TRAFFORD HOUSING TRUST

Trafford Housing Trust Ltd.

Annual Report and Financial Statements

31 March 2019

A charity registered with the Charity Commission No. 1106967
Company No. 04831118

Table of contents

1. Chairman's statement 6

2. About Trafford Housing Trust 8

- 2.1 Vision 2020: Our corporate plan 10
- 2.2 Financial performance trends 2018-19 12
- 2.3 Our work in numbers 2018-19 14

3. Strategic report 16

- 3.1 Business overview 2018/19 18
  - 3.1.1 Business overview 2018/19 22
- 3.2 Financial Performance 24
  - 3.2.1 Financial Position 25
  - 3.2.2 Cashflow and Treasury Management 26
- 3.3 Operational Performance 28
  - 3.3.1 Achieving Targets 30
  - 3.3.2 Managing our Property Assets 32
  - 3.3.3 Development and Sales Activity 33
  - 3.3.4 Making a Difference 36
- 3.4 Value for Money 42
  - 3.4.1 Value for Money Strategy 44
  - 3.4.2 Understanding our costs and performance 46
  - 3.4.3 Delivery of Value for Money 50
  - 3.4.4 Procurement Strategy and Savings 52
  - 3.4.5 Alternative models of delivery 53
  - 3.4.6 Understanding our Assets 53
  - 3.4.7 Being more effective, creating further value: the next 12 months 54
- 3.5 Governance 56
  - 3.5.1 Group structure 58
  - 3.5.2 Group Board and governance structure. 60
  - 3.5.3 Group Board and Executive Officers 62
- 3.6 Risk and Assurance 66
  - 3.6.1 Internal Control Assurance 68
  - 3.6.2 Risk Management 70

Table of contents

3.7 Colleague Involvement and Equal Opportunities 74
3.8 Future Plans and Disclosures 76
3.8.1 L&Q Acquisition of THT 80
3.8.2 Donations 80
3.8.3 Going Concern 80
3.8.4 Statement of Compliance 80
3.8.5 Disclosure of Information to Auditor 80
3.8.6 Auditors 80

4. Independent Auditor’s Report to THT Limited 82

5. Financial Statements 86
5.1 Group Statement of Comprehensive Income 88
5.1 Group Statement of Comprehensive Income (continued) 89
5.2 Trust Statement of Comprehensive Income 90
5.3 Group Statement of Financial Position 91
5.4 Trust Statement of Financial Position 92
5.5 Statement of Changes in Reserves 93
5.6 Group Cash Flow Statement 95
5.7 Notes To The Financial Statements 96

1.0

Chairman's statement

Our customers tell us that having the choice of a safe and affordable home is what matters most to them. As well as maintaining the 9,000 good quality homes that we already offer customers, we have been working hard this year to increase the range and supply of homes that we know are so desperately needed.

In 2018/19, we completed 113 new homes through our successful Laurus Homes brand. However, the key shift in our delivery of new homes has been starting an additional 800 homes – double the number in the previous year. This will mean that we will, on average, be completing more than 400 homes a year by 2021/22 around 48% of which will be sub-market rent or for low-cost home ownership. This is a substantial shift in our offer to customers and will also enable us to re-invest in yet more new homes, as well as in our existing social homes, giving customers a better choice of homes.

We know that there is a real shortage of quality affordable homes in the region that are truly accessible to meet the growing number of people who need them throughout their lives. We are proud that, as well as continuing to deliver new homes in Trafford, we expanded our geography to Lancashire, Cheshire and Greater Manchester this year, in line with our commitment to delivering homes of choice to customers across the North West.

One of the ways that we plan to further grow our business in the North West and deliver more homes to customers is through our partnership with L&Q, one of the largest housing associations and social businesses in England. Our existing joint venture with L&Q has been very successful and in April 2019, we announced that we are now in talks to become part of the L&Q Group. This will enable us to unlock £4 billion of investment into the region, bringing 20,000 new homes over 10 years. At least 50% of these homes will be affordable, giving people better quality homes, more security and employment opportunities.

Being part of a larger organisation will also enable us to invest even more in the standard of our existing homes to ensure that our customers enjoy living in our properties. We have invested more than £9 million in these homes in the past year to ensure that they are safe and well maintained. Following the tragedy at Grenfell, we have also worked closely with our Independent Fire Engineer and in 2019/20 we will be investing £6 million to ensure our homes are fully compliant with the Hackett Review around Building Safety.

Another way that we will invest more in our communities when we join L&Q, is by creating a new North West Foundation to inject a further £2million a year into social projects that can tackle poverty and inequality. We will also create a new North West Academy to boost skills and training to create job opportunities and to help our current staff and customers to enhance their careers.

We already have a dedicated Social Investment Fund of £2 million to invest in local projects that make a real difference to our communities. The Social Investment Fund has now been in operation for a full financial year and we received 150 applications for almost £2 million. As a result, we invested £1.38 million in 107 local community initiatives, helping to address our four priority themes related to tackling poverty and inequality.

To continue to make things better for customers, we have worked hard to ensure that their voice is heard at the top of the organisation and they are able to influence policy and services at all levels. We are determined to go beyond the minimum regulatory standards for involving customers and we have involved them in our decision to join L&Q through a range of communication choices, including opportunities to meet with myself and other THT Board members.

We have listened to the views of 3,500 customers in the past year through our surveys and are doing more to ensure we act on the things they have told us so that customers can help us to shape everything we do.

One of our key priorities has been to provide customers with as much certainty as possible, so we have chosen to end fixed-term tenancies so that customers can feel that they have a home in which they have greater security over their future. I am pleased that we are amongst those in the social housing sector that are leading the way on this.

While we are making some things better for customers, we know that many customers continue to struggle with rising levels of personal debt. The Customer Support Team saw an increase in demand for financial and welfare support services, with 1,700 new support cases opened in the year. In the past 12 months, we supported customers to gain benefits and manage a personal debt of £6m.

A lack of affordable housing has a huge social cost. Families are living in poor quality, overcrowded homes in the private rented sector, often having to resort to payday lenders to meet monthly private sector rents. There is a worrying lack of upward mobility as young people can't take up opportunities of employment in other parts of the country because there are few housing options available to them.

More worrying is that research by the National Housing Federation shows there are now an estimated 1.3 million children living in poverty in privately rented homes in England. High property prices and a shrinking proportion of social housing mean that the number of families living in privately rented homes has increased by more than three quarters in a decade.

We are actively trying to reverse this trend in the North West. As well as providing more affordable homes, we are investing more in support services such as a Personal Support Fund to give families who are struggling a financial lifeline; support for people suffering mental ill-health, and a stable families team who advocate for families who have challenging situations so they can access services they need.

We are very proud of our continued involvement in the Joint Venture with One Manchester and Bridges to help tackle the issue of rough sleeping, a priority for the Mayor of Greater Manchester. The partnership provides capital for a Social Impact Bond that will help over 300 of Greater Manchester's rough sleepers to find accommodation and support, which will transform the lives of many people. In its first 18 months, this project has supported 305 individuals into accommodation, of which 183 have now been in their own homes for over 6 months. 112 people have entered drug, alcohol or mental health support, and 12 have commenced employment, training or volunteering. We have also supported Greater Manchester's A Bed Every Night project to give homeless people a night shelter during the winter months.

We recognise that we could not have delivered our achievements this year without the hard work and commitment of our partners, including Trafford Council, the Trafford Clinical Commissioning Group, Homes England, Greater Manchester Combined Authority, Greater Manchester Housing Providers, L&Q, Galliford Try Partnerships, Wates Construction and the various local authorities that we are now working closely with to deliver and manage more homes.

And lastly, a special thank you to all my colleagues, who have worked tirelessly to ensure the delivery of an excellent service.

Thank you to everyone for another successful year.

Edna J Robinson

Edna Robinson
Group Chairman

2.0

About Trafford Housing Trust

We are a profit-for-purpose housing association with a mission to make society fairer for everyone. Our biggest role is managing almost 9,000 homes for social and affordable rent. We also have homes for shared ownership and open market sale. For our aging customers, we offer a range of CQC-registered care and support at home, as well as award-winning sheltered and extra-care homes.

Building and managing quality homes is only part of what we do. It's how we look after the people who live in our homes, and the wider community, that makes us different. We give help to customers who are struggling with their mental health or debt problems, and we support those who are finding it tough to get a job.

Since 2008, our CleanStart social enterprise has supported 86 ex-offenders back into work, saving over £10 million to the public purse. CleanStart also employs and mentors people from military backgrounds and those with learning or physical disabilities.

We are an accredited 'real' Living Wage Employer and support the Greater Manchester Living Wage Campaign to promote the Living Wage more widely.

We aim to invest around £2 million a year into projects that unite communities, tackle poverty, provide mentoring and skills, or do other great things that transform lives.

Our social heart pushes us to be innovative in our thinking about how we can be even better, and it challenges us to make every pound count.

We're uncompromising about the work we do because we believe that everyone deserves the same chances in life, regardless of their age, gender, disability, income, or where they come from.

We measure how well we are performing through three measures: financial value, social value and environmental value.

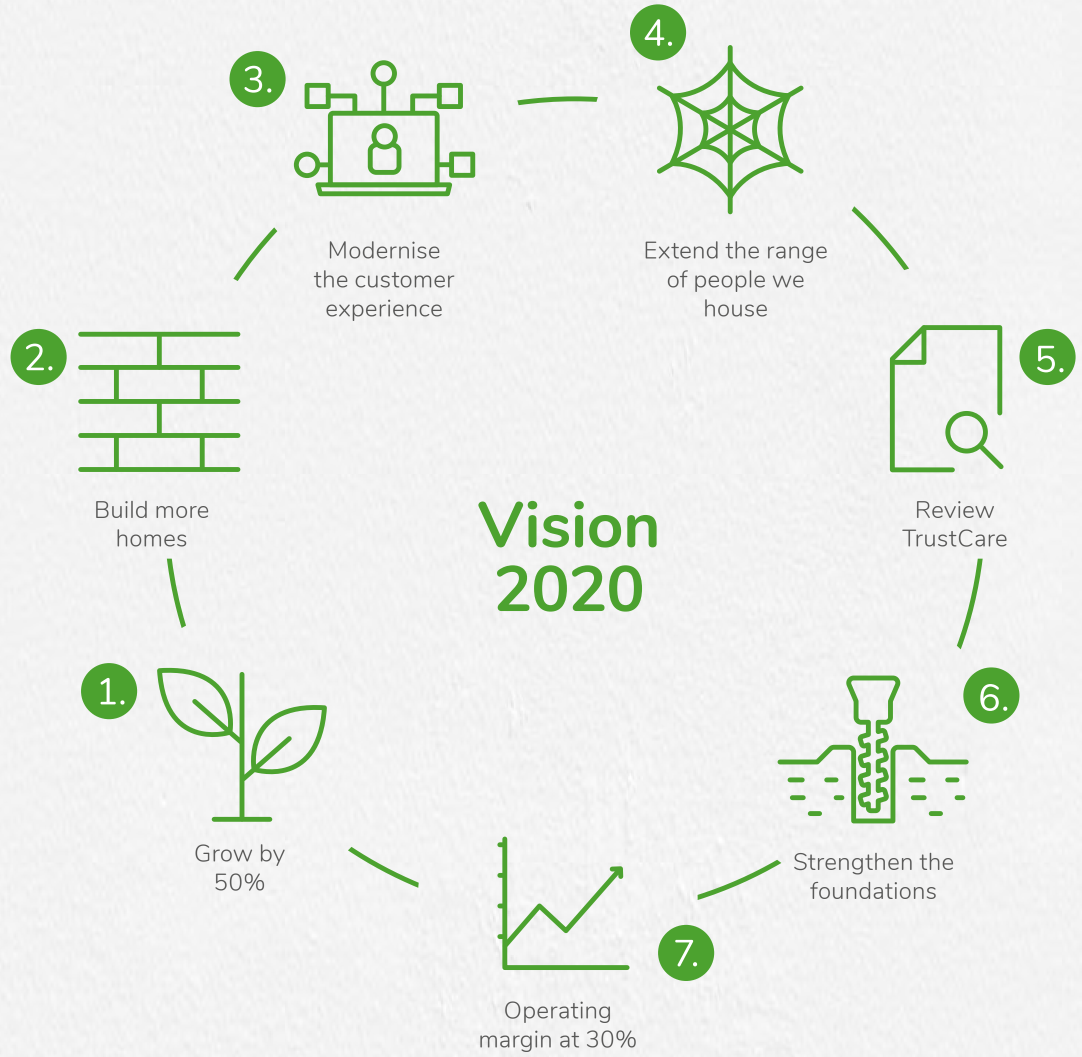
2.1

Vision 2020: Our corporate plan

Over the past decade, communities across the country, including in our heartland of Greater Manchester, have suffered austerity. Sectors such as retail and manufacturing have faced large-scale job cuts, and many people face the uncertainty of zero-hours contracts.

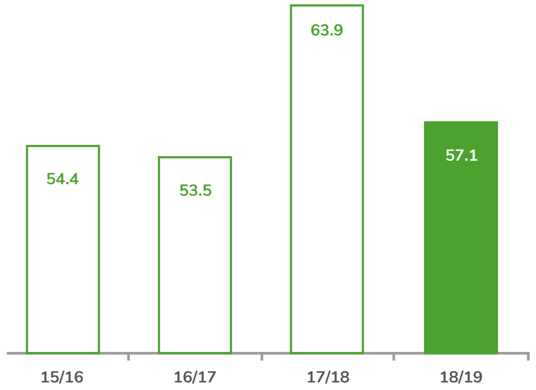
In addition, cuts to public finances mean that vital services continue to be threatened. There is a growing need for organisations such as ours to work together with public and private-sector partners to improve the lives of our customers. Growth in the economy is slowing, income and wealth inequalities are worsening, and there is an even greater need to support those facing increasingly difficult futures.

It is within this context that we developed a three-year Corporate Plan, called Vision2020, which sets out our strategic objectives.

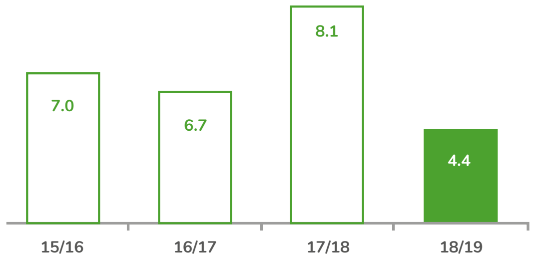


2.2

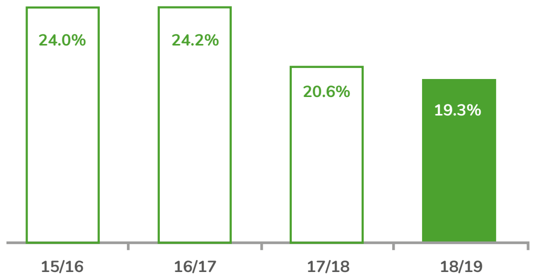
Financial performance trends 2018-19



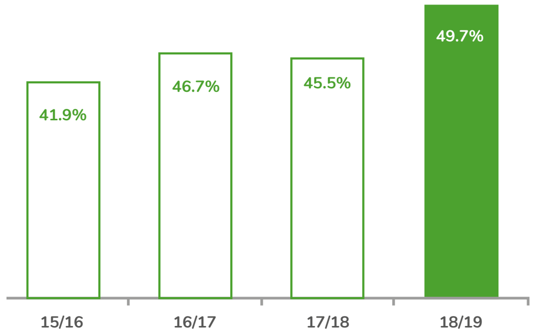
Turnover £57.1m
(2017/18: £63.9m)



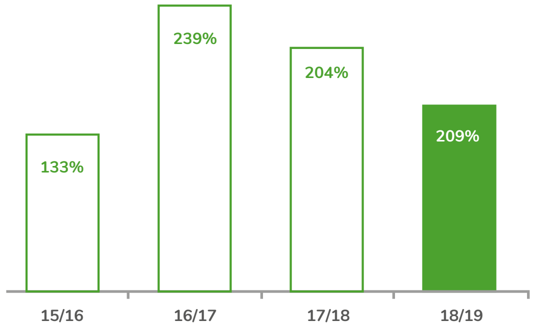
Net Surplus £4.4m
(2017/18: £8.1m)



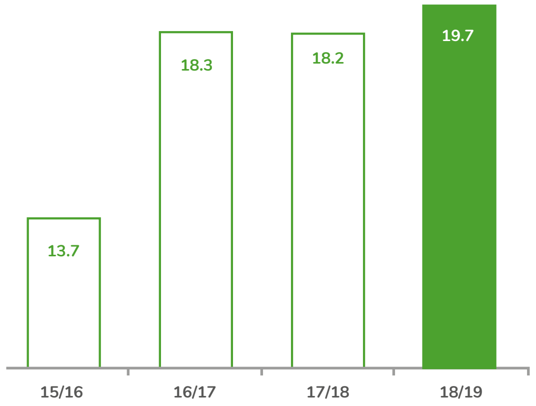
Operating Margin 19.3%
(2017/18: 20.6%)



