loans were repayable on maturity; interest on £45m of the bank loan was repaid in quarterly instalments at fixed rates of interest ranging from 5.42% to 6.59%. The final capital instalment was repayable in period 2019 to 2031. The remaining bank loan (£45m) was repayable 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.

On 5 May 2017 the Trust restructured it's borrowing facilities. This was done to take advantage of lower, long term interest rates available in the market and it lifts restrictions and covenants, in particular cross lending restrictions.
The new facility is £151m, £90m as a note purchase agreement with a private investor, M&G Investments and the remaining £61m is with Royal Bank of Scotland (RBS), £21m on a fixed rate, which was part of the old facility, and £40m on a revolving credit facility.

Parkway Green - the loans are repayable on maturity, the first repayment is due in 2027 on the revolving credit facility with RBS. The £21m held on fixed rates are at rates of 6.08%, 6.58% and 6.29%. The £25m held with M&G is at a rate of 3.4%.

Willow Park - the loans are repayable on maturity, the first repayment is due in 2022 on the revolving credit facility with RBS. The revolving credit facility is at interest rates of LIBOR +1.25% and LIBOR +1.5%. The £65m held with M&G is at a rate of 3.4%.

At 31 March 2018, the Group had undrawn loan facilities of £31m (2017: £8.8m).

The loan agreements have been reviewed as part of the transition to FRS102 and it has been concluded that the following loan 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:	4.68%
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

24. Disposal Proceeds Fund

	Group		Association	
	2019	**2018**	**2019**	**2018**
	£000	**£000**	**£000**	**£000**
At 1st April	1,532	2,553	-	-
Net proceeds recycled	(10)	-	-	-
Interest accrued	7	7	-	-
Acquisition of dwellings for letting	(108)	(1,028)	-	-
Balance as at 31 March	**1,421**	**1,532**	**-**	**-**

	2019	**2018**	**2019**	**2018**
	£000	**£000**	**£000**	**£000**
Amounts to be released within one year	1421	1,532	-	-
Amounts to be released in more than one year	-	-	-	-
	1,421	**1,532**	**-**	**-**

During the year to 31 March 2019 £108k of the funds have been used for the development of Woodhouse Lane. (2018-£1,028 to fund 147 new homes at the MEA site).

25. Deferred grant income

	Group		Association	
	2019	**2018**	**2019**	**2018**
	£000	**£000**	**£000**	**£000**
At 1 April 2018	12,280	10,180	-	-
Grant received in the year	6,114	2,272	-	-
Released to income in the year	(227)	(173)	-	-
At 31 March 2019	**18,167**	**12,279**	**-**	**-**

	Group		Association	
	2019	**2018**	**2019**	**2018**
	£000	**£000**	**£000**	**£000**
Amounts to be released within one year	283	233	-	-
Amounts to be released in more than one year	17,884	12,046	-	-
At 31 March 2019	**18,167**	**12,279**	**-**	**-**

26. Capital commitments

	Group		Association	
	2019	2018	2019	2018
	£000	£000	£000	£000
Expenditure contracted but not provided in the accounts	29,147	10,443	29,147	10,443
Expenditure authorised by the Board but not contracted	9,174	23,510	9,714	23,510
	38,321	**33,953**	**38,861**	**33,953**

The amounts above are expenditure that has been contracted and authorised as part of the stock investment and development plans. This will be financed by grant income, loan facilities of and revenue income through rent received, outright and shared ownership sales.

27. Lease commitments

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

	Group		Association	
	2019	2018	2019	2018
	£000	£000	£000	£000
Vehicles				
Minimum lease payments	1,321	1,780	1,321	1,780
Split between:				
Within one year	478	478	478	478
One to five years	843	1,302	843	1,302
	1,321	**1,780**	**1,321**	**1,780**

28. Contingent liabilities

The Group had no contingent liabilities to disclose at 31 March 2019 (2018: £nil).

29. 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 2016 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2018 by a qualified independent actuary.

Contributions

The employers' contributions to the GMPF by the Group for the period 1 April 2018 to 31 March 2019 were £2,605k (2018: £2,223k) and the employers' minimum contribution rate was 23.4% (Willow Park) / 22.7% (Parkway Green) of pensionable pay until 31 March 2019.

