Report and Financial Statements

Parkway Green Housing Trust

Year Ended 31 March 2019

Company Number: 05220157
Homes England Registration: L4478
Company Limited by Guarantee
Registered Charity Number: 1116258

PARKWAY GREEN HOUSING TRUST

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Income and Expenditure Account

	2019	2018
	£000	£000
Total turnover	29,341	27,418
Income from social housing lettings	23,556	23,369
Operating surplus	4,766	5,881
Surplus for the year transferred to reserves	2,853	3,796

Balance Sheet

	£000	£000
Intangible assets	-	-
Tangible assets	131,837	130,504
Fixed assets	131,837	130,504
Net current assets	17,532	13,290
Total assets less current liabilities	149,369	143,794
Creditors due >1 year	54,480	52,590
Pensions liability	10,500	7,127
Reserves: revenue	63,037	61,956
Reserves: revaluation	21,322	22,100
Reserves: restricted	30	21
	149,369	143,794

Accommodation Figures

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

Social housing	5,160	5,198
Affordable rent	452	390
Market rent	14	11
Shared ownership	81	39
Supported housing	30	30
Outright sale	-	2
	5,737	5,670

PARKWAY GREEN HOUSING TRUST

Trust Highlights – Summary Financial Performance

For the year ended 31 March 2019

Statistics

	2019	**2018**
	£000	**£000**
Surplus as a % of turnover	10.03%	13.84%
Surplus as a % income from lettings	12.50%	16.24%
Rent losses (voids and bad debts as a % rents and service charges receivable)	1.43%	2.04%
Rent arrears (gross arrears as a % rents and service charges receivable)	7.59%	8.04%
Gearing (total loans divided by capital grants plus loans)	1:0.90	1:0.95
Total revenue reserves (exc pension) per home owned	£14,710	£14,828

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PARKWAY GREEN HOUSING TRUST

Board Members, Executive Directors, Advisors and Bankers

Board	
Chairman	Cllr Glynn Evans (CBM) to 1 June 2019 Sarah Russell (CBM) from 29 July 2019
Other Members:	Ian Hilton (IBM) Clare Flynn (RBM) Samuel Wilson (IBM) from 24 May 2018 Rob Cressey (IBM) Bernadette Heanue (RBM)
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	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	05220157
RSH registration number	L4478
Registered charity number	1116258
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 Solicitors 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
Lancs
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 Parkway Green Housing Trust ("Parkway Green" or "the Trust") for the year ended 31 March 2019.

Principal activities

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

The Trust is committed to achieving the long-term pledges outlined in the tenant consultation documents and to meet the requirements of the funders. These commitments include:

- Maintaining the Trust's housing properties in a sound state of repair;
- Financing long-term loan repayments in the future; and
- Achieving the surpluses and financial targets as outlined in the Trust's 30-year business plan.

The Trust's principal activities are the development and management of affordable housing.

Incorporation and Transfers

The Trust was initially formed on the 2 September 2004 and commenced trading on 31 October 2006 with a stock transfer of 5,860 housing properties from Manchester City Council.

Parkway Green Housing Trust became a subsidiary of Wythenshawe Community Housing Group Limited from 1st April 2013, along with Willow Park Housing Trust Limited ("Willow Park") In 2017/2018 two new subsidiaries were established Garden City Design & Build Limited and Garden City Trading together these organisations form "The Group".

Business review

Details of the Trust'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 £5.1m over the next year on further investment in the stock and £12.2m 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 £986k. This will mean total estimated borrowing at 31 March 2020 would be £46m, against an overall loan facility of £61m. Undrawn loan facilities of £15m as at that date would therefore be available under existing arrangements.

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

A rent plan outlining planned rent decreases for the Trust up until 31 March 2020 has been prepared.

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

The Board and the Executive Officers

The Board comprised up to seven non-executive members and is responsible for managing the affairs of the Trust. 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 Trust'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 of Property; the Director of Development, the Executive Director of Housing 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 & Governance Committees, meet at least four times per year. The Group Remuneration & 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 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 all 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 Parkway Green Board and Group Committees obtain external specialist advice as required.

Remuneration

Policy

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

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

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.

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

Housing property assets

Details of changes to the Trust'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 Trust is to transfer any surplus or deficit for the period to reserves. For the year ended 31 March 2019 this amounted to a surplus of £312k.

Donations & Sponsorship

Through the wider Wythenshawe Community Housing Group Limited, in line with disclosure requirements, the Trust has made the following financial donations in the period:

- £291 Employee - Compassion
- £19 SK Bollin School
- £197 Women's Aid
- £138 St John's Ambulance
- £56 Mosscare St Vincent's Housing Group
- £20 Donation - Misc

- £38 Ruebens Retreat

The Group has also provided other grants and sponsorship to various local organisations and individuals in the period totalling £16,968 (2018: £3,520).