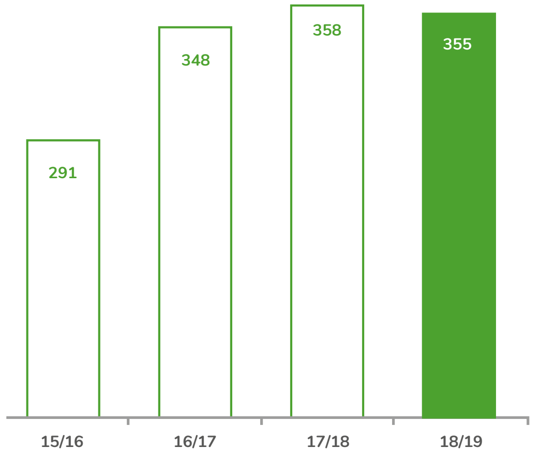
Loan to Value 49.7%
(2017/18: 45.5%)



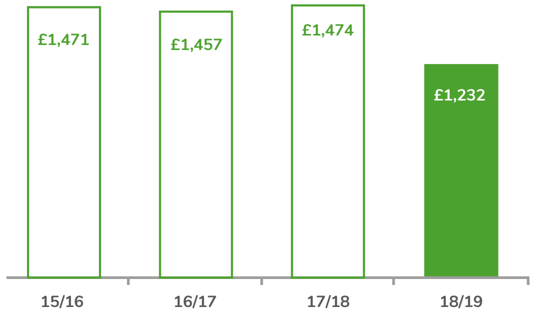
EBITDA-MRI Interest Cover 209%
(2017/18: 204%)



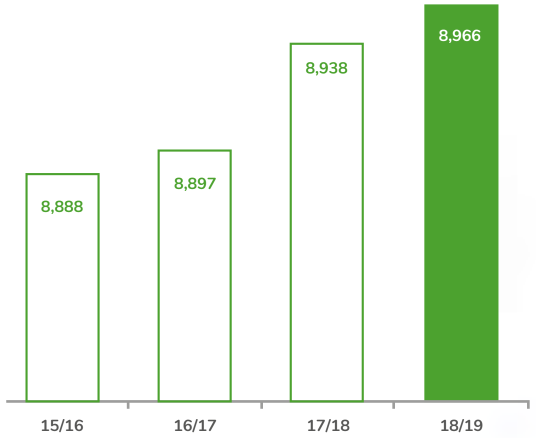
Debt per Unit £19.7k
(2017/18: £18.2k)



EUV-SH Valuation £355m
(2017/18: £358m)



Net Surplus per Unit £1,232
(2017/18: £1,474)



Homes Owned 8,966
(2017/18: 8,938)

Our work in numbers 2018-19

18,965
people living in our homes

113
new homes completed this year

£9.3m
invested in existing homes

99.2%
(£44m)
rent collected this year

10.1%
customer demand supported by our digital channel

33,018
repairs carried out for customers

85%
customers satisfied

£8.8m
savings to public sector and customers

1,700
customers helped with debt/benefits advice

53.4
Net Promoter Score across our services in Q4

5,217
independent living customers

36%
reduction in complaints

£5.9m
of which welfare support for our customers

32
ex-military/ offenders through Cleanstart

£1.38m
Of grants approved and commited by our Social Investment Fund

3.0

Strategic report

3.1

Business overview 2018/19

Building financial strength. The past financial year has continued to be challenging, although we delivered strong performance in a number of areas, including continuing to deliver the objectives set out in the 2017-20 Corporate Plan.

Our revenue for the year was £57.1m, a decrease of around £7m compared to last year. Turnover from social housing lettings remained consistent at around £46.1m (2017/18: £46.2m), but as expected turnover from housing sales reduced by £7.1m to £8m (2017/18: £15.1m). This was due to a combination of fewer houses being readily available to sell in the year, and a greater proportion of development activity being undertaken within joint-venture partnerships.

This has been a stretching year for our Laurus Homes developer brand, as we continued on our mission to build 2,000 new homes as part of a Joint Venture (JV) with L&Q. Progress has been slower than expected on a number of sites, meaning we only spent 76% of our capital budget for the year and brought in £10m through sales (81% of budget). However, the forward pipeline of homes is very strong with the approval of sites at D'Urton and Penwortham, there are now 2,173 approved homes in the Developer pipeline, with 48% of these homes being affordable homes, with a mixed portfolio of Shared Ownership, Affordable Rented and Social Rented.

Rent and service charge income has remained steady over the past 12 months, despite a 1% rent reduction which was driven by Government policy. Consistent income was largely achieved because of a full year's rent being received for the affordable homes at Limelight, while 62 newly developed units also generated rental income. We have worked hard to ensure that rent collection has remained very strong despite the impact of Universal Credit roll-out.

THT generated a Net Surplus of £4.4m for the year, which is a decrease of 44% from 2017/18. This is due to lower than expected income from sales and increased investment in community initiatives through the Social Investment Fund (up to £1.4m from £500k in 17/18). We have continued to invest heavily in fire safety costs to ensure we are doing everything we can to keep customers safe. In 2018/19, these costs were £1.3m, with a further £1.7m of revenue costs expected in 2019/20, on top of the Capital Spend.

Our Trustcare business began delivery of four new contracts in the period to support Trafford Council's provision of Extra Care services, including alarm monitoring, carer support and wellbeing activities. Since July, Trustcare has also been offering D2A (Discharge to Assess) and SAMS (Stabilise and Make Stable) packages, which provide customers with an intensive programme of support, to enable them to leave hospital earlier with support in place. By March, the number of customers receiving a SAMS assessment had increased to 25 per month. Of these customers, more than half were supported to return to a full independent life; 34% were provided with an ongoing care package and only 10% needed to return to hospital.

Crucially, our governance and viability ratings remain unchanged at the highest G1 - V1 status. This is despite taking on new levels of risk in our development activities.

Effective treasury management processes have ensured that there is very little risk from breach of our financial covenants with our lenders, and we can continue to invest heavily in the areas we planned in our Corporate Plan.

3.1

Improving the lives of customers

During the year, we launched our new customer strategy, Customer First, which is designed to ensure that every customer receives a service experience that is Affordable, Personal, Easy and Engaging. We have 10 new Customer Promises and are tracking how well we are keeping these.

So far, we can see a positive effect on customer complaints, which have reduced by 36% compared to the previous year – an indication that we are getting more things right for customers.

To enable us to better track customer satisfaction, we centralised the way we measure customer feedback with our services. This enabled us to significantly increase the number of customers we heard from to 3,435, which is a great achievement, representing a third of our customer base. This is a 37% increase on the previous year.

We have moved closer to achieving the stretching targets we set ourselves for our customers. In quarter four, our Net Promoter Score, which is an indicator of customer loyalty, was 53.4 against a target of 60. Our Customer Effort Score, which indicates how easy we make it for customers to access services, was 77.3 against a target of 90 identifying that we still have work to do.

To help tackle the housing crisis in the North West, our Development team moved forward at pace to deliver the goal of the Joint Venture (JV) with L&Q of 2,000 new homes built within four years. They are also working on other significant developments schemes and JVs outside of the L&Q partnership, including with Galliford Try.

Customer adoption of our self-service channels has increased following the launch of MyAccount, which allows customers to manage their homes online 24/7. This year, our customers used our self-service channels 15,000 times, accounting for 10% of all incoming demand, up from 5% in the previous year. If we also include website visits, last year customers made 218,000 visits to our six brand websites and interacted with us approximately 60,000 times via social media, self-serve and email. To make things easier for customers our primary THT website has been completely revamped, with plans to improve the Laurus and Limelight websites in the next financial year.

To improve the lives of our customers even more, our Social Investment Fund (SIF) which replaced Community Panels, made awards of approximately £1.38m, which is double our previous annual investment. The SIF is now well on its way to achieving annual awards of £2m in total.

Whilst the performance of THT this year has been positive, we recognise that there is still much to do to deliver our Corporate Plan objectives. Value for Money remains at the forefront of our minds so that we can maximise our impact. At the same time, we are working hard to mitigate the effects of the continued rent reduction, and the Universal Credit roll-out, as well as the uncertain impact of Brexit on the economy.

3.1.1

Group financial results four year summary

Statement of comprehensive income (£m)	18/19	17/18	16/17	15/16
Turnover	57.1	63.9	53.5	54.4
Operating costs and cost of sales	(49.9)	(54.3)	(44.1)	(41.9)
Surplus on disposal of assets	3.8	3.6	3.6	0.6
Operating Surplus	**10.7**	**13.2**	**13.0**	**13.1**
Share of joint venture profits	0.0	1.3	0.0	0.0
Net interest charge	(6.3)	(6.4)	(6.3)	(6.1)
Surplus for the year	**4.4**	**8.1**	**6.7***	**7.0**

* Prior to Exceptional item from refinancing

Statement of financial position (£m)	18/19	17/18	16/17	15/16
Housing properties at cost less depreciation	201.5	189.7	190.1	188.7
Investment Properties	5.7	4.1	2.3	1.7
Other tangible assets	10.3	10.2	7.9	1.8
Investments in joint ventures	17.4	8.0	0.0	0.0
	234.9	**212.0**	**200.3**	**192.2**
VAT shelter long-term debtor	0.0	0.0	0.7	2.0
Net current assets/ (liabilities	(7.3)	9.9	8.5	(11.7)
	227.6	**221.9**	**209.5**	**182.5**
Loans due after one year	149.3	149.1	148.9	99.4
Other long-term liability incl VAT Shelter	38.5	32.2	29.7	28.0
Reserves	39.8	40.6	30.9	55.1
	227.6	**221.9**	**209.5**	**182.5**

3.2

Financial performance

Group turnover reduced by £6.8m (10.6%) in the year to £57.1m (2017/18: £63.9m). While turnover from social housing lettings remained consistent at around £46.1m (2017/18: £46.2m), as expected turnover from housing sales reduced by £7.1m to £8m (2017/18: £15.1m).

This was as a combination of fewer houses being readily available to sell in the year, and a greater proportion of development activity being undertaken within joint-venture partnerships.

The surplus before taxation is £4.4m, a decrease of £3.4m on last year (2017/18: £8.1m). Fewer new housing sales meant that profits from this activity reduced by £3.1m to £0.6m (2017/18: £3.7m). The surplus was achieved with THT investing an additional £0.9m in Social Investment activities taking total spend to £1.4m (2017/18: £0.5m)

After taxation adjustments and actuarial movements on pensions, the net deficit for the year is £0.8m (2017/18 surplus £9.7m). This deficit includes the recognition of pension liability relating to Social Housing Pension Fund (SHPs) to the value of £1.2m.

We have achieved a surplus of £3.8m (2017/18: £3.6m) from the sale of housing fixed assets during 2018/19. This involved disposing of properties that needed considerable investment, staircasing of shared ownership properties and the sale of property through Right to Buy. No profits were distributed from joint ventures in 2018/19 (2017/18: £1.3m), although profits have been generated in both Laurus Living Space LLP and THT and L&Q Developments LLP that will be carried forward to future accounting periods.

2018/19 is the first year of trading within THT and L&Q Community Limited. A small surplus of £102k was achieved in the year of which £51k is due to L&Q who hold a minority interest in the company.

3.2.1

Financial position

Our Statement of Financial Position remains strong and has been built up since transfer through strategic long-term investment in the existing asset portfolio, together with a prudent approach to growth, diversification and risk management.

Tangible fixed assets increased by £23m to £235m (2017/18: £212m) with the most significant increases being with regards to housing stock that increased by £11.8m to £201.5m (2017/18: £189.7m), and the additional investment in joint ventures of £9.4m to help fund future development ambitions. The value of housing stock on the balance sheet is significantly lower than the EUV-SH valuation of charged properties of £312m. The Trust has a significant number of properties that remain uncharged and could be utilised to leverage additional finance should the need arise.

3.2.2

Cashflow and treasury management

The Group generated a net cash inflow of £2.1m (2017/18: cash inflow of £3.4m) during the year, and had cash holdings of £6.9m (2017/18: £4.8m).

Normal operating activities generated a net cash inflow of £24.2m, with capital receipts (including properties for re-sale) of £6.2m (2017/18: £6.3m), from Social Housing Grant (£1.3m) and property sales (£4.9m). Capital expenditure cash outflow of £35.7m demonstrates our commitment to reinvesting surpluses to improve communities. This was primarily made up of a £5.4m investment in our existing homes, with a further £28.8m invested in developing new homes, shops, and community buildings. THT has access to £275m of funding across loan agreements with four lenders. At 31st March 2019, we had drawn £176.5m of our £275m loan facilities, an increase of £13.5m on the £163m drawn as at 31st March 2018. Our facilities are used to fund investment in existing and new assets as well as development both within THT and the Group as a whole.

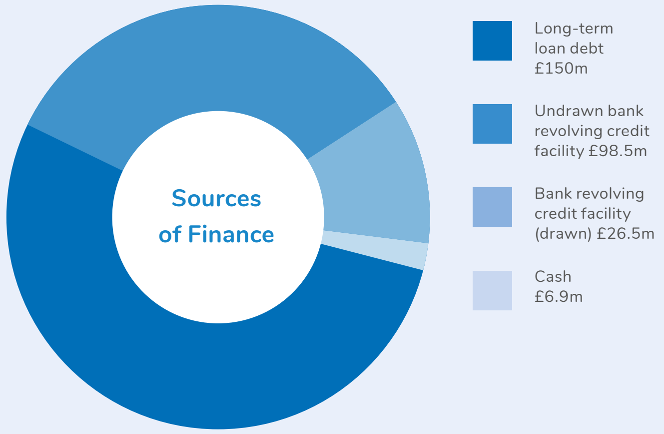
The funding facilities of £275m are provided by four funders: Lloyds Bank and Yorkshire Building Society provide short-term revolving credit facilities totalling £125m; Pensions Insurance Corporation and BlackRock Investments provide long-term facilities totalling £150m.

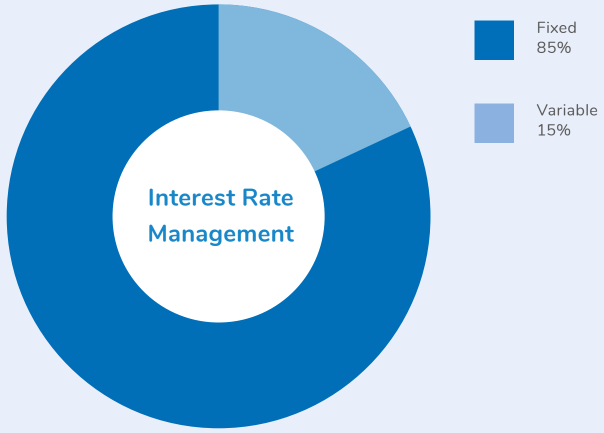
Under the terms of funding, THT remains compliant with three covenants in respect of interest cover, asset cover, and net debt per unit.

As in all previous years, THT is fully compliant, as set out by the table below, which shows the compliance levels for 2018/19, compared to the tightest loan covenant parameters that are in place.

The graphs on the right-hand page display the position of THT as at 31st March 2019 with regards to both sources of finance, and the interest rate breakdown of the £176.5m of borrowed funds. The weighted average cost of borrowings fell slightly during the year to 3.66% (2017/18: 3.84%), as a result of the additional £13.5m that was borrowed on a variable rate.

Covenant	Loan Covenant Parameter	Actual 2018 / 2019
Interest Cover	>= 1.10	2.09
Asset cover	>= 110%	177%
Net debt per unit	<= £31,000	£19,732





3.3

Operational performance

3.3.1

Achieving targets

As a 'profit for purpose' business, we measure our success against three targets: the financial, social and environmental value we create. We also measure overall performance against a Balanced Scorecard, which is used across the corporate world, so we know we are creating as much value as possible from our business.

These results highlight some strong performance and also identify some areas for improvement. Seven out of our 18 key strategic indicators were at or above target at the end of the year. The Board sets very challenging targets to drive performance and to ensure a continual improvement ethos. There was a strong focus over the past year on how we provide better service to our customers, as well as all aspects of Health & Safety, following the events at Grenfell Tower, and this is reflected in strong performance in these areas. There was also pleasing progress in terms of our environmental impact, so we can ensure we balance creating social impact with helping to protect the planet for future generations.

Development of new homes has been slower than anticipated this year and this has had an adverse impact on 5 of our key strategic measures. However, performance is expected to improve significantly over the coming year, with a strong development pipeline in place (over 2,000 new homes secured, with almost 800 on-site or completed).