Assumptions

	2019 %pa	2018 %pa
Rate of increase in salaries	3.3%	3.2%
Rate of increase in pensions in payment	2.5%	2.4%
Discount rate	2.4%	2.7%

Mortality assumptions

The post-retirement mortality assumptions used to value the benefit obligation at March 2018 are based on the PFA92 and PMA92 tables projected to calendar year 2019 for pensioners, and 2032 for non-pensioners.

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

	At 31 March 2019	
	Males	Females
Current Pensioners	21.5 years	24.1 years
Future Pensioners	23.7 years	26.2 years

	At 31 March 2018	
	Males	Females
Current Pensioners	21.5 years	24.1 years
Future Pensioners	23.7 years	26.2 years

29. 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:

	31 March 2019	31 March 2018
	Long Term Return %pa	Long Term Return %pa
Equity	69%	66%
Bonds	15%	16%
Property	8%	7%
Cash	8%	11%

Employer's contributions for the year ended 31 March 2019 are predicted to be £2,379k.

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.

	31 March 2019 £000	31 March 2018 £000	31 March 2017 £000
Fair value of the above assets related to the Trust	102,852	94,085	90,138
Present value of liabilities	(131,397)	(114,220)	(111,023)
Deficit related to the Trust	**(28,545)**	**(20,135)**	**(20,885)**

Recognition in the surplus of deficit

	31 March 2019 £000	31 March 2018 £000
Current service cost	4,165	3,700
Past service cost	5	47
Interest cost	(2,561)	2,931
Interest income on plan assets	3,125	(2,366)
Total charged to the Statement of Comprehensive Income	**4,734**	**4,312**

Of the above costs £4,170k (2018: £3,747k) has been charged to operating surplus and £564k (2018: £565k) has been charged other finance/income cost.

29. Pension Obligations (continued)

Reconciliation of defined benefit obligation

	31 March 2019 £000	31 March 2018 £000
Opening defined benefit obligation	**114,220**	**111,023**
Current service cost	4,165	3,700
Past service cost	5	47
Interest cost	3,125	2,931
Contributions by members	757	672
Actuarial (gains/losses	10,769	(2,449)
Estimated benefits paid	(1,644)	(1,704)
Closing defined benefit obligation	**131,397**	**114,220**

Reconciliation of fair value of employer assets

	31 March 2019 £000	31 March 2018 £000
Opening fair value of employer assets	**94,085**	**90,138**
Expected return on assets	2,561	2,366
Contributions by members	757	672
Contributions by the employer	2,601	2,223
Actuarial gains	4,492	390
Benefits paid	(1,644)	(1,704)
Closing fair value of employer assets	**102,852**	**94,085**

Contributions paid to the defined contribution pension scheme.

	31 March 2019 £000	31 March 2018 £000
Contributions paid	62	69

30. Share capital

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

	2019 No	2018 No
Number of members		
At 1 April 2018	6	6
Joined during the year	1	1
Leaving during the year	(1)	(2)
At 31 March 2019	6	5

31. Revenue Reserves

Revenue reserves represent the accumulated surpluses/(deficits) from the preceding ad current financial years plus a transfer from the revaluation reserve of the depreciation charge in respect of the revaluation uplift of the housing properties.

32. Revaluation Reserves

Revaluation reserve represents the difference on transition between the fair value of housing properties and the historical cost carrying value. Each year and element is transferred to reserves, being the depreciation charge in respect of the revaluation uplift of the asset.

33. Restricted Reserves

Restricted reserves represent reserves that are earmarked for a particular purpose and are subject to external restrictions.

34. Reconciliation of operating surplus/(deficit) to net cash inflow from operating activities

	2019 £000	2018 £000
Surplus for the year	**6,048**	**(10,030)**
Amortisation of finance charges	22	22
Depreciation of tangible fixed assets - properties	10,586	10,401
Depreciation of tangible fixed assets - other	414	428
Accelerated depreciation on disposal of components	1,679	2,521
Movement in fair value of investment properties	(591)	(235)
Pension current service cost	4,170	3,724
Pension past service cost	-	23
Pension contributions paid	(2,601)	(2,223)
Surplus on sale of fixed assets – housing properties	(3,676)	(3,462)
Movement in fair value of financial instruments	(412)	(178)
Carrying amount of tangible fixed asset	2,040	215
Interest payable	4,613	17,273
Interest received	(53)	(75)
Pension interest costs	564	565
	22,803	**18,969**
Working capital movements		
(Increase)/Decrease in properties for sale	1,841	1,252
Decrease/(Increase) in stock	(5)	2
Decrease/(Increase) in debtors	(144)	(8,165)
(Decrease)/Increase in creditors	7619	9,950
Net cash inflow from operating activities	**32,114**	**22,008**

35. Related parties

Nigel Wilson is the chair JV North Limited, a HCA development Partnership. The Trust paid JV North £53k (2018 - £12k) in membership fees during the year ended 31 March 2018. At the year-end there was a balance of £nil on the purchase ledger (2018 - £nil). During the year to 31 March 2019 the Group received £5.710m towards development projects from Homes England.