Financial risk management objectives and policies

The Trust uses a number of financial instruments. The main purpose of these financial instruments is to raise finance for the Trust's activities.

The existence of these financial instruments exposes the Trust 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 Trust borrows only in sterling and so is not exposed to currency risk.

Interest rate risk – The Trust finances some of its activities through bank borrowings. The Trust'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 Trust 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 20. In addition to these borrowings, at 31 March 2019, the Trust had £15m of undrawn committed facilities.

Credit risk – The Trust'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 Trust.

The Trust 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. The procurement function was transferred to the parent organisation, Wythenshawe Community Housing Group Limited from 1 April 2013.

Employees

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

The Trust is committed to appreciating and celebrating diversity and in particular we support the employment of disabled people, both in recruitment and in the support of employees who become disabled whilst in the employment of the Trust. Through the Group the Trust 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 Trust attracts and retains the best talent within its workforce. It ensures that the Trust has strong performance driven working practices in place to continue to deliver the corporate objectives of the Trust through its staff.

Health and safety

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

Officers' insurance

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

External influences

Parkway Green Housing Trust 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 recommendation 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 Trust 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 Trusts'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 Groups favour.

During 2019/2020 the Trust 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 have 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 an annual report from the Group Audit & Risk Committee incorporating significant matters discussed during the year. 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 Trust, 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 Trust 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 Trust 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 Trust'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 (healthcheck);
- 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 Trust complies with the RSH's requirements with regard to fraud. The fraud policy was reviewed as part of an annual review of the Group's standing orders and financial regulations.

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 HCA'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 Trust 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 Trust 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 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 Trust's activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The Trust has in place long term debt facilities (including £15m of undrawn facilities at 31 March 2019), which provide adequate resources to finance committed reinvestment and development programmes, along with the Trust's day to day operations. The Trust also has a long term business plan which shows it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

On 5 May 2017 the Trust 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 £25m a note purchase agreement with a private investor, M&G Investments and the remaining £36m is with Royal Bank of Scotland (RBS), £21m on fixed rates and £15m on a revolving credit facility.

On this basis, the Board has a reasonable expectation that the Trust 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 auditors is unaware,
- the board members have taken all steps they ought to have taken as board members to make themselves aware of any relevant audit information and to establish that the company's auditors is aware of that information.

External auditors

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

This report was approved by the Board on 29 July 2019 and signed on its behalf by:

Sarah Russell
Chairman
29 July 2019

Strategic Report

Activities

Parkway Green Housing Trust ('the Trust') is a stock transfer organisation established to manage and deliver major refurbishments and quality services to 5,731 homes in Wythenshawe. For the duration of 2018/2019 the Trust's head office was at Wythenshawe House, in Wythenshawe and all its properties are situated within five miles of the head office. The Trust has charitable status and operates primarily as a social landlord, providing affordable general needs housing.

Objectives and strategy

Through the Group, the Trust has reviewed its Strategic Plan, and has developed a new Strategic Plan covering the period to 2020 which incorporates the Trust's vision, values and strategic aims.

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

Our Vision – why we are here

The aim of Parkway Green Housing Trust 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 Trust 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 Trust has continued to invest significantly in the homes of Wythenshawe, this year spending over £4.5m in further improving the properties held for social housing, of which £1.7m has been capitalised while the remainder £2.8m 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

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 Trust 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 performance indicators is set out in the Trust Highlights (page 3) 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 pensions liability and the Trust 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 2) and has been included within housing properties on the Statement of Financial Position. All other expenditure has been treated as revenue and expensed through the Income & Expenditure account.

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.

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

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

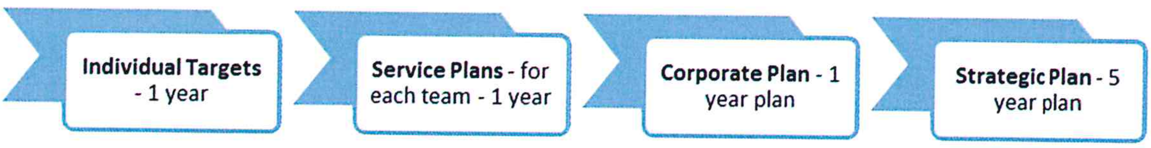
value for money being provided through current service delivery. The Tenant Committee reports to the Group Board on a regular basis.

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.

PARKWAY GREEN HOUSING TRUST

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.

PARKWAY GREEN HOUSING TRUST

VFM Metrics

Section	Indicator	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Actual 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 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 indicate 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 utilising 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 maximise 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 completed a review of its current funding structure during the 2016/2017 year and put in place a revised structure from May 2017 which will better support the Group's updated Strategic Plan, and the Government's Policy for delivering more homes.