KEY	
F	Financial
S	Social
E	Environmental
P	Internal process & efficiency
B	Business capacity & growth
C	Customer service excellence

THT Group Board

Key performance indicators	Target	Actual 2018/19	Actual 2017/18	Alignment to priorities
Revenue generated	£59.0m	**£57.1m**	£63.9m	F B
Rent collected as a % rent debit	100%	**99.18%**	99.75%	F
Development On-Site Completions	160	**113**	149	F B
Development spend	£52.2m	**£39.9m**	£30.9m	F
Development income	£12.4m	**£10.0m**	£21.1m	F B
Return on cost for development	11.0%	**10.7%**	18.0%	F B
Net promoter score	>50	**45.5**	57.3	S P C
Customer effort score	>90	**76.0**	78.5	S P C
Volume of Complaints	<611	**487**	763	S C
Target demographics - addressing unmet need	71%	**57%**	89%	S B C
Social value created (Fiscal and economic savings)	>**£7.8m**	**£8.8m**	7.8m	S C
CO_2 footprint per FTE	<9.9 tCO_2e	**9.1**	9.9	E
Operating margin	13.6%	**19.3%**	20.6%	F P B
Property health & safety	100%	**92%**	New Measure	C
People health & safety	100%	**100%**	New Measure	C
Compliance and regulatory	100%	**100%**	New Measure	P B C
Customer self-service	15%	**10.1%**	4.4%	P B C
Efficiency Savings Realised	500k	**309k**	New Measure	F P
Employee turnover in first 12 months of employment	<16.5%	**14.5%**	18.2%	P B

Other

Key performance indicators	Target	Actual 2017/18	Actual 2016/17	Alignment to priorities
Overall customer satisfaction	84.7%	84.8%	83.3%	S P C
% tenancy turnover	<9%	7.01%	7.37%	F P
Rent loss from empty properties as a % debit	0.68%	1.05%	0.82%	F
Operating cost per unit	<£3,464	£3,459	£3,464	F P
Number of new development units completed:				F B
- Open market sale	72	59	69	
- Shared ownership	43	25	37	
- Rend-to-Buy	21	21	0	
- Affordable rent	41	8	43	

3.3.2

Managing our property assets

We currently own and manage 8,875 homes across Trafford, including 145 shared ownership homes. All except 58 homes are managed by THT.

This year we invested £5.4m to maintain and improve the quality of our homes for existing customers. Our customer satisfaction with the 33 thousand repairs we carried out for customers during the year fell slightly to 81%. However this is still considered a world-class experience by the Institute of Customer Experience.

As part of these works, 26 properties and two of our tower blocks (Empress and Princess Court) had a new roof fitted; 39 customers had new external doors and another 74 had additional car-parking facilities installed. Health & Safety and Fire Safety works were still high on the agenda this year with almost 660 properties having works to improve their safety, including new emergency lighting, automatic opening vents and compartmentation works.

3.3.3

Development and sales activity

Since the beginning of 2017/18, we have been developing our new homes as part of a joint venture with the L&Q Group. The target for this venture is to deliver 50% open market home sales, 25% at affordable home ownership and 25% at affordable ren

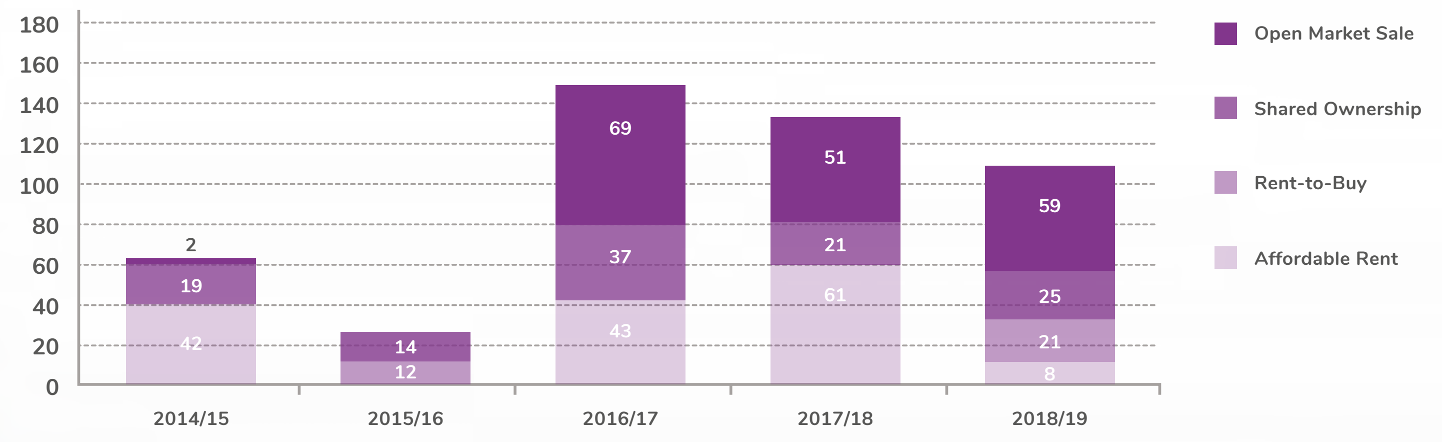
This joint venture will significantly increase the number of new homes we deliver and see us expand our geographic reach across the North West.

To date, 18 schemes have been approved for development, totalling 2,173 new homes. 48% of these homes are affordable. The schemes range in size from 18 to 391, 15 of the sites have been acquired and construction work has commenced on 10 schemes. The first two schemes were completed in the financial year, with a total of 63 homes handed to customers. All of these plots were affordable housing.

In addition to the L&Q schemes, the Laurus Homes brand is currently project managing the development of six schemes on behalf of THT Ltd, with a total of 138 homes which are affordable homes, except for one plot. It has also entered into a joint venture with Galliford Try to develop 576 homes at the Heath Farm Lane site in Partington, 74 of which are affordable. Planning permission has been granted and construction is expected to begin in September 2019.

In 2018/19, 84 homes were sold to customers, 59 of these homes were open market sales and 25 of these homes were shared ownership. A further 29 homes were developed for affordable rent and rent to buy tenures.

Home completions by type per year




laurus
homes

3.3.4

Making a difference

Meeting Our Customers' Needs. One of our key strategic objectives, as outlined in the Corporate Strategy 2017-20, was to broaden out our housing offer to a range of hard-to-reach demographic groups. This year, we have focused on the groups of customers who present as the greatest in need, such as those dealing with mental health issues, domestic abuse and those abusing drugs and alcohol.

As a result, we have restructured our Neighbourhood's Team to create a Tenancy Sustainment Team and Creative Solutions Team who are focused on supporting customers, who need temporary or additional assistance to thrive in their tenancy. Across the year, the Creative Solutions Team supported 175 customers in the target groups.

THT is one of three social investors, along with One Manchester and Bridges, that fund the GM Homes Partnership; which was successfully awarded the Greater Manchester Combined Authority (GMCA) contract to deliver support to over 200 entrenched rough sleepers across the city-region. The success of the work over the first nine months has led to an unexpectedly high number of referrals. Therefore, the scope of the project has been extended with more than 300 participants entering a home.

GM Homes Partnership also works with three charitable homeless support organisations who provide 1-to-1 keyworker support: Shelter, Great Places and The Brick. Each has decades of experience in working with homelessness and provides invaluable support to participants in the programme, e.g. to providing help to access mental health support, drug and alcohol support, and employment and skills. The 20 rough sleepers rehoused through the project have now become THT tenants. They received intensive support at the start of their tenancy to support them with essential furniture and household items and to help them to apply for benefits. They will continue to receive support for two years, with a single point of contact within the Tenancy Sustainment Team providing ongoing advice, signposting and liaison with key workers.

THT's work on this project has been highlighted as good practice and as a result, we have provided advice to other social housing providers on how to embed the same approach in their business. Due to the success of the project to date, it was recently awarded the Northern Housing Award for *'Best Homelessness Initiative 2019'* and was *'Highly Commended'* for *'Homelessness Project of the Year'* at the UK Housing Awards 2019.

Many of our customers continue to struggle with rising levels of personal debt and the need for financial and welfare support services remains high, with 1,700 new support cases opened in the year. In the past 12 months, we have supported customers to manage a total personal debt burden of £3m (14% more than last year). Financial outcomes, such as benefits claims, charitable grants and debt write-offs increased by a quarter, with a total financial impact of £5.9m to customers in 2018/19, compared to £4.8m in 2017/2018. Average financial outcomes per case increased from £2,919 to £3,524, indicating how difficult customers are finding the current financial climate.

Demand remained strong for our services aimed at supporting aging and vulnerable customers, which reflects the growing demand for these services. The Home Care service delivered over 95,700 hours of care to customers in our sheltered and extra care schemes, as well as to private customers (an 87% increase on 2017/18).

Limelight, our state-of-the-art community hub at the heart of Old

Trafford, now provides a GP and health services, a pharmacy, library, community centre and an 81-unit extra care facility. By the year-end, 61% of the properties were occupied. In response to the change in Governance at Limelight, the team agreed to run a series of Community Takeover engagement workshops to ensure that local people had the chance to shape and improve our service delivery. Across three workshops, we welcomed approximately 150 people from across the community and as a result of the suggestions we received, we will be implementing a number of improvements immediately, including changes to the multi-faith room; installation of children's furniture, and changes to the website.

In March, Limelight welcomed Lifeshare to the building, a project that offers a hot breakfast to homeless people and the local community at the weekend.

3.3.4

Making a difference

Social value. This year we have continued to use our bespoke organisational framework for understanding and further developing our social impact, which is based on the Joseph Rowntree Foundation report, We Can Solve Poverty in the UK. This contains a 5-point plan to solve poverty and we believe that we can play an effective role in delivering four of these five steps.

Priority	Outcome
Boost Incomes and Reduce Costs	Providing Affordable Homes
	Increasing Household Resources
Improve Education Standards and Raise Skills	Promoting and Enhancing Educational Opportunities
Strengthen Families and Communities	Improving Mental Health & Wellbeing
	Improving Physical Health & Wellbeing
	Reducing Crime & Promoting Safety
	Increasing Community Involvement
Promoting Long-Term Economic Growth Benefitting Everyone	Increased Employment Opportunities
	Strengthening the Local Economy

Working alongside the New Economics Foundation, we have developed a model that demonstrates the Social Value we create in three ways:

- Fiscal Impact – Financial savings made for partners because of the services and outcomes we deliver
- Economic Impact – Financial savings and benefits for our customers
- Social Impact – Wellbeing outcomes realised for our customers

Our social value impact over the past year:

Lettings

Our biggest commitment to Social Value remains providing social and specialist housing below Market Rent levels:

4741 Social Rented

1425 Affordable Rented

2544 Housing for Older People

145 Shared Ownership

There were 113 new homes handed over in the year. For the 3rd year running, the proportion of completed homes for shared ownership and outright sale is significantly above the proportion for rent (74% and 7%). For the first time we included 21 rent-to-buy properties in our new homes portfolio (19%).

Improving Health & Wellbeing

The Alert & Response lifting service helps prevent ambulance callouts for older customers who have fallen. The same service takes emergency referrals for Telecare equipment, helping to reduce hospital stays by 5 days on average. **These services saved the NHS £651k last year.**

Sheltered housing for **974 tenants** created **£1.78m of fiscal savings to the NHS.** Studies have shown that sheltered housing reduces pressure on health services by reducing inpatient stays, averting falls and reducing isolation.

In 2018/19, the **Creative Solutions Team** supported **175 people** with a range of complex and challenging issues. Through the year we have been able to help people in the following ways:

- **18 x** Reduced hoarding
- **24 x** Safeguarding referrals
- **37 x** Referrals to primary mental health services & secondary mental health services
- **18 x** Rehousing support
- **45 x** Eudemonic wellbing

Increased Community Involvement

Be Social is our over 55s events and activities membership club.

By the end of the year, the service had grown its membership to 89 and members have reported a range of benefits, including:

97% Increased social contact

94% Getting to do more of the things that they value & enjoy

90% Increased confidence around new people

74% Improved health

42% Reduced GP visits

Increasing Household Resources

The Customer Support Team generated £5.94m of financial outcomes for customers through debt write-offs, benefits awarded and successful grant applications, a 24% increase on the previous year.

1,700

Throughout the year, 1,700 new Customer Support cases were opened.

Reducing Crime & Promoting Safety

Cleanstart saved local services £402k by providing employment support and a mentoring service to ex-offenders. The majority of the savings were realised through an evidenced reduction in reoffending and reduced costs to the probation service.

Increased Employment Opportunities

We have begun monitoring our delivery of social value through our employment policies, in terms of the employment opportunities offered to local residents and target demographics. In 2018/19:

- 44 new employees from Greater Manchester
- 91% of workforce from GM area
- 10% of workforce living in THT properties
- 18% of workforce from BAME backgrounds

In line with the government's levy, THT has massively increased its investment in apprenticeships over the past year. There are now **52 colleagues** working towards an apprenticeship, who have provided **36k hours**, equivalent to **£69k of combined economic and fiscal savings**.

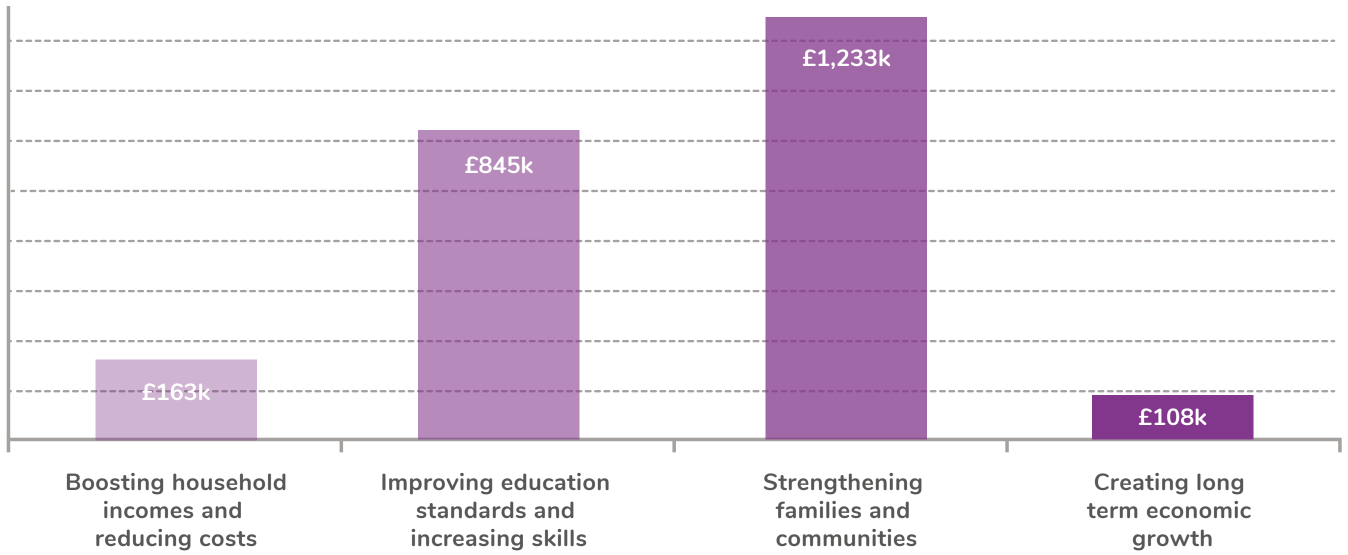
Cleanstart employed **32 people** with barriers to employment, including **15 ex-offenders, 2 ex-military and 8 social housing tenants 24 colleagues** were supported with coaching and support sessions, which help them with anxiety management, family welfare, job applications and sustaining their tenancy (etc). **27 Cleanstart colleagues** were supported into further employment over the past year.

Across the full year, **Limelight volunteers** dedicated **1,812 hours** to supporting a wide range of events and activities in both Extra Care and to the wider community. During this period Limelight recruited new volunteers for a range of activities, including supporting the library & working with older people.

3.3.4

Making a difference

Social investment. As well as the Social Value created through the delivery of our housing and support services, we have a dedicated Social Investment Fund of £2m a year to invest in local projects that will make a real difference to our communities.



Since the fund was established, 52 projects have reached completion and provided us with information about their beneficiaries and impact. 96% of the projects we funded succeeded in delivering their target outcomes and 84% were able to engage their targeted number of beneficiaries. In total, these groups were able to deliver services and impact to 12,798 local people.

- Over 570 families supported with access to free or affordable food
- 2,998 adults and children supported to learn new skills including: internet safety; British Sign Language; Football coaching level 1; Media Broadcasting skills; Science, Technology, English and Maths
- 12,350 people supported through family and community projects
- 40 people supported towards employment opportunities

Environmental impact. During the year, 4,241 tCO_2e were produced through our operations, a 0.9% increase on the previous year. When we put the organisation's carbon footprint in the context of a workforce that has grown by around 20 FTE in a year, usage has reduced to around 9.1 tCO_2e per FTE compared to 9.9 in 17/18. The biggest negative impact was through increased gas usage, particularly in sheltered accommodation. We were able to reduce the amount that colleagues used their personal vehicle for work purposes by 24%.

Also, the Cleanstart team continued to demonstrate their commitment to recycling and reusing materials when clearing empty properties. This year, three quarters of all materials were diverted from landfill, which compares favourably with the Trafford average of 61%. 17 tonnes of the diverted waste were recycled and sold through the Cleanstart furniture shop. Over the year, 95.6% of all development waste was diverted from landfill, which is a 1% increase on the previous year. A 2013 report by ENCORD suggests that the industry minimum target should be 70%, while suggesting companies should aspire to 100% by 2020.