Nigel Wilson is also the Chair of the Wythenshawe Forum Trust, FRC Group, Young Manchester and the Social Value Task & Finish Group. Transactions with Wythenshawe Forum Trust amounted to £59k (2018: £37k) during the year, transactions with FRC Group amounted to £nil (2018: £6k). There were no transaction with the Social Value Task & Finish Group.

Wythenshawe Community Housing Group have paid disbursements on behalf of Young Manchester during the year amounting to £20k. Wythenshawe Community Housing Group are holding the funds for this project, the amount of £20k at 31 March 2019 is shown within creditors due within one year.

All companies had £nil outstanding on the purchase ledger at 31 March 2019 (2018 - £nil).

Nigel is also a board member at consult CIH. There were no transactions with the company during the year and a nil balance on the purchase ledger at 31 March 2019.

Hazel Summers to 24/05/2018
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.

The following transactions were undertaken with Manchester City Council during the year, sales of £1.092k (2018: £2.136k) and purchases of £983k (2018: £1.032k). At 31 March 2019 the group owed £38k (2018: £25k) to Manchester City Council and were owed £157k (2018: £208k) by Manchester City Council.

The following transactions were undertaken with Garden City Design & Build Ltd during the year, sales of £796k (2018: £nil) and purchases of £8,228k (2018: £nil). At 31 March 2019 the group owed £948k (2018: £nil) to Garden City Design & Build Ltd and were owed £130k (2018: £nil) by Garden City Design & Build Ltd.

Bernadette Heanue
Clare Flynn
Eula Mesquita

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 2019 the aggregate value of rent arrears was £1,486.76 in credit.

36. 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

	2019 £000	2018 £000
Financial assets that are debt instruments measured at amortised cost:		
Cash	14,264	12,707
Rent arrears due	1,734	1,929
Leasehold arrears due	79	144
Accounts receivable	499	511
Other debtors	59	37
Financial liabilities measured at fair value through surplus or deficit:		
Loans	(49,126)	(49,517)
Financial liabilities measured at amortised cost:		
Loans	(65,000)	(74,000)
Bank overdraft	-	-
Trade creditors	(2,356)	(1,571)
Rent received in advance	(2,205)	(2,140)
Other creditors	(44)	(119)
Accruals	(8.383)	(7,793)
Leaseholder sinking fund balance	(914)	(718)
	(111,393)	(120,530)

The Group's financial liabilities are sterling denominated. The interest rate profile of the Group's financial liabilities at 31 March was:

	2019 £000	2018 £000
Fixed rate	114,126	114,517
Floating rate	-	9,000
Total borrowings	**114,126**	**123,517**

The debt maturity profile is shown in note 23.

The group has undrawn committed borrowing facilities at 31 March 2019 of £40m (2018: £31m)

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:	4.68%
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

37. Investment in Joint Ventures

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 2019. The key financial information relating to JV North Limited as at 31 March 2019 is as detailed below:

	12 months ending 31 March 2019 (unaudited)	12 months ending 31 March 2018
	£	£
Turnover	219,630	230,620
Administration expenses	(168,904)	(181,999)
Operating (loss) / profit	50,726	48,621

	As at 31 March 2019 (unaudited)	As at 31 March 2018
	£	£
Assets	4,178,013	18,184,743
Liabilities	(4,004,649)	(18,059,998)
Net assets	173,364	124,745

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).

The Group through its commercial subsidiary (Garden City Trading Limited) has also agreed a £3m investment (for a period of 7 years) in GMJV Fundco LLP, a venture between the Greater Manchester Combined Authority (GMCA) and Greater Manchester Housing Providers (GMHP) created with the intention of increasing housing supply and providing a competitive return to investors. The company was incorporated on 31st October 2018. The financial statements for GMJV Fundco LLP can be obtained from GMJV Fundco LLP at its registered office 2a Derwent Avenue, Manchester, M21 7QP.