The Group's 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. Given the challenging operating environment and the Board's low appetite for risk in such circumstances, the Board takes a prudent approach and as such, surpluses and spare capacity are to be utilised on achieving the Group's business objectives. The Group 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 will continue to build on the strong performance demonstrated over the last five years looking for more efficient ways of delivering the services our tenants, against a backdrop of the 1% rent reduction from 2016 to 2020, in addition to welfare reform.

The Group has an approved development programme of 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 Trust achieving its objectives are contained on the Risk Register.

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

Financial position

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

Accounting Policies

The Trust's principal accounting policies are set out on pages 46 to 53 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 5,737 housing properties (2018: 5,670). The properties were carried in the Statement of Financial Position at cost (after depreciation) of £124.7m (2018: £117.7m). Housing properties under construction amounted to £2.2m.

Our investment in housing properties this year was funded through a mixture of social housing grant, loan finance and working capital, where we continue to show a strong current asset balance, an important indicator of liquidity. The Trust's treasury management arrangements are considered on page 31.

Pension costs

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.

Capital structure and treasury policy

At the year-end 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 Group restructured its finance on 5 May 2017. This was done to take advantage of lower, long term interest rates available in the market and lift restrictions and covenants, in particular cross lending restrictions.

The 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% with interest payment due in May and November of each year. 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.

The trend information in the Trust Highlights (pages 3 and 4) shows gearing of 1:0.90 by 31 March 2019.

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

The group has cash balances of £13.2m at 31 March 2019 (2018: £4.5m) and the current ratio stands at 3.14 (2018: 1.37). The Trust 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 cash flow statement on page 45. The net cash inflow from operating activities in the period was £13m.

Post Balance Sheet Events

There have been no events since the year end that have had a significant effect on the Trust'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 3-4.

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

Key Risk	Status, controls in place
	to an improved quality of referral and reporting. Safeguarding 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	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

Key Risk	Status, controls in place
tenant satisfaction	Maintenance service and the Gas service following external 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

Key Risk	Status, controls in place
	covenant compliance on a monthly basis. 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

Key Risk	Status, controls in place
	and Subsidiary Boards approved to proceed with the Common Board process in July 2015, updates provided to the subsequent Boards in line with the time plan. New Board structure commenced from 01/04/2016, Board member selection was skills based. The new Board is in place, with 12 Board members, Chairs for WCHG, 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

Sarah Russell
Chairman
29 July 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARKWAY GREEN HOUSING TRUST

Opinion

We have audited the financial statements of Parkway Green Housing Trust (the 'charitable company') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the 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 charitable company's affairs as at 31 March 2019 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Responsibilities of the board for the financial statements

As explained more fully in the Statement of Board's Responsibilities set out on page 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 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 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.

Joanne Love

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.

Statement of Comprehensive Income
for the year ended 31 March 2019

	Note	2019 £000	2018 £000
Turnover	3	29,341	27,418
Cost of sales	3	(3,609)	(2,337)
Operating costs	3	(23,055)	(21,346)
Movement in fair value of investment properties	3	113	71
Surplus on sale of fixed assets – housing properties	3	1,976	2,075
Operating surplus		**4,766**	**5,881**
Movement in fair value of financial instruments	20	412	178
Interest receivable and other income	7	197	70
Interest payable and similar charges	8	(2,230)	(2,133)
Other finance charges	25	(201)	(200)
Surplus on ordinary activities before taxation		**2,944**	**3,796**
Tax on surplus on ordinary activities	11	(91)	-
Surplus for the financial year		**2,853**	**3,796**
Remeasurements in respect of pension schemes		(2,541)	1,072
Total comprehensive income for the year		**312**	**4,868**

The operating surplus for the year arises from continuing operations.

The notes on pages 47 to 75 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
Clare Flynn

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

	Income and expenditure reserve £000	Restricted reserve – BIG Lottery Fund and ESF Building Better Opportunities Grant £000	Revaluation reserve £000	Total £000
Balance at 1 April 2017	56,259	-	22,950	79,209
Surplus for the year	3,796	-	-	3,796
Other comprehensive income for the year	1,072	-	-	1,072
Transfer from revaluation reserve to income and expenditure reserves	850	-	(850)	-
Balances at 1 April 2018	61,956	21	22,100	84,077
Surplus for the year	2,853	-	-	2,853
Other comprehensive income for the year	(2,541)	-	-	(2,541)
Transfer from revaluation reserve to income and expenditure reserves	778	-	(778)	-
Transfer from restricted reserves to income and expenditure reserves	(9)	9	-	-
Balances at 31 March 2019	**63,037**	**30**	**21,322**	**84,389**

The accompanying notes on pages 46 to 74 form part of these financial statements.