This year, we have formed a Carbon Reduction Group, which has been working towards gaining the ISO14001 accreditation for the management of the Trust's environmental impact. The work is nearly complete, and the Trust is anticipating gaining the accreditation by June.

The CRG is also assessing the viability of signing up to the City of Trees project, which will entail the Trust committing to planting a sufficient number of trees to offset the amount of carbon produced by the Trust's activities.

3.4

Value for Money

3.4.1

Value for Money strategy

In November 2017, our Board approved our revised Value for Money (VfM) Strategy. Our approach to VfM will underpin the remainder of the three-year Corporate Plan. The Plan defines the principles for achieving value for money as:

- To ensure strong financial management, productivity and efficiency
- To promote and embed a value creation culture in everything we do – to deliver Financial, Social and Environmental Value
- To have meaningful engagement, monitoring and reporting
- To understand our costs and performance and how they relate to others
- To embed a focus on continuous improvement; maximising opportunities for value creation.

3.4.2

Understanding our costs and performance

Annual plans and budgets are approved by our Board before the start of each year to provide a tight framework of control around value for money, considering not only costs involved, but also the benefits to customers of investment.

Scrutiny of our performance continues to play a key role. We have developed a framework based around the perspectives identified by the Balanced Scorecard Methodology, that clearly measures the performance of the Trust in delivering the objectives of the Corporate Plan. The results can be found in section 3.3.1. The Trust Group has participated for the second year in the Sector Scorecard, which is an initiative to benchmark housing associations performance as a way of demonstrating value for money to tenants and stakeholders. Within the agreed 15 measures reported under the five areas of Business Health, Development (Capacity and Supply), Outcomes Delivered, Effective Asset Management and Operating Efficiencies. Seven of these are specifically required to be published annually under the "Value for Money Standard 2018" issued by the Regulator.

Sector Scorecard[1]	THT 2019	THT 2018	National Median 2018
BUSINESS HEALTH			
1. Operating Margin (Overall)[2]	12.69%	15.04%	27.89%
2. Operating Margin (Social Housing Lettings)	21.67%	19.72%	30.43%
3. EBITDA MRI (as % of Interest)[3]	201.12%	218.60%	213.61%

The operating margin for the Trust Group reduced by 2.35% this year to 12.69%. This decline was because of £748k of costs required to strengthen fire safety works in our homes following the tragedy at Grenfell. In the year expenditure was incurred on the project management and due diligence associated with the acquisition with L&Q. Without these cost, and the impact of Depreciation and the Social Investment Fund, the operating margin would have increased to 27.3% reflecting the drive to meet the Corporate Plan objective of 30%. This is more inline with the National and NW Median. Although some efficiency savings were identified in the year, the Trust recognises the need to continually drive for further efficiency savings. EBITDA MRI has decreased from 218.60% to 201.12% reflecting the decrease in our surplus. The level of 201.12% is well in excess of the covenant compliance level of 110%.

[1] The Sector Scorecard focuses on the activity of THT Group and are aligned to those presented in THT Group's Board KPIs (Page 31).

[2] Excludes profit/loss on disposal of fixed assets and share of joint venture developments

[3] EBITDA MRI % interest calculated as EBITDA MRI ÷ Gross Interest Payable x 100 as prescribed in the current Sector Scorecard, where EBITDA MRI represents earnings before interest, tax, depreciation & amortisation adding back major repair capitalised costs

We continue to invest in new homes for both social and non-social housing purposes. Through our partnership and ambitions with L&Q, the numbers of new homes delivered will increase over the next three years, and the current figures show that we deliver a greater level of new homes than the local and national median. Based on the NBV of assets held at historic cost, the gearing of the Trust has increased slightly to 85.86% during the year. This reflects the increase in debt capital during the year to fund the Development Program. A more meaningful measure would be to look at debt as a proportion of EUV-SH of stock that is calculated as 45.5%. This reflects the level of existing facilities that the Trust has available to utilise, and the potential to leverage even more against its existing asset base in future.

Sector Scorecard	THT 2019	THT 2018	NW Median 2018	National Median 2018
DEVELOPMENT – CAPACITY & SUPPLY				
4. New Supply Delivered (Absolute)	113	82	-	–
- Social Housing Units	77	82	-	–
- Non-social housing units	36	–	-	–
5. New Supply Delivered %[4]				
- Social Housing Units	0.86%	0.88%	0.89%	1.00%
- Non-social housing units	0.39%	0.55%	0.00%	0.00%
6. Gearing [5]	85.86%	82.88%	37.31%	35.14%

[4] As a percentage of stock owned at the end of the year.

[5] Gearing calculated as net debt ÷ carrying value of housing properties x 100 as prescribed in the current Sector Scorecard, where net debt represents total bank and debenture loans less cash and cash equivalents.

3.4.2

Sector Scorecard	THT 2019	THT 2018	NW Median 2018	National Median 2018
OUTCOMES DELIVERED				
7. Customer Satisfaction with services	84.8%	83.3%	86.4%	87.5%
8. Reinvestment % [6]	11.47%	5.62%	6.10%	5.80%
9. Investment in Communities [7]	£2.5m	£1.5m	-	–

Customer satisfaction has increased since the previous year and is slightly below the local and national median of the sector. However, our Transformation Programme has a strong focus on improving our customer experience, and the services we offer to customers. We continue to invest heavily in the communities we serve through the Social Investment Fund and investment work to properties that we own, spending in excess of the local and national median.

Sector Scorecard	THT 2019	THT 2018	NW Median 2018	National Median 2018
EFFECTIVE ASSET MANAGEMENT				
10. Return on Capital Employed [8]	4.85%	5.94%	4.40%	3.72%
11. Occupancy	99.7%	99.55%	99.4%	99.4%
12. Ratio of Responsive Repairs to Planned Maintenance [9]	0.34	0.49	0.60%	0.61

Return on Capital Employed (ROCE) gives an indication of how well the Trust makes a financial return on our assets. The reduction in surplus reported above has reduced the ROCE when compared against last year, but is still well above the Local and National Median. A new Asset Management Strategy has been implemented that will help us to ensure the performance of our asset base is maximised, without impacting the services our customers receive. All properties at the year-end have a positive Net Present Value (NPV).

Occupancy rates have remained at a similar level to the previous year and remains in the Upper Quartile (99.70%). The ratio of responsive to planned repairs has fallen reflecting significantly higher capital investment in our stock during 2018/19.

Sector Scorecard	THT 2019	THT 2018	NW Median 2018	National Median 2018
OPERATING EFFICIENCIES				
13. Social Housing Unit Cost	£3,574	£3,458	£3297	£3,450
- Management Cost per Unit	£994	£1,237	£1006	£1024
- Service Charge Cost per Unit	£533	£462	£255	£332
- Maintenance Cost per Unit	£1027	£848	£883	£907
- Major Repair Cost per Unit	£654	£632	£771	£720
- Other Social Housing Cost per Unit	£366	£279	£160	£186
14. Rent Collected as a % of Due (General Needs)	99.78%	99.36%	99.86%	99.90%
9. Investment in Communities [7]	15.15%	14.08%	12.30%	12.30%

The headline operating cost per home is above the sector and local median and above the cost per unit last year. In the current financial year we have spent significantly extra on Social Investment, which is part of our Corporate objectives and health & Safety costs, which does have an impact on our unit costs. Work is ongoing to reduce our cost via the Transformation Program, this is a key focus for us to improve our efficiency without compromising quality. Management costs per unit have reduced and are now below the local and national medium, reflecting the efficiencies made and the more accurate allocation of overheads to service areas implemented in the year. The increase in major repairs and maintenance costs reflects the additional investment in Health & Safety and Fire precautionary work undertaken in our homes. Rent collection remains high, despite the impact of Universal Credit.

[6] The Sector Scorecard focuses on the activity of THT Group and are aligned to those presented in THT Group's Board KPIs (Page 31).
[7] Investment in properties as a percentage of the value of total properties held at the end of the year.
[8] Actual spend in the year.
[9] The Sector Scorecard focuses on the activity of THT Group and are aligned to those presented in THT Group's Board KPIs (Page 31).
[10] Return On Capital Employed calculated as operating surplus including profit / loss on disposal of fixed assets and share of operating surplus / deficit in joint venture or associates ÷ total fixed assets + total current assets less current liabilities at end of year.
[11] Routine maintenance as a percentage of planned maintenance + major repairs expenditure + capitalised major repairs and re-improvements expenditure.

3.4.3

Delivery of value for money

To achieve our 30% operating margin target within three years, further efficiency savings are required. To address this challenge, we have completed the second year of a three-year Transformation Programme to improve the customer experience by cutting the amount of time it takes to deliver services and stopping activity that creates waste and failure in customer experience.

Examples of VfM savings achieved in the year:

– We have been working to make primary journeys quicker and easier for customers, which has included reviewing our Ready-to-Let process. In the last 6 months of the year we have let homes 6 days faster than in the same period last year. Also, despite customer demand for support in dealing with anti-social neighbours increasing 63% year-on-year, we are resolving cases 9 days faster.

– Our Homecare service now delivers Discharge to Assess Service. The council has commissioned 4 flats that are used when patients are discharged from hospital where their housing would normally be a blockage to discharge. This partnership working saves the NHS £62,400 per month.

– Following the design of a new complaints process including a dedicated Resolutions Lead, complaints have reduced by 36% year-on-year, against a target of 20%. This has reduced demand on a range of operational staff and managers, together with improving the customer experience greatly.

– Our Cleanstart grounds-maintenance service is always looking for ways to improve both the charge and quality of service for the customer. In the year we have reviewed all the GM equipment and decided to purchase rather than the existing arrangement of leasing. This resulted in a cashable saving of £17k. The recruitment of a new Supervisor, who is a qualified mechanic and able to repair and maintain the equipment has resulted in a further saving of £16k as external contractors are no longer required, together with the faster turnaround, as previously equipment was sent off-site and could result in anywhere up to 3 weeks downtime, reducing services to customers.

– A restructure of the Neighbourhood Team took place in January with the aim of reducing costs and improving effectiveness. The service changed from a generic housing officer role to 3 specialist teams, Tenancy Sustainment, Tenancy Enforcement and Home Moves. The restructure aimed to provide an improved customer experience and achieve cost savings of £50k.

3.4.3

In Year 1 there was an emphasis on ‘fix’ work, updating of infrastructure and basic efficiency improvements. That work continues in the current year 2 but now includes a range of customer-focused improvements, new service features and absorption of the changing shape of demand. A range of customer and cost avoidance benefits were delivered during the year, including:

Process

- Operational focus on non-value activity, reduce duplication and remove manual effort.
- Tenancy documentation available on tablets, with simplified agreements (reduced from 24 printed forms to 6).
- Hub abandoned calls halved, with improved IVR.

Finance

- £95k technology savings achieved through review of licences, contracts and charges
- £100k cost avoidance in the Hub and Limelight
- Revenue recovery and invoicing improvements, reduction in arrears & bad debt

People

- More focused team on Anti-Social Behaviour with new process and system
- Carbon Literacy Training implemented for all if environment champions and THT Leaders
- Up to date user devices and 365 infrastructures installed

Customer

- New THT website launched to customers
- MyAccount piloted and roll out in progress (900 registered users)
- SIB Personal Support Fund launch

The Transformation program was tasked with delivering £500k benefits in year. £199k of direct savings were realised plus £110k of cost avoidance.

3.4.4

Procurement strategy and savings

In 2017, the Procurement Strategy was launched, setting out the ambitions of the Procurement function for the next three years. It outlines how procurement expertise within the business will be used to support the "Vision 2020" Corporate Plan objectives.

The Plan challenges the Procurement function to deliver £440k of savings over the 2017/18 and 2018/19 financial years. This was achieved through the retendering of the Fleet, Gas Maintenance and Materials contracts, all of which commenced on the 1st April 2018:

Contract	Timeframe	Saving to the business
Vehicle Fleet	Over 5 years	£450,652
Gas Maintenance & Servicing	Over 7 years	£350,000
Property Services Materials Provision	Over 6 years	£360,000

The Trust is a member of Consortium Procurement (Part of Northern Housing Consortium). Through the framework that is in place we have saved £15k in the year, on electronic payments services (£7k), and technology enabled care products (£8k).

3.4.5

Alternative models of delivery

Our ambition to grow and diversify remains strong, two of our 7 corporate objectives are to grow our core business by 50% and build and sell more houses. In 2017 we set up a new Joint Venture with L&Q to deliver 2,000 homes over four years.

At the end of the year we had achieved 2,173 new homes secured (795 units on site / completed), of which 48% are affordable, resulting in £444m committed spend and £15m housing grant allocated.

In the year Developer has rationalised the specification that is used across the schemes, securing preferred supplier rates on kitchens and sanitary wear. In addition, the specification has been reviewed in line with existing repairs supply chains and components to align choice and reduce repairs costs over the home's lifetime. The Sales team has restructured to allocate staffing resources more effectively which has resulted in accelerated sales on site, reducing scheme costs and reducing the sales period by circa 6 months.

The Trust believes that greater efficiency gains and a significant increased rate of new homes' construction can be achieved via this delivery model.

3.4.6

Understanding our Assets

Housing assets are the cornerstone of our business.

Through these assets we generate revenue, increase our financial strength and leverage money for investment in the development of new homes. The investment in our existing stock to date has totalled more than £220m, and we plan to invest over £100m on maintaining and improving those homes over the next 10 years.

At the end of the financial year, all properties owned by the Trust had a positive Net Present Value (NPV).

3.4.7

Being more effective, creating further value: the next 12 months

If we are to achieve our stretching target of a 30% operating margin, then a strong continued focus on more effective working practices and identification of financial efficiencies across the organisation will be key.

Over the next 12 months, our priorities will be:

- Making sure that we deliver the increased scale of house-building that our joint venture partnership with L&Q enables
- Delivery of our Corporate Plan Objectives
- Delivery of efficiency savings
- Continuation of our Transformation Programme, including developing and offering a range of products suited to the needs and means of our customers.

3.5

Governance

Trafford Housing Trust Limited (THT) is a Registered Provider (RP) overseen by a Board of Non-Executive Directors.

3.5.1

Group structure

Trafford Housing Trust Limited (THT) is the parent of the THT Group. The group structure is as follows:

Trafford Housing Trust Limited

A charitable housing association which owns all social and housing assets for the group (other than those developed through the THT and L&Q Developments Limited)

Laurus Homes Limited
Dormant. Non-charitable company limited by shares.

Trafford Housing Trust Properties Limited
Dormant. Non-charitable company limited by shares.

THT and L&Q Community Limited
A community Benefit Society, with L&Q Housing Trust on a 50/50 basis which will own all rented and shared ownership housing assets developed through THT and L&Q Developments Limited.

Trafford Housing Trust Developments Limited
A non-charitable company limited by shares which has oversight of the group's development programme

THT Social Investments Limited
A non-charitable company limited by shares which holds the Group's long-term investment in the Healthbox Social Incubation Fund which aims to drive collaboration between entrepreneurs and healthcare organisations and any future long-term social investments.

Health Social Innovators LLP
A limited liability partnership which manages the joint investment into the Healthbox Social Incubation Fund.

Joint Ventures Developer

THT and L&Q Developments LLP
A limited liability partnership with L&Q New Homes on a 50/50 basis for delivery of homes for affordable rent, shared ownership and open market sale.

Laurus Partnership Homes LLP
A lmited liability partnership with Wilmot Dixon Partnership Homes Limited on a 50/50 basis for the development of OMS properties

GM JV Social Innovators LLP

Hive Housing LLP

Heath Farm Lane LLP
A limited liability partnership with Galliford Try Partnerships Limited on a 50/50 by basis for the development of open market sale properties.

Laurus Living Space LLP
A limited liability partnership with Wates Living Space, on a 50/50 basis for the development of open market sale properties.

Stonebrook (Timperley)
Estate Management Company Limited

Joint Ventures

GM Homes SIB Partnership LLP

JV North Limited

Manchester Athena Limited

3.5.2

Group Board and governance structure

The Board is responsible for providing leadership, support and guidance to THT and setting the strategic direction, internal control framework, monitoring performance and driving continuous improvements.

The Board defines the Values, sets the Mission Statement and Corporate Objectives, approves the financial plans, business case and priorities and monitors, challenges and scrutinises the results against these plans.

Delegation and Committees

The Board delegates authority to its committees, through its approved terms of reference and framework of delegation. The framework sets out the duties and responsibilities of each committee, what they can consider and decide upon and their reporting structure. The operational management and delivery of the Board approved strategy is delegated to the Chief Executive. The Board has 4 committees; the **Audit Risk and Compliance Committee**, the **Appointments & Remuneration Committee, Customer Board** and the **Social Investment Board**. Each committee plays an important role in helping the Board to discharge its duties and responsibilities and obtain assurance that certain functions and processes are operating effectively across the group.