PARKWAY GREEN HOUSING TRUST

Statement of Financial Position – co no 05220157
as at 31 March 2019

	Note	2019 £000	2019 £000	2018 £000	2018 £000
Intangible fixed assets	12		-		-
Tangible fixed assets					
Housing properties	13	126,933		125,958	
Investment Properties	15	1,967		1,505	
Other tangible fixed assets	14	2,937		3,041	
Total fixed assets			**131,837**		**130,504**
Current assets					
Properties for sale	16	582		3,426	
Debtors	17	7,957		8,659	
Cash and cash equivalents		13,193		4,459	
		21,732		16,544	
Creditors: Amounts falling due within one year	18	(4,200)		(3,254)	
Net current assets			**17,532**		**13,290**
Total assets less current liabilities			**149,369**		**143,794**
Creditors: amounts falling due after more than one year	19	54,480		52,590	
Provisions for liabilities:					
Defined benefit pension liability	25	10,500		7,127	
			64,980		59,717
Total net assets			**84,389**		**84,077**
Capital and reserves					
Revenue reserve	27		63,037		61,956
Revaluation reserve	28		21,322		22,100
Restricted reserves	29		30		21
			84,389		**84,077**

The accompanying notes on pages 46 to 74 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
Sarah Russell

Board Member
Clare Flynn

Secretary
Shahida Latif-Haider

Statement of Cash Flows
for the year ended 31 March 2019

	Note	2019 £000	2018 £000
Net cash inflow from operating activities	30	13,146	2,987
Cash flow from investing activities			
Purchase and construction of housing properties		(5,383)	(9,174)
Proceeds from sale of housing properties	6	2,798	3,193
Proceeds from disposal of investment properties		-	-
Interest received		197	70
		(2,388)	**(5,911)**
Cash flow from financing activities			
Interest paid		(2,524)	(1,522)
Loans received		-	25,000
Repayments of borrowings		500	(24,200)
		(2,024)	**(722)**
Net change in cash		**8,734**	**(3,646)**
Cash at beginning of the year		4,459	8,105
Cash at the end of the year		**13,193**	**4,459**

The accompanying notes on pages 46 to 74 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 Trust'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 these financial statements advantage has been taken of the following disclosure exemptions available in FRS102:

- Disclosures in respect of the 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.

This information is included in the Consolidated finanacial statements of Wythenshawe Community Housing Group Limited and these financial statements may be obtained from 8 Poundswick lane, Manchester, M22 9TA.

The Trust is a public benefit entity in accordance with FRS 102.

The financial statements are presented in sterling (£).

Going concern

The Trust's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The Trust has in place long-term debt facilities of £61m, £25m as a note purchase agreement with a private investor, M&G Investments, £21m fixed rates with Royal Bank of Scotland (RBS) and the remaining £15m 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 Trust's day to day operations. The Trust 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 Trust 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 Trust that have the most significant effect on amounts recognised in the financial statements:

i. **Capitalisation of property development costs** - the Trust 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 Trust has undertaken a review of the intended use of all housing properties. In determining the intended use, the Trust has considered if the asset is held for social benefit or to earn commercial rentals. The Trust has determined that market rented properties are investment properties.
iii. **Classification of loans** – the Trust 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 that has a callable option on it (details with note 20) 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 Trust carries its investment property at fair value, with changes in fair value being recognised in the statement of comprehensive income. The Trust engages independent valuation specialists to determine the 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 25. The liability as at 31 March 2019 was £10.500m.

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 £10.952m 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%

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 Trust 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 Trust 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 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 Trust 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 Trust.

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 Trust 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 Trust'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 Trust 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 Trust or for use in the business. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

Properties for Sale

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

Government Grants including Social Housing Grant

Government grants include grants receivable from the 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 Trust 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 Trust 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 Trust 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

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.

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 Trust 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.

Intra-Group Recharges

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

Reserves

The Trust 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 fair value of housing properties and the historical cost carrying value (net of capital grants and depreciation) 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.

3. Turnover, cost of sales, operating costs and operating surplus (continued)
Continuing activites

	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						
Income and expenditure from lettings	23,556	-	-	-	(23,055)	501
Other social housing activities						
First tranche shared ownership sales	3,383	-	-	(2,271)	-	1,112
Supporting people contract income	-	-	-	-	-	-
Non social housing activites	2,402	-	-	(1,338)	-	1,064
Movement in fair value of investment properties (note 15)	-	-	113	-	-	113
Surplus on sale of fixed assets – housing properties (note 6)	-	1,976	-	-	-	1,976
Total	**29,341**	**1,976**	**113**	**(3,609)**	**(23,055)**	**4,766**

	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	23,369	-	-	-	(21,346)	2,023
Other social housing activities						
First tranche shared ownership sales	2,249	-	-	(1,389)	-	860
Supporting people contract income	-	-	-	-	-	-
Non social housing activites	1,800	-	-	(948)	-	852
Movement in fair value of investment properties (note 15)	-	-	71	-	-	71
Surplus on sale of fixed assets – housing properties (note 6)	-	2,075	-	-	-	2,075
Total	**27,418**	**2,075**	**71**	**(2,337)**	**(21,346)**	**5,881**

For the year ended 31 March 2019, surplus on disposed of fixed assets has been presented as part of operating surplus. Comparatives have been restated accordingly.

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

	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	23,222	122	23,344	23,032	122	23,154
Service charges receivable	111	1	112	77	0	77
Net rental income	**23,333**	**123**	**23,456**	**23,109**	**122**	**23,231**
VAT shelter income	46	-	46	124	-	124
Amortised government grants	54	-	54	14	-	14
Turnover from social housing lettings	**23,433**	**123**	**23,556**	**23,247**	**122**	**23,369**
Expenditure on social housing lettings						
Management	(5,002)	(26)	(5,028)	(5,394)	(30)	(5,424)
Services	(2,609)	(14)	(2,623)	(3,030)	(15)	(3,045)
Routine maintenance	(4,475)	(24)	(4,499)	(4,429)	(23)	(4,452)
Planned maintenance	(794)	(4)	(798)	(636)	(3)	(639)
Major repairs expenditure	(5,910)	(31)	(5,941)	(2,858)	(15)	(2,873)
Regeneration expenditure	(718)	(4)	(722)	(622)	(3)	(625)
Bad debts	(106)	(1)	(107)	(351)	(2)	(353)
Depreciation and amortisation charged	(3,056)	(16)	(3,072)	(3,339)	(18)	(3,357)
Accelerated depreciation on component disposal	(264)	(1)	(265)	(575)	(3)	(578)
Operating costs on social housing lettings	**(22,934)**	**(121)**	**(23,055)**	**(21,234)**	**(112)**	**(21,346)**
Operating surplus on social housing lettings	**498**	**2**	**501**	**2,013**	**10**	**2,023**
Void losses	(227)	(1)	(228)	(125)	(1)	(126)

4. Accommodation in management and development

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	5,160	5,198
affordable rent	452	390
Market rent	14	11
Shared ownership	81	39
Supported housing	30	30
Outright sale	-	2
Total units owned and managed	**5,737**	**5,670**
Developed in the period	114	90
Acquired in the period	5	6
Demolished in the period	-	-
Disposed in period	(14)	
Right to Buys in the period	(30)	(44)
Right to Acquires in the period	(8)	(8)
Movement in period	**67**	**44**
Accommodation in development at the period end	**71**	**138**

5. Operating profit

This is arrived at after charging:

	2019 £000	2018 £000
Depreciation of tangible fixed assets - properties	2,931	3,225
Accelerated depreciation on disposal of components	265	578
Depreciation of tangible fixed assets - other	105	109
Amortisation of intangible fixed assets	-	-
Amortisation of finance charges	22	22
Operating lease rentals		
- land and buildings	3	4
- vehicles	205	218
- office equipment	11	8
External Auditors' remuneration (excluding VAT)		
- fees payable to the Trust's auditors for the financial statements audit	19	17
- other services – tax compliance	19	16
- VAT advice	4	8
- employee benefits advice	7	1

6. Surplus on sale of fixed assets – housing properties

	2019 £000	2018 £000
Proceeds from disposals of housing properties	2,835	3,246
Carrying value of fixed assets	(822)	(1,118)
Other costs of sales	(37)	(53)
Surplus on sale of fixed assets	**1,976**	**2,075**

7. Interest receivable and other income

	2019 £000	2018 £000
Interest receivable and similar income	197	70
	197	**70**

8. Interest payable and similar charges

	2019 £000	2018 £000
Loan interest	2,148	2,054
Non utilisation fees	82	79
	2,230	**2,133**

9. Employees

The average number of persons employed during the period was:

	2019 Average Number	2018 Average Number
Administration	54	60
Asset management and development	65	65
Housing support and care	27	31
Regeneration	34	22
	180	**178**

9. Employees (cont.)

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

	2019 Average FTEs	2018 Average FTEs
Administration	49	55
Asset management and development	64	64
Housing support and care	25	28
Regeneration	27	20
	165	**167**

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

The employment costs relating to the above employees were charged by the Trust to the parent organisation, Wythenshawe Community Housing Group Limited. Staff costs are then recharged to the Trust in line with the Intra Group Agreement.