The committees are chaired by a THT Non-Executive Director except for the Social Investment Board which is chaired by an Independent Committee Member. Committee members are appointed by the Board. Committees are supported by advisors and external professionals, such as auditors, solicitors and financial advisors. The committees report to the Board at each meeting through individual Chairs Reports and minutes of the meetings.

In 2018 the Board established a Non-Executive Director led Governance Task and Finish Group to oversee the implementation of the recommendations, and agreed action plan, from the external governance review undertaken by Altair Consultancy and Advisory Services Limited.

Within the legal structure (page 58) we also have a number of active subsidiaries who have their own boards responsible to the Board for oversight of their operations. As with the committees, the active subsidiary boards also report to the Board at each meeting

The governance structure of the THT Group is:

Group Board

- Joint Ventures Boards*
- THT Developments Board
  - Joint Venture Developer Boards*
- Customer Board
- Goveranace Task and Finish Group
- Social Investment Board
- Appointments and Remuneration Committee
- Audit Risk and Compliance Committee

*NB The Joint Venture partnerships of THT and its subsidiaries are listed in full within the legal structure on page 58

3.5.3

Group Board and Executive Officers

The Board is made up of up to twelve Non- Executive Directors (including co-optees) as determined by the Board.

Non- Executive Directors are recruited on a skills-based approach and they have the appropriate range of skills, experience and competencies required to make decisions and guide THT.

The Board has adopted the National Housing Federation's Excellence in Governance - Code for Members (the Code). The Group Board has undertaken an annual self-assessment against the Code. THT is fully compliant with its adopted Code.

Non-Executive Directors

The Directors set out below have held office during the whole of the period from 1st April 2018 to the date of this report unless otherwise stated.

Edna Robinson, Group Chairman (THT Developments Ltd, THT Social Invesments Limited, Appointments and Remunerations committee)

Edna joined the Board in September 2013. She is an experienced public sector and business leader and has held senior posts in both local and central government. Currently a high-level figurehead within the NHS, Edna spends her working day steering the Big Life group to a successful position as a thriving social business.

Sean Anstee (Appointments and Remuneration Committee, Audit Risk & Compliance Committee)

Sean is the Chief Executive of Telcom Infrastructure, part of Telcom Group, an innovative technology company, growing in Manchester. He was Leader of Trafford Council between 2014-18 and Vice Chairman of the Greater Manchester Combined Authority, with portfolio responsibility for Skills, Employment and a Digital City Region. He is a board member of the National Housing Federation.

Angela Bolton (Customer Board – Chair, Audit Risk & Compliance Committee)

Angela is Chair of Trafford Housing Trust's Customer Board. She brings with her vast experience in compliance and retail to help THT effectively engage with customers, gauge their needs and shape our customer offer.

Alastair Findlay (Audit Risk & Compliance Committee – Chair, THT Developments Ltd, THT Social Investments Limited)

Chair of the Audit, Risk and Compliance Committee, Alastair joined the Board in 2013. He's a chartered accountant with a track record that includes investment banker in London, finance director of Mersey Docks in Liverpool and Non-Executive Director and Chairman of Skipton Building Society. He is currently Deputy Chairman of the Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust.

John Lamb (THT Developments Ltd – Chair, Audit Risk & Compliance Committee)

Chair of the THT Development Ltd, John has been involved in politics at all levels since 1977. Having been Ward Councillor for Ashton on Mersey and Governor at University Hospital of South Manchester; Sale Grammar School and Park Road Junior School, as well as Chair of Governors at Stamford Park Junior School. Prior to his current daytime role as an independent management development consultant, he had a long career with United Utilities.

Gordon Perry (Senior Independent Director, Customer Board)

Following his retirement as CEO of national housing association Accent Group, Gordon joined the Board, bringing with him a wealth of expertise in a wide range of strategic housing market and social housing issues. He was previously CEO of the Royal Borough of Kensington and Chelsea TMO and Assistant Director of Housing at both London Borough of Camden and at Bolton Metropolitan Borough. He is currently also a non-executive Director of Broadacres Housing Association and Board member of ARK Housing Consultancy.

Sheila Tolley (Customer Board)

Sheila has worked at Executive level for 15 years holding strategic and operational responsibilities within an ALMO, stock transfer housing association and two of the largest national RP's, as well as being the head of the housing inspection service across the North of England. She is also Managing Director of Sheila Elisha Consultants Ltd.

Nigel McGurk (THT Developments Ltd, Appointments and Remuneration Committee)

Nigel has over 25 years of public, private and community sector experience across the development industry. The past 15 years of this were spent holding national, board-level roles. For the past seven years, his role has been Director of Erimax, a land and planning business.

Matthew Hemmings (THT Developments Ltd)

Matt joined our Board having held a number of senior executive roles across telecoms, banking and retail. As the Director for Infrastructure Delivery for Openreach, his team builds and maintains communications infrastructure, installing telecoms on new build homes. Matt is a member of the Institute of Directors.

Chief Executive Officers

Matthew Gardiner, Chief Executive

Matthew has successfully led the organisation since its creation in 2005. He is responsible for the long-term strategy, financial viability and working culture of the Trust. Matthew has over 30 years experience in the Housing sector. He has held a national policy role for special needs housing; been both a manager of existing homes and a developer of new ones; been both a provider of finance for housing associations from City Institutions and on the other side, been responsible for the borrowing and treasury management within a major Merseyside association. Mathew is currently seconded as Head of Ideation for the London & Quadrant Group.

Larry Gold Deputy Chief Executive & Chief Financial Officer. (Acting Chief Executive from 1 November 2018)

With a solid background in chartered accountancy, Larry spent 18 years working in housing organisations and prior to that holding leadership positions in Local and Central Government. In 2004, he was an integral part of the team that set up Trafford Housing Trust and spearheaded our move into 'profit for purpose' development. Larry became Deputy CEO in 2016 and Acting CEO in November 2018. He is the executive lead for the Trust's social investment activity.

3.5.3

Group Board and Executive Officers

Board attendance throughout the financial year out of a total of 15 Board meetings was:

Non-Executive Director/ Committee Member	Group Board	Trafford Housing Trust Developments Limited	THT Social Investments Limted Board	Customer Board	Audit, Risk & Compliance Committee
Edna Robinson	[c]14/15	8/8	2/2		1/4
Sean Anstee	10/15				5/5
Angela Bolton	13/15			[c] 7/7	[c] 5/5
Alastair Findlay	13/15	6/8	2/2		
Matthew Gardiner	8/8				
Larry Gold	15/15	8/8			
Matt Hemmings	10/15	6/8			
John Lamb	11/15	[c] 8/8			3/5
Nigel McGurk	7/15	5/8			
Gordon Perry	12/15			4/7	
Sheila Tolley	10/15			7/7	
John Verbickas				5/7	5/5

[c] Denotes where a non-executive director also fulfils duties as chair

Governance review

In April 2018 Altair Consultancy and Advisory Services Limited were commissioned to undertake a comprehensive governance review. A number of recommendations were made to strengthen THT's governance and compliance and the Board established a Non-Executive Member led Governance Task and Finish Group to ensure implementation. The Group reports regularly to the Board and the agreed action plan remains on track, with for example the adoption of a revised Framework of Delegations, Risk Management Framework, and the appointment of a Senior Independent Director.

3.6

Risk and Assurance

The Board has overall responsibility for risk management and control within THT and the Board acknowledges its role and responsibilities for ensuring that THT has an effective system of internal control and for reviewing its on-going effectiveness.

During the year the THT Board has reviewed and updated its Risk Appetite and Tolerance Statement with the support of external advisors Mazars. In addition, the Audit, Risk and Compliance Committee oversaw a review of the Trust's Risk Management Framework, with the THT Board approving an updated Risk Strategy and Risk Management Policy.

Work has focused on an enhanced assurance reporting framework and on embedding an integrated risk management culture across THT.

3.6.1

Internal Control Assurance

The purpose of THTs internal control environment is to provide assurance about the achievement of the organisation's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with laws and regulation.

The internal control system is designed to identify and prioritise the risks of failing to achieve the Board approved business objectives; to ensure the safeguarding of assets; to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The processes in place also assist the Board in identifying whether the Group has any significant failings or weaknesses in its internal control system.

The internal control framework supports the management of risk to a reasonable level rather than eliminating all risk, and can provide reasonable, but not absolute, assurance that assets are safeguarded against unauthorised use or material loss and that transactions are properly authorised and recorded.

THT's activities are regulated by a number of agencies including Homes England, the Regulator of Social Housing, the Financial Conduct Authority and the Care Quality Commission. The internal control framework provides assurance that THT is compliant with the regulatory requirements set out by the regulators.

In meeting its responsibilities, the Board, through the Audit, Risk and Compliance Committee has adopted a risk-based approach to internal controls which is embedded within the management and governance of the Group. There are no fundamental risks to the systems of internal control as controls and governance arrangements are in place in all areas.

The key areas of the internal control system include:

- Governance framework including Rules, Articles of Association, Delegations and Financial Regulations
- Intra-Group Agreements and LLP Membership Agreements for joint ventures
- Codes of Conduct for Employees and Board/ Committee Members
- Governance Code adopted – the NHF 2015 Code of Governance
- Regulator of Social Housing Regulatory Standards self-assessments
- Financial Regulations
- Treasury Management Strategy
- Recruitment, training and development policies
- Management reports and assurances on internal controls including budgetary control
- Risk Management Framework, Risk Strategy and Risk Management Policy
- Internal Audit Charter, Internal Audit Strategy and Internal Audit plan
- External Audit program
- Key Performance Indicators and performance monitoring framework with regular and formal reports to the Board
- Internal Control Assurance Statements
- Health and Safety Policy and Health and Safety Committee
- Regulatory Reports and other external reviews
- Anti-money laundering, Fraud, Whistleblowing and Probity policies and registers
- Resident Involvement and Scrutiny
- Complaints, Compliments, Enquiries policy and processes

The Board has delegated authority to the Audit, Risk and Compliance Committee to regularly review the effectiveness of internal control, including risk management, and has received reports on this from the committee throughout the year. The Audit, Risk and Compliance Committee meets regularly with THTs internal and external Auditor and has also received the Chief Executive's annual report to the Board on the effectiveness of internal control systems.

The internal control framework is subject to regular review by the Group's Internal Auditors, who advise the Leadership Team and report to the Audit, Risk and Compliance Committee.

- Following their appointment in May 2015, Mazars LLP have continued as the Group's Internal Auditors. The Group follows formal procedures for taking appropriate action to address weaknesses identified and the Audit, Risk and Compliance Committee reviews any follow up action taken to address weaknesses.

- The Board is committed to investigating all suspected incidents of fraud, and, where a fraudulent act has taken place, taking the strongest action available against those individuals and/or organisations involved. The Group has in place a Fraud Policy and Response Plan for reporting and managing suspected and actual fraudulent activity. The Group maintains a register of all suspected and detected fraud which is reviewed by the Audit, Risk and Compliance Committee and submitted to the Regulator of Social Housing in accordance with their requirements.

3.6.2

Risk Management

The Group Board has overall responsibility for risk management with a particular focus on the degree and type of risk it is prepared to take in achieving its overall objectives. This is set within the context of the rapidly changing external environment in which housing associations are operating, subject to policy change and market change which can have a fundamental impact on our business.

Whilst the Board holds ultimate responsibility for risk and internal control, the identification and management of risk sits at every level within the Group and is considered within the operating business and formally reported to every meeting of the Audit, Risk and Compliance Committee (ARCC) and regularly to the Board. Every decision report submitted to Board or a Committee includes a consideration of the relevant risks.

THT's new Risk Framework articulates its commitment to robust and effective risk management, how it views risk, its approach to its management and the actions it takes to manage and mitigate risk throughout the business. Our risk management processes seek to identify the key risk factors that may have a material impact on the Trust and seek to manage them appropriately.

Identification and Evaluation of Key Risks.

THTs risk management framework incorporates identification and evaluation of risk, together with the identification and implementation of related controls and mitigating actions. During the year, the framework has been strengthened and the Groups risk appetite and tolerance restated. Directorate risk registers have been reviewed with each risk being assessed against the risk appetite for the relevant risk category. Where risks sit outside the stated appetite they have been escalated to the Corporate Risk Register and reviewed by both the Executive Team, Audit Risk and Compliance Committee and THT Board. The Corporate Risk Register is regularly monitored and reviewed by the Audit, Risk and Compliance Committee and Group Board.

The Corporate Risk Register is used by Internal Audit in developing their annual risk based internal audit plan which is used to assess the effectiveness of controls in place over key risks and provide assurance to the Board.

The Board is aware of its health and safety responsibilities and has a policy statement in place, supported by a framework of policies and procedures. The Health & Safety Committee report to the Audit, Risk and Compliance Committee. The Board also receives regular reports on health and safety through the management performance reports as well as an annual report on health & safety. Tower block safety has continued to be a key focus for the Board throughout the year with additional reporting to Audit Risk and Compliance Committee and an extensive programme of internal audits.

Key risks. The Group Board maintains a Corporate Risk Register which captures those risks across the business that could have the most significant impact on the achievement of its corporate Plan. The Board consider the following as the key risks for this financial year:

Risk	Our Key Controls
STRATEGIC	
1. Brexit	– Brexit Response Plan – Board Updates – Review of contracts, suppliers and workforce profile – Continual horizon scanning and analysis of political developments
2. Acquisition Project	– Board oversight and regular reporting – Project Lead, Plan and Risk Register in place – External Board Advisor, Legal and Financial Advisors appointed – Due diligence process completed
GOVERNANCE	
3. Failure to deliver effective governance arrangements	– Governance and Risk Management frameworks – Audit Risk and Compliance Committee – Annual Self-Assessment against Regulatory Standards and NHF Code of Governance – External review of regulatory compliance – Probity registers e.g. fraud, gifts and hospitality, and Code of Conduct. – Governance Task and Finish Group to deliver external governance review – Annual review of Board and Committee effectiveness.
FINANCIAL	
4. Financial consequences of fire rectification works	– Financial impact assessed, and additional capacity considered in to financial business plan to cover additional works. – Indicative costs obtained, and sufficient funds set aside to cover the cost of purchase and installation of all remedial fire safety measures
5. Property sales worsen	– Detailed market reviews of areas before agreeing to undertake a site. – Prices set at current values with no inflation built in. – Detailed monitoring of sales and market competition. – Stress testing of financial plans, with prudent sales assumptions within appraisals.
SAFETY	
6. Fire as a result of building or component failure	– FRAs undertaken at specific intervals by a competent Risk Assessor, Minimum type 3 survey completed. – FIRAS accredited contractors for the completion of work required. – Programme of cladding replacement approved by Board and planned to commence in March 2019 – Weekly test of fire alarm and monitoring of system to ARC - – Compliance with regs for the testing and inspection of systems

3.6.2

Statement of responsibilities of the Board. The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with applicable UK accounting standards and applicable law including Financial Reporting Standard 102 'The financial reporting standard applicable in the United Kingdom and Republic of Ireland' ('FRS102') and with Companies Act 2006.

In preparing these Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Financial Statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Board. The Board Members' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

Statement of compliance . The Board can confirm that the Group has complied with the Regulator of Social Housing's Governance and Financial Viability Standard, and the Consumer Standard, and is compliant with the National Housing Federation Code of Governance 2015. This followed a detailed self-assessment against all the Regulatory Standards including compliance with NFH Code

The Audit Risk and Compliance Committee reviewed the self-assessment against all the Regulatory Standards and the Customer Board reviewed the self-assessment against the four Consumer Standards. The Group's internal auditors completed an advisory review of the process used for the self-assessment against the Governance and Viability Standard and the content of the self-assessment itself. No material observations or recommendations were made.

The Board has received the Chief Executive's Annual Report on the System of Internal Control and has reviewed the effectiveness of the system of internal control for the year ended 31st March 2019 and up to the date of signing the Annual Report and Financial Statements. No weaknesses have been identified which resulted in material losses or contingencies or other uncertainties which require disclosure in the Annual Report and Financial Statements.

General information

External Auditors
BDO LLP
3 Hardman Street
Spinningfields
Manchester M3 3AT

Bankers
Barclays Bank Plc
PO Box 3333
One Snowhill
Snow Hill Queensway
Birmingham B3 2WN

Internal Auditors
Mazars LLP
One, St Peters Square
Manchester M2 3DE

Solicitors
Devonshires
Salisbury House,
London Wall
London EC2M 5QY

Anthony Collins Solicitors
134 Edmund Street
Birmingham B3 2ES

Registered Office
Trafford Housing Trust Limited
Sale Point
126-150 Washway Road
Sale
Manchester
M33 6AG

Registrations
A company limited by guarantee, registered in England and Wales

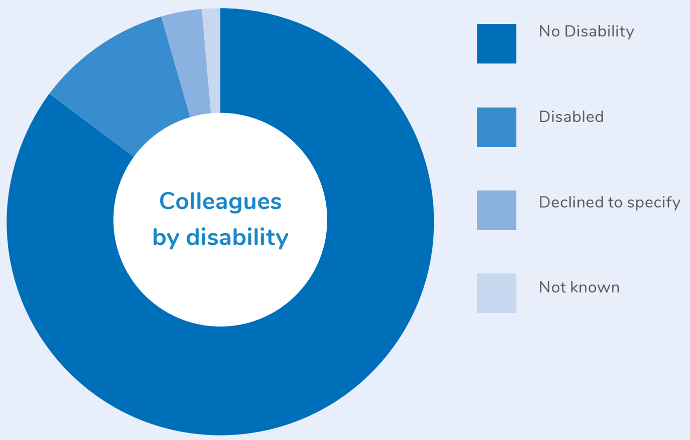
No. 04831118
Registered by Homes England

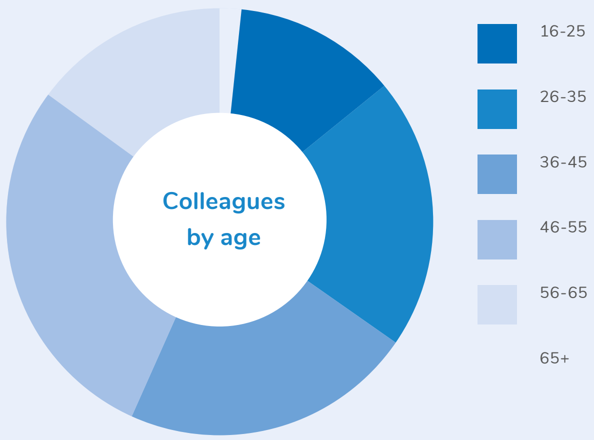
No. L4440
A charity registered with the Charity Commission No. 1106967

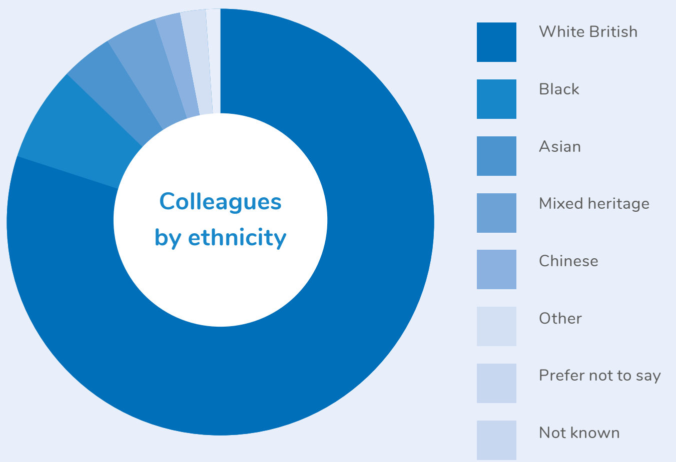
3.7

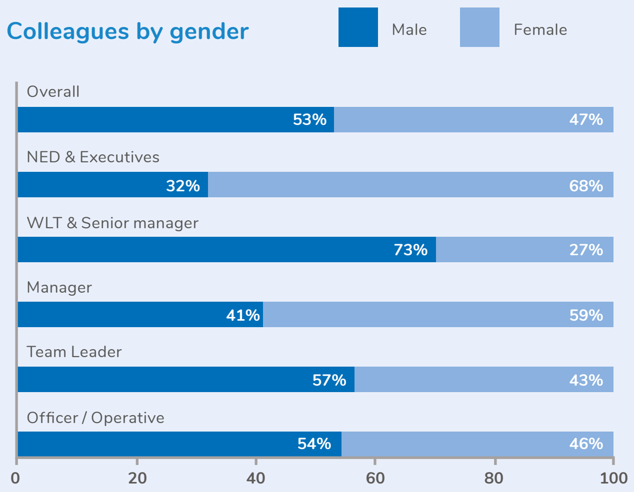
Colleague involvement and equal opportunities

The Trust continues to strive towards an environment that embraces diversity and is inclusive in all activities it undertakes. In its workforce, the Trust's current diversity profile is as follows:









THT has recently been awarded Bronze from the Armed Forces Covenant which recognises our commitment to supporting armed forces into work. This is further enhanced through the continued work the Trust carries out to rehabilitate ex-offenders into the workplace.

THT pays the Living Wage Foundation wage as a minimum to all staff which provides fair pay to staff.

We recognise the benefits of training and developing staff. There are currently 6 apprentices aged 16-25 undertaking apprenticeships with the Trust, with the aim of potentially moving apprentices into permanent jobs within the Trust or the Trust's supply chain. In addition, the Trust is also utilising its apprenticeship levy fund to provide training to upskill 46 other colleagues.

The Gender pay gap indicates that that there are a number of areas in the Trust, especially in senior areas where the gap has narrowed. This is particularly true in the Executive/Director level which showed a pay gap of 20.3% in 2017 to a significantly reduced gap of 1.3%.

We also have a commitment to become a Stonewall Champion over the coming year which will show the Trusts commitment to ensuring that all LGBT+ colleagues are accepted without exception in the workplace.

There are a number of awards and accreditations that we have already received which indicates the Trust's dedication to be a fair organisation which provides equal opportunities:

disability confident

Replacing the 'Two Ticks' accreditation, we are now 'Disability Confident' employer. We are positive about employing people with disabilities and guarantee an interview to all applicants with disabilities who meet the essential criteria for any vacancy.

Living Wage Foundation

As an accredited Living Wage Foundation employer, all our colleagues are paid at least £9.00 per hour and we encourage other businesses, such as our supply chain, to do the same.

BAN THE BOX

Our 'Ban the Box' commitment shows that we welcome applications from ex-offenders and the tick box about criminal convictions is removed from our initial application form.

INVESTORS IN PEOPLE | Gold

As Investors in People employer with gold level accreditation, we are committed to the continual professional and personal development of every colleague. The Trust is due to undertake re-accreditation in 2019.

3.8

Future plans

3.8.1

L&Q Acquisition of THT

L&Q and Trafford Housing Trust (THT) announced in April that they are in talks. Both Boards approved the acquisition, which will see THT become a wholly-owned subsidiary of L&Q. It is anticipated that the transaction will complete in the financial year ending 31 March 2020, subject to legal completion.

The acquisition of THT by L&Q will build on a highly successful joint venture partnership launched in April 2017. This new agreement will unlock a further £4 billion of investment in the North West by combining the capabilities and resources of the two housing associations to create 20,000 new homes and strong communities over the next 10 years. At least half of these homes will be affordable.

Around £2 million will be put aside to improve the standard of THT's existing homes, as they come up for re-let, in-line with L&Q's Home Standard. This includes modernising, re-painting and fitting carpets. This is part of L&Q's £225 million annual investment in existing homes.

L&Q and THT will work closely with local authorities in the North West to ensure that both new and existing homes meet local needs, including homes for the over 55s and for those with specialist needs.

Over time, there will be savings by removing duplication and increasing efficiencies. However, the acquisition is focused on investment and growth and there will not be any compulsory redundancies as a direct result of the acquisition.

While London and the South East will continue to be a major area of operation and growth, L&Q has been carefully expanding its geographical focus. Through this acquisition, L&Q will gain access to the North West through THT's local knowledge, relationships and strong reputation for innovation and delivery. THT will benefit from the scale, financial strength and resilience of one of the largest and most successful charitable housing providers in the country, with unparalleled access to strategic land. THT's existing management team will continue to be responsible for local service delivery, accountable to the THT Board.

A newly-created North West Foundation will invest in local communities to help the most vulnerable in society, including projects to tackle poverty and support people experiencing domestic violence, mental health and debt problems, as well as improving the lives of the region's aging population.

The Foundation will also fund projects to help young people and the hard-to-employ back into work, as well as increasing skills amongst THT's own workforce through an L&Q Academy in the North West, mirroring its successful work in London and the South East.

As part of the acquisition, THT Chairman, Edna Robinson, will join L&Q's Group Board to help shape future strategy.

3.8.2

Donations

The Group has made charitable donations of £nil (2017/18: £nil).

3.8.3

Going concern

After making enquiries, and considering the current economic conditions including the impacts of the Government imposed rent reduction and health & safety works associated with high-rise flats, the Group Board has a reasonable expectation that Trafford Housing Trust Limited and its subsidiaries have adequate resources to continue in operation for the foreseeable future. For this reason, the Board continue to adopt the going concern basis in preparing the Group's Financial Statements

3.8.4

Statement of compliance

The Group's accounting policies have been prepared with reference to UK Generally Accepted Accounting Principles (UK GAAP) including Financial Reporting Standard 102 (FRS102), the Statement of Recommended Practice: Registered Social Landlords 2018 (early adoption) and The Homes & Communities Agency Accounting Direction 2019 for Registered Providers. The principal accounting policies of the Trust are set out on pages 96 to 104 of the Financial Statements.

The Report of the Board and Strategic Report has been prepared in accordance with Reporting Standard 1: 'Operating and Financial Review' (RS1).

3.8.5

Disclosure of information to auditor

In the case of each of the persons who are Directors of the Group at the date when this report was approved:

- So far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Group's auditor is unaware; and
- Each of the Directors has taken all the steps that they ought to have taken as a Director to make them aware of any relevant audit information (as defined) and to establish that the Group's auditor is aware of that information.

3.8.6

Auditors

BDO LLP continue in office in accordance with the Companies Act 2006 s487(2).

The Strategic Report was approved by the Board on 31st July 2019 and signed on its behalf by:

Edna Robinson
Group Chairman

4.0

Independent Auditor's Report To Trafford Housing Trust Limited

4.0

Option. We have audited the financial statements of Trafford Housing Trust Limited ("the Association") and its subsidiaries "the Group"

For the year ended 31 March 2019 which comprise the Group and Association statement of comprehensive income, the Group and Association statement of financial position, the Group and Association statement of changes in equity, the Group cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2019 and of the Group's and the Association's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been properly prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Association 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 members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Association'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 are responsible for the other information. Other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information 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 including the Chairman's statement and Strategic Report 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in 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 Report of the Board have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Report of the Board.

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

- Adequate accounting records have not been kept by the parent association, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent association financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of board trustees' 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

As explained more fully in the board members responsibilities statement, 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 members 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 are responsible for assessing the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

As explained more fully in the board members responsibilities statement, 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 members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Association'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 Association and the members as a body, for our audit work, for this report, or for the opinions we have formed.

Hamid Ghafoor
(Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor
Manchester
Date

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

5.0

Financial statements

Group statement of comprehensive income

For the year ended 31 March 2019

	Note	2019 £000	2018 £000
Turnover	3	57,118	63,868
Surplus on sale of fixed assets - housing, land and properties	8	3,796	3,567
Cost of sales – development properties	3	(7,355)	(12,769)
Operating costs	3	(42,512)	(41,495)
Transaction costs	30	(377)	(41,495)
Operating Surplus	**4**	**10,670**	**13,171**
Share of profits from joint ventures	14	-	1,253
Interest receivable and other income	6	739	401
Interest payable and similar charges	7	(6,876)	(6,815)
Movement in fair value of investment properties	13a	(183)	104
Surplus on ordinary activities before taxation and refinancing costs		**4,350**	**8,114**
Tax credit on ordinary activities	12	92	-
Surplus for the financial year		**4,442**	**8,114**
De-recognise deficit funding agreement liability	18	926	-
Initial recognition of multi-employer defined benefit pension scheme	9	(2,095)	-
Actuarial gains/ (losses) on defined benefit pension scheme	9	(4,064)	1,559
Total Comprehensive income/ (loss) for year		**(791)**	**9,673**

Group statement of comprehensive income (Cont.)

For the year ended 31 March 2019

	Note	2019 £000	2018 £000
Surplus for the year attributable to:			
Trafford Housing Trust Limited		4,391	8,114
Non-controlling interest		51	-
		4,442	**8,114**
Total Comprehensive income / (loss) attributable to			
Trafford Housing Trust Limited		(842)	9,673
Non-controlling interest		51	
		(791)	**9,673**

All amounts relate to continuing activities.The Financial Statements were approved for issue by the Board on 31 July 2019 and signed on its behalf by:

Edna Robinson **Group Chairman**	John Lamb **Director**	Brigid Burbridge **Company Secretary**	The notes on pages 96 to 142 form an integral part of these Financial Statements.

5.2

Trust statement of comprehensive income

For the year ended 31 March 2019

	Note	2019 £000	2018 £000
Turnover	3	51,690	51,832
Surplus on sale of fixed assets - housing, land and properties	8	3,796	3,567
Cost of sales – development properties	3	(713)	(1,584)
Operating costs	3	(43,832)	(42,758)
Transaction costs	30	(377)	-
Operating Surplus	**4**	**10,564**	**11,057**
Gift Aid receivable	29	-	2,833
Interest receivable and other income	6	1,495	989
Interest payable and similar charges	7	(6,876)	(6,815)
Surplus on ordinary activities before taxation and exceptional items		**5,183**	**8,064**
Tax on ordinary activities	12	-	-
Surplus for the financial year		**5,183**	**8,064**
De-recognise deficit funding agreement liability	18	926	-
Initial recognition of multi-employer defined benefit pension scheme	9	(2,095)	-
Actuarial gains/ (losses) on defined benefit pension scheme	9	(4,064)	1,559
Total Comprehensive income/ (loss) for year		**(50)**	**9,623**

All amounts relate to continuing activities.

The Financial Statements were approved for issue by the Board on 31 July 2019 and signed on its behalf by:

Edna Robinson
Group Chairman

Alastair Findlay
Director

Brigid Burbridge
Company Secretary

The notes on pages 96 to 142 form an integral part of these Financial Statements.

5.3

Group statement of financial position

As at 31 March 2019

(Company Limited by Guarantee No 04831118)

	Note	2019 £000	2018 £000
Housing Properties	**13**	**201,456**	**189,732**
Investment properties	13a	5,748	4,054
Other tangible fixed assets	13b	10,323	10,168
Investments – joint ventures	14	17,428	8,000
Investments – joint ventures	12a	106	-
Total tangible fixed assets		**235,061**	**211,954**
Current assets			
Properties held for sale	13c	4,786	2,714
Stock and work-in-progress	15	516	6,686
Debtors – receivable within one year	16	25,282	20,688
Cash at bank and in hand		6,920	4,844
Total current assets		**37,504**	**34,932**
Creditors: amount falling due within one year	17	(45,000)	(25,024)
Net current assets		**(7,496)**	**9,908**
Total assets less current liabilities		**227,565**	**221,862**
Creditors: amount falling due after more than one year	18	(168,408)	(168,390)
Net assets excluding pension liability		**59,157**	**53,472**
Defined benefit pension liability (GMPF)	9	(17,055)	(12,901)
Defined benefit pension liability (SHPS)	9	(2,322)	-
Net Assets		**39,780**	**40,571**
Capital and reserves			
Revenue Reserve (including Pension Reserve)		38,454	39,296
Revaluation Reserve		1,275	1,275
Group funds		**39,729**	**40,571**
Non-controlling interest		51	-
Total funds		**39,780**	**40,571**

All amounts relate to continuing activities.The Financial Statements were approved for issue by the Board on 31 July 2019 and signed on its behalf by:

Edna Robinson
Group Chairman

Alastair Findlay
Director

Brigid Burbridge
Company Secretary

The notes on pages 96 to 142 form an integral part of these Financial Statements.

5.4

Trust statement of financial position

As at 31 March 2018

(Company limited by guarantee No 04831118)

	Note	2019 £000	2018 £000
Tangible fixed assets			
Housing Properties	13	194,627	190,071
Investment properties	13a	3,637	2,371
Other tangible fixed assets	**13b**	**10,322**	**10,168**
Total tangible fixed assets		**208,586**	**202,610**
Current assets			
Properties held for sale	13c	2,554	2,714
Stock and work-in-progress	15	-	-
Debtors – receivable within one year	16	53,906	40,153
Cash at bank and in hand		2,835	2,283
Total current assets		**59,295**	**45,150**
Creditors: amount falling due within one year	17	(39,328)	(25,651)
Net current assets		**19,967**	**19,499**
Total assets less current liabilities		**228,553**	**222,109**
Creditors: amount falling due after more than one year	18	(168,408)	(168,390)
Net assets excluding pension liability		**60,145**	**53,719**
Defined benefit pension liability (GMPF)	9	(17,055)	(12,901)
Defined benefit pension liability (SHPS)	9	(2,322)	-
Net Assets		**40,768**	**40,818**
Capital and reserves			
Revenue Reserve (including Pension Reserve)		39,493	39,543
Revaluation Reserve		1,275	1,275
Trust funds		**40,768**	**40,818**

All amounts relate to continuing activities.The Financial Statements were approved for issue by the Board on 31 July 2019 and signed on its behalf by:

Edna Robinson
Group Chairman

Alastair Findlay
Director

Brigid Burbridge
Company Secretary

The notes on pages 96 to 142 form an integral part of these Financial Statements.