Staff Costs:

	2019 £'000	2018 £'000
Administration	2,998	3,079
Asset management and development	2,552	2,435
Housing support and care	870	844
Regeneration	756	561
	7,176	**6,919**

Employee costs:

	2019 £000	2018 £000
Wages and salaries	5,605	5,507
Social security costs	519	516
Other pension costs	1,052	896
	7,176	**6,919**

The Trust's employees were eligible to be members of the Greater Manchester Pension Scheme (GMPS). Further information on the scheme is given at Note 25.

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

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

10. Directors' and senior staff emoluments

The employment costs relating to the directors and senior staff employed by the Trust was charged to the parent organisation, Wythenshawe Community Housing Group Limited, and then a proportion recharged back to the Trust in line with the Intra Group Agreement.

The directors and senior staff costs detailed below for 2019 and 2018 are the full costs to the Group.

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 of the Group 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 Fund. 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 £7 (2018: £58).

11. Taxation on deficit from ordinary activities

	2019 £000	2018 £000
Current taxation reconciliation		
Surplus on ordinary activities before taxation	2,944	3,797
Theoretical tax at UK corporation tax rate 19% (2018: 19%)	(589)	(721)
Effects of:		
- charges re prior year	(91)	-
- income not subject to corporation tax	589	721
Current taxation charge	**(91)**	-

12. Intangible fixed assets

	Telecom Licenses £000
Cost	
At 1 April 2018	170
At 31 March 2019	170
Amortisation	
At 1 April 2018	170
Charge for year	-
At 31 March 2019	170
Net book value	
At 31 March 2019	-
At 31 March 2018	-

13. Tangible fixed assets – housing properties

	Social housing properties held for letting £000	Shared ownership properties £000	Social Housing properties under construction £000	Shared ownership properties under construction £000	Total housing properties £000
Cost					
At 1 April 2018	128,828	1,826	6,175	2,051	138,880
Additions	-	-	2,463	754	3,217
Properties acquired	160	-	-	-	160
Works to existing properties	1,657	-	-	-	1,657
Schemes completed	6,430	2,795	(6,430)	(2,795)	-
Disposals	(913)	(40)	-	-	(953)
Disposal of components	(316)	-	-	-	(316)
At 31 March 2019	135,846	4,581	2,208	10	142,645
Depreciation					
At 1 April 2018	12,861	61	-	-	12,922
Charge for year	2,870	61	-	-	2,931
Disposed in the year	(90)	-	-	-	(90)
Components disposed in the year	(51)	-	-	-	(51)
At 31 March 2019	15,590	122	-	-	15,712
Net book value					
At 31 March 2019	120,256	4,459	2,208	10	126,933
At 31 March 2018	115,967	1,765	6,175	2,051	125,958

13. Tangible fixed assets – housing properties (cont.)

Expenditure on works to existing properties:

	2019 £000	2018 £000
Improvement works capitalised	1,657	1,656
Amounts charged to income and expenditure account	5,941	2,873
Total	**7,598**	**4,529**

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.	£118 million	Existing Use Value: Social Housing.
ii.	£139 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	128,715	124,968
Depreciation and impairment	(26,578)	(23,813)
	102,137	101,155

Social housing assistance

	2019 £000	2018 £000
Total accumulated SHG receivable at 31 March:		
Recognised in the Statement of Comprehensive Income	38,649	38,594
Held as deferred income	5,466	3,136
	44,115	41,730

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

	2019 £000	2018 £000
Freehold land and buildings	126,940	125,958
	126,940	125,958

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

14. Tangible fixed assets - Other

	Long Leasehold Offices £000	Freehold Offices £000	Plant & Machinery £000	Furniture Fixtures & Fittings £000	Computers & Office Equipment £000	Total £000
Cost						
At 1 April 2018	345	4,690	16	254	727	**6,032**
At 31 March 2019	345	4,690	16	254	727	**6,032**
Depreciation						
Depreciation at 1 April 2018	345	1,670	16	233	726	**2,990**
Depreciation charge	-	94	-	10	1	**105**
At 31 March 2019	345	1,764	16	243	727	**3,095**
Net book value						
At 31 March 2019	-	2,926	-	11	-	**2,937**
At 31 March 2018	-	3,041	-	-	-	**3,041**

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

	2019 £000	2018 £000
At 1 April 2018	1,505	750
Additions	349	684
Disposals	-	-
Fair value adjustment	113	71
At 31 March 2019	**1,967**	**1,505**

Investment properties were valued as at 31 March 2019. The group's investment properties have been valued by RSC 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. Properties for Sale

	2019 £000	2018 £000
Shared ownership properties:		
Completed properties	574	47
Work in progress	5	2,051
	579	2,098
Outright sale properties:		
Completed properties	-	1,328
Work in progress	3	-
	3	1,328
	582	**3,426**

17. Debtors

	2019 £000	2018 £000
Due within one year		
Rent and service charges receivable	1,780	1,879
Less: provision for bad and doubtful debts	(911)	(904)
	869	975
Other debtors	84	144
Amounts due from group companies	7,004	7,500
Prepayments and accrued income	-	40
Total due within one year	**7,957**	**8,659**

Amounts due from group companies are unsecured, repayable on demand and subject to an interest rate of LIBOR +1.5%.

18. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Rents and service charges received in advance	978	955
Other creditors	7	7
Leaseholder sinking fund balances	530	425
Deferred grant income (Note 22)	112	63
Accruals and deferred income	372	665
Amounts due to group companies	1,734	664
Disposal Proceeds Fund (Note 21)	467	475
	4,200	**3,254**

Amounts due to group undertakings from group companies are unsecured and repayable on demand.

19. Creditors: amounts falling due after one year

	2019 £000	2018 £000
Disposal Proceeds Fund (Note 21)	-	-
Deferred grant income (Note 22)	5,354	3,073
Housing loans net of arrangement fee (Note 20)	49,126	49,517
	54,480	**52,590**

20. Debt analysis

	2019 £000	2018 £000
Due within one year		
Bank loans	-	-
	-	-

	2019 £000	2018 £000
Due after more than one year		
Other loans	25,000	25,000
Bank loans	20,586	20,565
Interest rate swap	3,540	3,952
	49,126	**49,517**

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

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 2019 the Trust held three £7.0m loans on fixed rates of 5.85%, 6.08% and 6.29%.

The Trust has incurred £665k of loan fees 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 its 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 £61m, £25m as a note purchase agreement with a private investor, M&G Investments and the remaining £36m is with Royal Bank of Scotland (RBS), £21m on fixed rates, which was part of the old facility, and £15m on a revolving credit facility.

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 5.85%, 6.08% and 6.29%. The £25m held with M&G is at a rate of 3.4%.

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

At 31 March 2019, the Trust had undrawn loan facilities of £15m (2018: £15m).

21. Disposal Proceeds Fund

	2019 £000	2018 £000
At 1st April	475	671
Net proceeds recycled	(10)	-
Interest accrued	2	2
Acquisition of dwellings for letting	-	(198)
Balance as at 31 March	**467**	**475**

	2019 £000	2018 £000
Amounts to be released within one year	467	475
Amounts to be released in more than one year	-	-
	467	**475**

During the year to 31 March 2019 £nil (2018: £198k) of the funds have been transferred to Willow Park Housing Trust to be used for the development of properties.

22. Deferred grant income

	2019	2018
	£000	£000
At 1 April	3,136	2,156
Grant received in the year	2,385	994
Released to income in the year	(55)	(14)
At 31 March	**5,466**	**3,136**

	2019	2018
	£000	£000
Amounts to be released within one year	112	63
Amounts to be released in more than one year	5,354	3,073
	5,466	**3,136**

23. Capital commitments

The Trust had no capital commitments to disclose at 31 March 2019 (2018: £nil). All capital commitments are shown in the Group accounts.

24. Contingent liabilities

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

25. 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 Trust commenced participation in the Fund at transfer in October 2006. 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 2019 in accordance with the requirements under FRS 102, by a qualified independent actuary.

25. Pension Obligations (cont.)

Contributions

The employers' contributions to the GMPF by the Trust for the period 1 April 2018 to 31 March 2019 were £999k (2018: £843k).The employers' minimum contribution rate was 22.7% of pensionable pay for the year-ended 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 2019 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

Assumptions

Fair value and Expected return on assets

The major categories of plan assets as a percentage of total plan assets at 31 March 2019 are:

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

Employer's contributions for the year ended 31 March 2020 are predicted to be £984k.

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.

25. Pension Obligations (cont.)

	31 March 2019 £000	31 March 2018 £000	31 March 2017 £000
Fair value of the above assets related to the Trust	38,586	35,180	33,525
Present value of liabilities	(49,086)	(42,307)	(40,900)
Deficit related to the Trust	**(10,500)**	**(7,127)**	**(7,375)**

Recognition in surplus or deficit

	31 March 2019 £000	31 March 2018 £000
Current service cost	1,626	1,444
Past service cost	-	23
Interest income on plan assets	(959)	(879)
Interest cost	1,160	1,079
Total charged to the statement of comprehensive income	**1,827**	**1,667**

Of the costs above £1,626k (2018: £1,467k) has been charged to operating surplus and £201k (2018: £200k) has been charged to other finance/income costs.