5.5

Statement of changes in reserves

Year ended 31 March 2019

	Group Revenue Reserve £000	Group Revaluation Reserve £000	Group Non-Controlling interest £000	Group Group Total £000	Trust Revenue Reserve £000	Trust Revaluation Reserve £000	Trust Total
Balance at 1 April 2018	**39,296**	**1,275**	**-**	**40,571**	**39,543**	**1,275**	**40,818**
Surplus for the year	4,299	-	51	4,350	5,183	-	5,183
De-recognise deficit funding agreement liability	926	-	-	926	926	-	926
Initial recognition of multi-employed defined benefit pension scheme	(2,095)	-	-	(2,095)	(2,095)	-	(2,095)
Acturial loss relating to pension schemes	(4,064)	-	-	(4,064)	(4,064)	-	(4,064)
Taxation in respect of items of other comprehensive income	92	-	-	92	-	-	
Other Comprehensive income for the year	**(842)**	**-**	**51**	**(791)**	**(50)**	**-**	**(50)**
Balance at 31 March 2019	**38,454**	**1,275**	**51**	**39,780**	**39,493**	**1,275**	**40,768**

All amounts relate to continuing activities.The Financial Statements were approved for issue by the Board on 31 July 2019 and signed on its behalf by:

Edna Robinson
Group Chairman

Alastair Findlay
Director

Brigid Burbridge
Company Secretary

The notes on pages 96 to 142 form an integral part of these Financial Statements.

5.5

Statement of changes in reserves 2017–18

Year ended 31 March 2019

	Group Revenue Reserve £000	Group Revaluation Reserve £000	Group Total £000	Trust Revenue Reserve £000	Trust Revaluation Reserve £000	Trust Total £000
Balance at 1 April 2017	**29,623**	**1,275**	**30,898**	**29,920**	**1,275**	**31,195**
Surplus for the year	8,114	-	8,114	8,064	-	8,064
Actuarial Gain relating to pension scheme	1,559	-	1,559	1,559	-	1,559
Other Comprehensive income for the year	9,673	-	9,673	9,623	-	9,623
Balance at 31 March 2018	**39,296**	**1,275**	**40,571**	**39,543**	**1,275**	**40,818**

All amounts relate to continuing activities.The Financial Statements were approved for issue by the Board on 31 July 2019 and signed on its behalf by:

Edna Robinson
Group Chairman

Alastair Findlay
Director

Brigid Burbridge
Company Secretary

The notes on pages 96 to 142 form an integral part of these Financial Statements.

5.6

Group Cash Flow Statement

Year ended 31 March 2019

Cash flows from operating activities	Note	2019 £000	2018 £000
Surplus for the year before taxation		**4,350**	**8,114**
Adjustments for:			
Surplus on Sale of Fixed Assets	8	(3,796)	(3,567)
Interest Payable and Similar Charges	7	6,348	5,882
Depreciation – housing	13	10,222	9,764
Depreciation – other	13b	1,309	883
Amortised Grant	20	(264)	(235)
Impairment – housing	13	-	499
Taxation expense	12	(36)	20
Pension Operating charge	9	2,261	2,068
Pension Contribution paid	9	(2,147)	(1,875)
Increase in trade and other debtors		(5,313)	(10,639)
Increase in stocks		4,100	12,393
Increase in creditors		7,188	2,746
Net Cash generated from operations		**24,222**	**26,053**
Cash flows from investing activities			
Proceeds from Sale of Fixed Assets	8	4,941	4,330
Investment in Fixed Assets - Housing	13	(22,906)	(10,557)
Investment in Fixed Assets - Commercial	13a	(1,877)	(1,686)
Investment in Fixed Assets – Other	13b	(1,464)	(3,134)
Investment in joint ventures	14	(9,428)	(8,000)
Receipt of Housing Grant		1,283	1,982
Net Cash from investing activities		**(29,451)**	**(17,065)**
Cash flows from financing activities			
Interest paid		(6,195)	(6,114)
New bank loans	18	13,500	500
Net Cash used in financing activities		**7,305**	**(5,614)**
Net increase in cash and cash equivalents		**2,076**	**3,374**
Cash and cash equivalents at beginning of year		4,844	1,470
Cash and cash equivalents at end of year		**6,920**	**4,844**

The notes on pages 96 to 142 form an integral part of these Financial Statements.

5.7

Notes to the financial statements

1. Legal status

Trafford Housing Trust Limited is incorporated in England as a Company Limited by Guarantee under the Companies Act 2006 and is registered with the Homes and Communities Agency as a Private Registered Provider of Social Housing and is a registered charity with the Charities Commission. The registered office is Sale Point, 126-150 Washway Road, Sale, Manchester, M33 6AG

The Trafford Housing Trust group comprises the following entities:

Name	Incorporation	Registered/ Non-registered
Trafford Housing Trust Limited	Companies Act 2006 Charities Commission Act 2016	Registered
THT and L&Q Community Limited	Companies Act 2006 Charities Commission Act 2016	Registered
THT Properties Limited	Companies Act 2006	Non-registered
THT Developments Limited	Companies Act 2006	Non-registered
Laurus Living Space LLP	Companies Act 2006	Non-registered
THT and L&Q Developments LLP	Companies Act 2006	Non-registered
Laurus Homes Limited	Companies Act 2006	Non-registered
THT Social Investments Limited	Companies Act 2006	Non-registered

2. Accounting policies

Basis of accounting

The Financial Statements of the Group and Trust are prepared in accordance with Generally Accepted Accounts Practice (UK GAAP) including Financial Reporting Standard 102 (FRS102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The Financial Statements have been prepared under historical cost convention. The Financial Statements are presented in sterling to the nearest thousand (£000) except where specifically stated otherwise.

The preparation of Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates.

It also requires Group management to exercise judgement in applying the Group's accounting policies.

Parent company disclosure exemptions

In preparing the separate Financial Statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

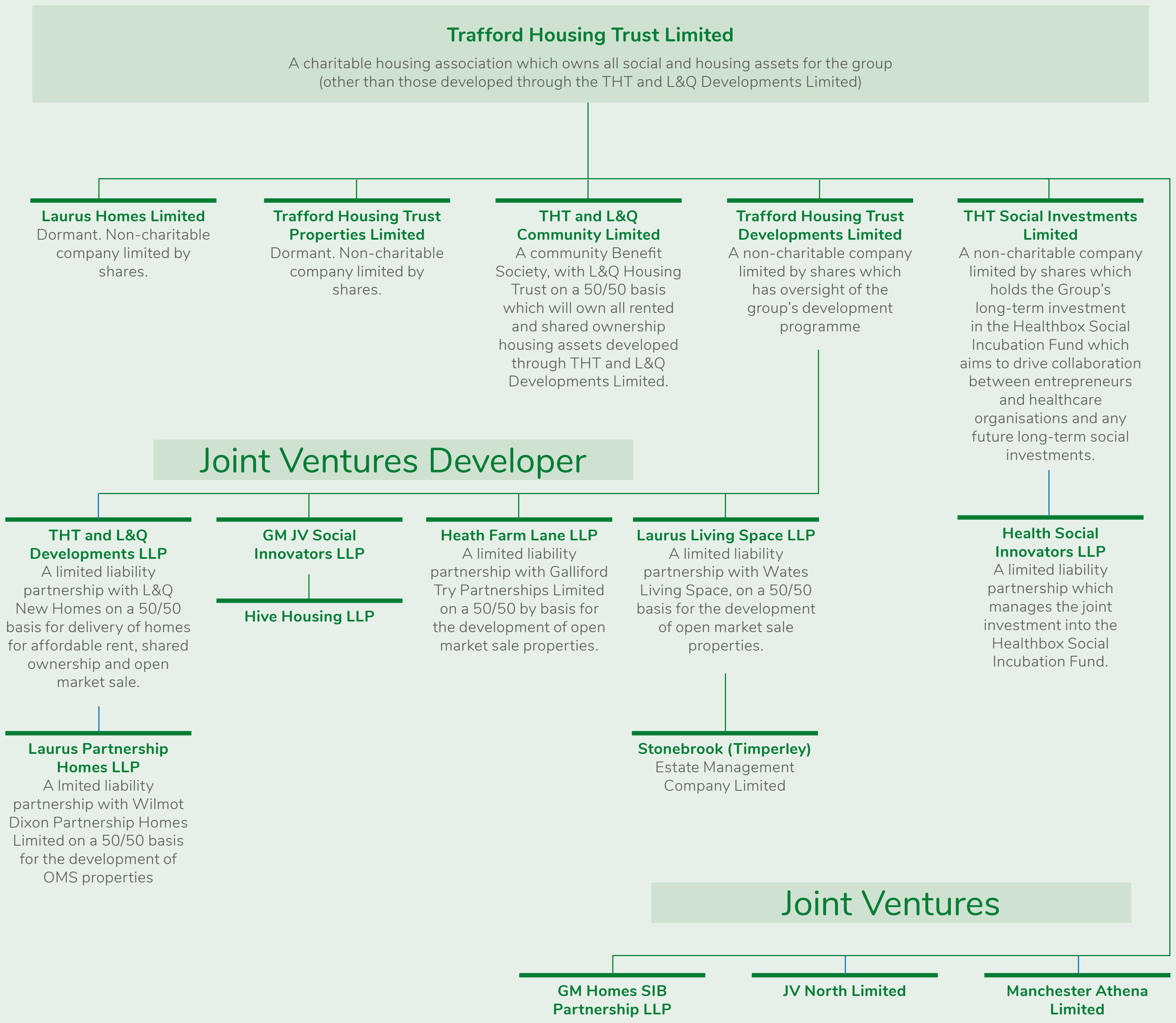
- No cash flow statement has been presented for the parent company; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Basis of consolidation

The Group Financial Statements consolidate the Financial Statements of the Trust and its direct subsidiaries at 31 March 2019.

Intercompany transactions and balances between group companies are therefore eliminated in full. The structure of the Group is as follows:



5.7

Trafford Housing Trust Limited has the right to appoint members to the Board of the subsidiaries and thereby exercises control over them. The subsidiaries with the exception of THT and L&Q Community Limited are not registered social landlords and Trafford Housing Trust Limited is the ultimate parent undertaking.

THT and L&Q Community Limited is consolidated as a wholly owned subsidiary of Trafford Housing Trust Limited. Trafford Housing Trust own 50% of the share capital with L&Q Housing Trust owning the remaining 50%, however Trafford Housing Trust holds voting control. Any share of Comprehensive Income or reserves due to L&Q Housing Trust in relation to THT and L&Q Community Limited are shown as Non-controlling interests within the accounts

Going concern

The Group's business activities, current financial position and factors likely to affect its future development are set out within the Strategic Report. The Group has in place long-term borrowing facilities which provide adequate resources to finance committed investment in assets and new build development programmes, along with the day to day operations of the Group. The Group also has a long-term financial plan showing that it is able to service all existing debt facilities.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in the Financial Statements.

Turnover

Turnover represents rent and service charge income receivable in the year (net of void losses), fees receivable, proceeds from first-tranche low-cost home ownership properties, and from properties developed for open market sale at the point of sale completion. In accordance with FRS102, the amortisation of Social Housing Grant is also included within turnover.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Sales proceeds are recognised at the point of legal completion, and all other income is recognised as receivable on the delivery of the services provided.

Cost of sales

Cost of Sales represents the direct costs incurred during the course of development of the properties sold, and marketing and other costs incurred during the course of sale of those properties.

Housing properties

Housing properties are accounted for under the historic cost basis. All known and planned demolitions are recorded at land value only. Costs include costs of acquiring land and buildings, development, improvement costs and interest.

In line with FRS102, housing properties are classed as Property, Plant and Equipment, held for their social value, together with the rental streams generated.

Housing properties are depreciated over 50 to 100 years in accordance with the depreciation policy below, based on the cost of the property excluding land and any grants received. Freehold land is not depreciated. The useful life of the housing stock is reassessed annually.

Investment properties

Investment properties consist of commercial properties and other properties that are not held for social benefit or for use in the ordinary course of business. Investment properties are held at fair value, and an annual valuation exercise is carried out to determine any change to the value of assets held. Any change is recognised through income and expenditure.

Other fixed assets

Other fixed assets are stated at historic purchase cost less accumulated depreciation or valuation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Staffing costs directly attributable to bringing the asset to its working condition are capitalised.

Improvement cost

Improvements are works to existing housing properties that result in an increase in net rental income, a reduction in future maintenance costs or a significant extension of the life of the property. The Group's repairs programme expenditure on housing properties is capitalised in accordance with FRS102 and the SORP. Only the direct overhead costs associated with improvements are capitalised (i.e. professional fees and related staff costs). Depreciation commences at the date of completion of the works and will be over the useful life of the improvement on a straight line basis.

All other expenditure incurred in respect of general repairs to housing stock is charged to the Statement of Comprehensive Income in the year in which it is incurred.

Development costs

Development costs are those costs incurred in the construction of new properties. This expenditure is capitalised in accordance with FRS102 and the SORP where it relates to properties held for rent or second and subsequent tranche shared ownership. Where expenditure relates to properties held for first tranche shared ownership these are held as current assets in accordance with the SORP.

Capitalisation of interest and administration costs

Interest costs associated with the financing of housing construction contracts are capitalised. The interest rate used is the average borrowing rate in the year and this rate is applied to the expenditure during the course of construction of the property, up to the date of practical completion.

Associated professional fees and development staff costs are capitalised to the extent that those staff are working on development schemes.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted company shares, which have been classified as fixed asset investments as the Group intends to hold them on a continuing basis, are re-measured to market value at each balance sheet date. Gains and losses on re-measurement are recognised in profit or loss for the period.

5.7

Depreciation
Fixed assets are depreciated in accordance with FRS102 at rates calculated to write down the net book value after deducting Social Housing Grant to their estimated residual value, on a straight line basis, over their expected remaining useful economic life.

Impairment
The Group undertakes annual impairment reviews, and in addition, 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 the recoverable amount. Any such write down is charged to the Statement of Comprehensive Income.

Schemes earmarked for demolition are impaired once the tenants of the scheme have been decanted and the scheme is vacant for redevelopment.

Government grants
Grants received in relation to assets that are presented at deemed cost at the date of transition have been accounted for using the performance model as required by Housing SORP 2018. In applying this model, such grant has been presented as if it were originally recognised as income within the Statement of Comprehensive Income in the year it was receivable and is therefore included within brought forward reserves.

Grant received since the transition date in relation to newly acquired or existing

Assets	Depreciation
Housing properties:	
Housing properties (new build)	Over 100 Years
Housing properties (acquired / transferred)	Over 100 Years
Housing properties of non-traditional construction	Over 50 Years
Tower blocks	Over 50 Years
Improvements to housing properties:	
Door Entry Systems, Warden Call Systems	Over 15 years or remaining life of the property, whichever is shorter
Modernisations, Door Replacements, Bathrooms, Kitchens, Internal Works, Heating	Over 20 years or remaining life of the property, whichever is shorter
Lifts, Walling, Rewiring, Communal Areas, Fire Protection	Over 30 years or remaining life of the property, whichever is shorter
Windows, Drainage	Over 35 years or remaining life of the property, whichever is shorter
Structural, External Works	Over 50 years or remaining life of the property, whichever is shorter
Environmental	Over 60 years or remaining life of the property, whichever is shorter
Roofing	Over 65 years or remaining life of the property, whichever is shorter
Other fixed assets:	
Leasehold premises	To the break clause in the lease
Office refurbishment	To the break clause in the lease
Computer Hardware and Software	Over 3 years
Computer Equipment Infrastructure	Over 5 years
Furniture, Equipment and Vehicles	Over 4 Years

housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2018. Grant is carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2018 the useful economic life of the housing property structure has been selected (see table of useful economic lives below).

Where social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets, any unamortised grant remaining within creditors is released and recognised as income within the income and expenditure account.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met.

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

Sales of housing properties
Sales of housing properties are taken into account on completion of contracts. Surpluses or deficits arising from the disposal of properties under Right-to-Buy legislation are disclosed on the face of the Statement of Comprehensive Income.

Shared ownership properties
The Group disposes shared ownership homes on a long lease to persons who occupy them at a share equal to between 25% and 75% of value. Shared ownership development expenditure is split between current and fixed assets on initial recognition. The proceeds from the sale of the current asset element ("first tranche") are included in turnover and the related asset expensed through the Statement of Comprehensive Income as a cost of sale. The remaining element of the property ("staircasing element") is accounted for as a fixed asset and any subsequent tranche sale treated as a part-disposal of a fixed asset.

Leasing commitments
At present all leases held by the Group are deemed as operating leases. Rentals paid under operating leases are charged to the Statement of Comprehensive Incomes on a straight-line basis over the lease term.

Property managed by agents
Should the Group carry the financial risk on property managed by agents, all the income and expenditure arising from the property will be included in the Statement of Comprehensive Income. Should an agency carry the financial risk, the Statement of Comprehensive Income will include only that income and expenditure that relates solely to the Group.

Loan issue costs and interest payable
All loans, investments and short term deposits held by the Group, are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost; however, the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Provisions
Provisions are made to the extent that there is a high likelihood that the Group will incur an expense as a result of a past event.