Reconciliation of defined benefit obligation

	31 March 2019 £000	31 March 2018 £000
Opening defined benefit obligation	**42,307**	**40,900**
Current service cost	1,626	1,444
Past service cost	-	23
Interest cost	1,160	1,079
Contributions by members	311	280
Actuarial losses / (gains)	4,224	(923)
Estimated benefits paid	(542)	(496)
Closing defined benefit obligation	**49,086**	**42,307**

Reconciliation of fair value of employer assets

	31 March 2019 £000	31 March 2018 £000
Opening fair value of employer assets	**35,180**	**33,525**
Interest income on plan assets	959	879
Contributions by members	311	280
Contributions by the employer	995	843
Actuarial (losses)/gains	1,683	149
Benefits paid	(542)	(496)
Closing fair value of employer assets	**38,586**	**35,180**

25. Pension Obligations (cont.)

Contributions paid to the defined contribution pension scheme

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

26. Share capital

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

	2019 No	2018 No
Number of members		
At 1 April 2018	6	7
Joined during the year	1	1
Leaving during the year	(1)	(2)
At 31 March 2019	6	6

27. Revenue Reserves

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

28. 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.

29. Restricted Reserves

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

30. Reconciliation of surplus for the year to net cash inflow from operating activities

	2019 £000	2018 £000
Surplus for the year	2,860	3,796
Amortisation of intangible fixed assets	-	-
Amortisation of finance charges	22	22
Depreciation of tangible fixed assets - properties	2,931	3,225
Accelerated depreciation on disposal of components	265	578
Movement in fair value of investment properties	(113)	(71)
Depreciation of tangible fixed assets - other	105	109
Pension current service cost	1,626	1,444
Pension past service cost	-	23
Pension contributions paid	(995)	(843)
Surplus on sale of fixed assets – housing properties	(1,976)	(2,075)
Movement in fair value of financial instruments	(412)	(178)
Interest payable	2,230	2,133
Interest receivable	(197)	(70)
Pension interest costs	201	200
Carrying amount of tangible fixed assets	32	-
	6,579	**8,293**
Working capital movements		
(Increase)/Decrease in properties for sale	2,844	(557)
(Increase)/Decrease in debtors	206	(6,538)
Increase/(Decrease) in creditors	3,517	1,789
Net cash inflow from operating activities	**13,146**	**2,987**

31. Related parties

Nigel Wilson is the chair of JV North Limited, a HCA development Partnership. The Trust paid JV North £53k (2018 - £12k) in membership fees during the year ended 31 March 2019. At the year-end there was a balance of £nil on the purchase ledger (2018 - £nil). During the year to 31 March 2019 the Trust received from Homes England £30k (2018: £30k) towards the the affordable homes programme at Bowland Road, £20k (2018: £20k) towards the affordable homes programme at Nesfield Road, £920k (2018: £nil) towards the affordable homes programme at Greenbrow road, £560k (2018: £nil) towards the affordable homes programme at Bramcote Avenue, £825k towards Scout Drive development and £29k towards buy backs.

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 transactions 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.

Cllr Sarah Russell
Cllr Glynn Evans

The above are local councillors who also are Board members. They do not have any contractual arrangements with the Trust and are not able to use their position to their advantage.

The company has taken advantage of exemptions conferred by Financial Reporting Standard 102 from disclosing transactions with fellow wholly owned group undertakings consolidated in the accounts of WCHG.

The Trust have some contracts with Manchester City Council. The following transactions were undertaken with MCC during the year, sales £6.6k (2018: £18k), purchases £nil (2018: £nil). At the year end Parkway Green Housing Trust owed £nil (2018: £nil) to Manchester City Council and were owed £12k (2018: £68k) by Manchester City Council.

Bernadette Heanue
Clare Flynn

The above are or were tenant Board members. Their tenancies were on normal commercial terms and they were not able to use their position to their advantage. At 31 March 2019 the aggregate value of rent arrears was £409.58 in credit.

On 1 April 2013 a parent company Wythenshawe Community Housing Group was created. At 31 March 2019 Wythenshawe Community Housing Group was owed £1.7m from Parkway Green Housing Trust (2018: £664k owed); this balance is included within creditors due within 1 year.

At 31 March 2019 Parkway Green Housing Trust was owed £7m from Willow Park Housing Trust (2018: £7.5m).

32. Parent Undertaking

The Trust is a subsidiary of Wythenshawe Community Housing Group Limited, a company incorporated in England. Wythenshawe Community Housing Group Limited (parent) has full control over Parkway Green Housing Trust and is the ultimate controlling party. Copies of the company's accounts may be obtained from Wythenshawe Community Housing Group Limited, Wythenshawe House, 8 Poundswick Lane, Manchester, M22 9TA.