Stock and work-in-progress
Stock represents work in progress and completed properties, including housing properties developed for transfer to other registered providers; properties developed for outright sale; and shared ownership properties. For shared ownership properties the value held as stock is the estimated cost to be sold as a first tranche.

Stock is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable

5.7

value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

Pensions
The Group participates in the Greater Manchester Pension Scheme and the Social Housing Pension Scheme (SHPS), both of which are defined benefit final salary schemes. The assets of the schemes are held separately from those of the Group.

The Group also participates in a defined contribution pension scheme through SHPS that is accounted for through income and expenditure.

For both defined benefit pension schemes the scheme assets are measured using fair values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. A net surplus is recognised only to the extent that it is recoverable by the Group through reduced contributions or through refunds from the plan.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

Bad debts and write-offs
Bad debts are charged to expenditure in the year in which they are incurred. A provision for bad and doubtful debts is made on an estimation of those debts that will not be recovered at the Statement of Financial Position date. The provision is reviewed by management on an annual basis to ensure that what is being provided for reflects as accurately as possible the level of debt that will become bad in future years, based on current collection performance.

Value Added Tax (VAT)
The Group's main income stream is rent, which is exempt from VAT. The majority of expenditure is subject to VAT and so is shown inclusive of VAT. For some activities VAT can be reclaimed under the partial exemption method and this is credited to income.

Current asset investment
Investments comprise short-term loans to approved banks and building societies meeting strict credit rating criteria. They are readily disposable and include money market deposits held for more than 24 hours that can only be withdrawn without penalty on maturity, or by giving notice of more than one working day. Investments are stated in the Statement of Financial Position at historic cost including accrued interest.

Liquid Resources
Liquid resources are readily disposable current asset investments. They include money market deposits held for more than 24 hours that can only be withdrawn without penalty on maturity or by giving notice of more than one working day.

Refurbishment Provision
Properties are acquired from local authorities for a consideration equivalent to their current market value plus the cost of bringing them into a good state of repair. Immediately prior to the transfer, the local authority contracts with the association to carry out these refurbishment works for a fixed sum, equal to the expected cost of the required work. The terms of the local authorities' undertaking to refurbish/repair the properties and the terms of the contract with the association are essentially similar; in particular, the price is fixed and no time limit imposed. Subcontractors are subsequently employed to carry out the work over a number of years.

The underlying substance of the transactions is reflected on a gross basis; recognising the contractual position of the association which has both an asset for which it has paid (the local authorities' obligation to perform the refurbishment) and a legal obligation to complete the works under the refurbishment contract. These assets and liabilities are recognised in the statement of financial position within debtors and provisions respectively.

Debtors
Short term debtors are measured at transaction price, less any impairment.

Creditors
Short term creditors are measured at the transaction price.

Financial instruments
The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

Debt instruments, accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

However, if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate, or in case of an out-right short term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Significant judgements and estimates
In preparing these Financial Statements, the key judgements have been made in respect of the following:

- Whether there are indicators of impairment of the Group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset, and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The members have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. The members have also considered impairment based on their assumptions to define cash or asset generating units.
- The anticipated costs to complete on a development scheme are based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the member's best estimate of sales value based on economic conditions within the area of development.

5.7

- The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation and SHPS obligation, such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.

- Whether leases entered into by the Group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

- The appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership between current and fixed assets.

- The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.

- The treatment of the loan agreement is as basic with regard to FRS 102.

There are no other areas of estimation uncertainty.

Other key sources of estimation and assumptions

- Tangible Fixed Assets (see note 13)

Tangible Fixed Assets, other than investment properties, 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. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

- Rental and Other Trade Receivables (Debtors) (see note 16)

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Changes to Accounting Policy in respect of SHPS defined benefit scheme

The scheme is classified as a 'last man standing' arrangement. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

FRS 102 requires that an employer participating in a defined scheme should recognise:

- A liability for its obligations under the scheme net of scheme assets; and

- The net change in that liability during the accounting period as the cost of the defined benefit scheme during the period

Previously an employer participating in the scheme should recognise:

- A liability for any employer contributions schemed in the future arising from the scheme's agreed deficit recovery plan; and

- The resulting expense in profit or loss.

For accounting year-ends from 31 March 2019, The Pensions Trust (TPT) are able to provide full defined benefit accounting information.

The impact of this for Trafford Housing Trust is to increase the deficit in both the SOFP and reserves by £1.17 million. The change in accounting would not be a prior year adjustment and the difference between the net defined benefit pension liability and the past service deficit provision is including in Other Comprehensive Income (as a separate item).

3. Group turnover, cost of sales, operating costs and operating surplus

2019

	Turnover £000	Cost of Sales £000	Operating Costs £000	Operating Surplus £000
Social Housing Lettings (Note 3)	**46,126**	**-**	**(36,135)**	**9,991**
Other Social Housing Activities				
Tenants Involvement	-	-	(94)	(94)
Specialist Services	-	-	(120)	(120)
First Tranche Shared Ownership Sales	2,279	(2,172)	-	107
Community Centres	267	-	(768)	(501)
Social Investment	-	-	(1,421)	(1,421)
Debt & Welfare Support	-	-	(391)	(391)
Membership Services	9	-	(16)	(7)
Aids & Adaptations	66	-	(97)	(31)
Non-social housing activities				
Lettings	471	-	-	471
OMS Development	5,717	(5,183)	(716)	(182)
Alert & Response	416	-	(360)	56
HomeCare	1,474	-	(1,926)	(452)
Cleanstart Social Enterprise	230	-	(405)	(175)
Other Services	63	-	(63)	-
Total Social and Non-social housing activities	**57,118**	**(7,355)**	**(42,512)**	**7,251**
Sale of fixed assets (Note 8)	4,983	(1,187)	-	3,796
Transaction costs (Note 30)	-	-	(377)	(377)
Totals	**62,101**	**(8,542)**	**(42,889)**	**10,670**

OMS Development relates specifically to the sales receipts and costs related to properties constructed with the intention to sell on the open market.

3. Group turnover, cost of sales, operating costs and operating surplus

2018

	Turnover £000	Cost of Sales £000	Operating Costs £000	Operating Surplus £000
Social Housing Lettings (Note 3)	**46,180**	**-**	**(37,075)**	**9,105**
Other Social Housing Activities				
Tenants Involvement	-	-	(71)	(71)
Specialist services	1	-	(148)	(147)
First Tranche Shared Ownership Sales	1,483	(1,584)	-	(101)
Community Centres	25	-	(499)	(474)
Social Investment	-	-	(504)	(504)
Debt & Welfare Support	-	-	(298)	(298)
Membership Services	14	-	(65)	(51)
Aids & Adaptations	127	-	(204)	(77)
Non-social housing activities				
Lettings	503	-	(24)	479
Handyfix	55	-	(54)	1
OMS Development	13,658	(11,185)	(350)	2,123
Alert & Response	396	-	(432)	(36)
HomeCare	865	-	(967)	(102)
Cleanstart Social Enterprise	448	-	(797)	(349)
Other Services	113	-	(7)	106
Total Social and Non-social housing activities	**63,868**	**(12,769)**	**(41,495)**	**9,604**
Sale of fixed assets (Note 8)	4,363	(796)	-	3,567
Totals	**68,231**	**(13,565)**	**(41,495)**	**13,171**

3. Trust turnover, cost of sales, operating costs and operating surplus

2019

	Turnover £000	Cost of Sales £000	Operating Costs £000	Operating Surplus £000
Social Housing Lettings (Note 3)				
Other Social Housing Activities	**46,097**		**(36,210)**	**9,887**
Tenants Involvement	**-**	**-**	**(94)**	**(94)**
Specialist services	-	-	(120)	(120)
First Tranche Shared Ownership Sales	639	(713)	-	(74)
Community Centres	267	-	(768)	(501)
Social Investment	-	-	(1,421)	(1,421)
Debt & Welfare Support	-	-	(391)	(391)
Membership Services	9	-	(16)	(7)
Aids & Adaptations	66	-	(97)	(31)
Non-social housing activities				
Lettings	471	-	-	471
Development Company	1,958	-	(1,961)	(3)
Alert & Response	416	-	(360)	56
HomeCare	1,474	-	(1,926)	(452)
Cleanstart Social Enterprise	230	-	(405)	(175)
Other Services	63	-	(63)	-
Total Social and Non-social housing activities	**51,690**	**(713)**	**(43,832)**	**7,145**
Sale of fixed assets (Note 8)	4,983	(1,187)	-	3,796
Transaction costs (Note 30)	-	-	(377)	(377)
Totals	**56,673**	**(1,900)**	**(44,209)**	**10,564**

3. Trust turnover, cost of sales, operating costs and operating surplus

2018

	Turnover £000	Cost of Sales £000	Operating Costs £000	Operating Surplus £000
Social Housing Lettings (Note 3)				
Other Social Housing Activities	**46,180**	**-**	**(37,075)**	**9,105**
Tenants Involvement	-	-	(71)	(71)
Specialist services	1	-	(148)	(147)
First Tranche Shared Ownership Sales	1,483	(1,584)	-	(101)
Community Centres	25	-	(499)	(474)
Social Investment	-	-	(504)	(504)
Debt & Welfare Support	-	-	(298)	(298)
Membership Services	14	-	(65)	(51)
Aids & Adaptations	127	-	(204)	(77)
Non-social housing activities				
Lettings	**503**	**-**	**(24)**	**479**
Handyfix	**55**	**-**	**(54)**	**1**
Development Company	**1,622**	**-**	**(1,611)**	**11**
Alert & Response	**396**	**-**	**(434)**	**(38)**
HomeCare	**865**	**-**	**(967)**	**(102)**
Cleanstart Social Enterprise	**448**	**-**	**(797)**	**(349)**
Other Services	**113**	**-**	**(7)**	**106**
Total Social and Non-social housing activities	**51,690**	**(713)**	**(43,832)**	**7,145**
Sale of fixed assets (Note 8)	4,363	(796)	-	3,567
Totals	**56,195**	**(2,380)**	**(42,758)**	**11,057**

3. Group turnover, cost of sales, operating costs and operating surplus

Particulars of income and expenditure from social housing lettings

	2019					2018
	General Housing £000	Supported Housing £000	Temporary Social Housing £000	Low Cost Home Ownership £000	Total £000	Total £000
Turnover from Social Housing Lettings						
Rent receivable - net of voids	29,856	11,681	304	251	42,092	42,279
Service charges receivable - net of voids	1,174	2,402	7	188	3,771	3,666
Net Rental Income	**31,030**	**14,083**	**311**	**439**	**45,863**	**45,945**
Amortised Grants	188	49	-	26	263	235
Total Turnover from Social Housing Lettings	**31,218**	**14,132**	**311**	**465**	**46,126**	**46,180**
Expenditure on Social Housing Lettings						
Management	(6,601)	(2,168)	(23)	(110)	(8,902)	(11,043)
Services	(1,911)	(2,621)	(33)	(202)	(4,767)	(4,127)
Routine maintenance	(3,739)	(1,695)	(37)	-	(5,471)	(4,326)
Planned maintenance	(2,547)	(1,153)	(25)	(3)	(3,728)	(3,240)
Major repairs expenditure	(290)	(131)	(3)	-	(424)	(126)
Development expenditure	(80)	-	-	-	(80)	(43)
Fire safety expenditure	(1,206)	(61)	-	-	(1,267)	(3,367)
Bad debts	(367)	(167)	(4)	-	(538)	(384)
Depreciation of housing properties	(6,794)	(3,158)	(31)	(239)	(10,222)	(9,761)
Property lease charges	(495)	(224)	(5)	(12)	(736)	(658)
Operating Costs on Social Housing Lettings	**(24,030)**	**(11,378)**	**(161)**	**(566)**	**(36,135)**	**(37,075)**
Operating Surplus on Social Housing Lettings	**7,188**	**2,754**	**150**	**(101)**	**9,991**	**9,105**
Void Losses – rents	(258)	(174)	(1)	-	(433)	(516)
Void Losses – service charges	(10)	(41)	-	-	(51)	(47)
Void Losses – total	**(268)**	**(215)**	**(1)**	**-**	**(484)**	**(563)**

3. Trust turnover, cost of sales, operating costs and operating surplus

Particulars of income and expenditure from social housing lettings

	2019					2018
	General Housing £000	Supported Housing £000	Temporary Social Housing £000	Low Cost Home Ownership £000	Total £000	Total £000
Turnover from Social Housing Lettings						
Rent receivable - net of voids	29,828	11,681	304	250	42,063	42,279
Service charges receivable - net of voids	1,174	2,402	7	188	3,771	3,666
Net Rental Income	**31,002**	**14,083**	**311**	**438**	**45,834**	**45,945**
Amortised Grants	188	49	0	26	263	235
Total Turnover from Social Housing Lettings	**31,190**	**14,132**	**311**	**464**	**46,097**	**46,180**
Expenditure on Social Housing Lettings						
Management	(6,749)	(2,168)	(23)	(55)	(8,995)	(11,043)
Services	(1,911)	(2,621)	(33)	(202)	(4,767)	(4,127)
Routine maintenance	(3,739)	(1,695)	(37)	0	(5,471)	(4,326)
Planned maintenance	(2,547)	(1,153)	(25)	(3)	(3,728)	(3,240)
Major repairs expenditure	(290)	(131)	(3)	0	(424)	(126)
Development expenditure	(80)	0	0	0	(80)	(43)
Fire safety expenditure	(1,206)	(61)	0	0	(1,267)	(3,367)
Bad debts	(367)	(167)	(4)	0	(538)	(384)
Depreciation of housing properties	(6,785)	(3,158)	(31)	(230)	(10,204)	(9,761)
Property lease charges	(495)	(224)	(5)	(12)	(736)	(658)
Operating Costs on Social Housing Lettings	**(24,169)**	**(11,378)**	**(161)**	**(502)**	**(36,210)**	**(37,075)**
Operating Surplus on Social Housing Lettings	**7,021**	**2,754**	**150**	**(38)**	**9,887**	**9,105**
Void Losses – rents	**(258)**	**(174)**	**(1)**	**-**	**(433)**	**(516)**
Void Losses – service charges	**(10)**	**(41)**	**-**	**-**	**(51)**	**(47)**
Void Losses – total	**(268)**	**(215)**	**(1)**	**-**	**(484)**	**(563)**

4. Operating surplus

This is arrived at after charging:

	Group		Trust	
	2019 £000	2018 £000	2019 £000	2018 £000
Depreciation of Housing Properties (Note 13)	10,222	9,762	10,204	9,762
Depreciation of Other Tangible Fixed Assets (Note 13b)	1,309	883	1,313	883
Amortisation of Grant Income	264	235	264	235
Defined Contribution Pension Cost (Note 9)	2,528	2,648	2,679	2,648
Operating Lease Rentals				
- Land and Buildings	700	612	700	612
- Vehicles	318	300	318	300
Auditor's Remuneration				
- for audit services	61	42	35	30
- for non-audit services	70	41	61	28
Impairment Charges				
- for loss on investment	-	50	-	50
- for cladding on housing stock	-	499	-	499

5. Accommodation in management and development

At end of year accommodation in management for each class of accommodation was as follows:

	Group		Trust	
	2019 Number	2018 Number	2019 Number	2018 Number
Owned and managed:				
General needs housing social rent	4,683	4,719	4,683	4,719
General needs housing affordable rent	1,324	1,325	1,316	1,325
Supported housing	129	127	129	127
Housing for older people	2,544	2,545	2,544	2,545
Low-cost home ownership	193	150	145	150
Intermediate rent	21	-	-	-
Market Rent	-	1	-	1
Total housing owned and managed	**8,894**	**8,867**	**8,817**	**8,867**
Managed by others:				
General needs housing social rent	58	58	58	58
Supported housing	-	2	-	2
Market Rent	14	11	14	11
Total housing managed by others	**72**	**71**	**72**	**71**
Total housing stock owned	**8,966**	**8,938**	**8,889**	**8,938**
Under development at end of year:				
General needs housing	85	44	44	44
Low-cost home ownership	29	9	9	9
Total Under Development	**114**	**53**	**53**	**53**

6. Interest receivable and other income

	Group 2019 £000	Group 2018 £000	Trust 2019 £000	Trust 2018 £000
Interest Receivable and Similar Income	739	401	1,495	989
	739	401	1,495	989

7. Interest Payable and Similar Charges

	Group 2019 £000	Group 2018 £000	Trust 2019 £000	Trust 2018 £000
Bank Loans and Overdrafts	(6,348)	(6,283)	(6,348)	(6,283)
Amortisation of Loan Fees	(222)	(222)	(222)	(222)
Capitalised Interest	138	113	138	113
Pension Fund Funding Costs	(402)	(377)	(402)	(377)
Pension Bond	(42)	(46)	(42)	(46)
Total Interest Payable and Similar Charges	**(6,876)**	**(6,815)**	**(6,876)**	**(6,815)**

8. Surplus on sale of fixed assets – housing, land and properties

	Shared ownership 2019 £000	Right to buy/ Right to acquire 2019 £000	Other housing properties 2019 £000	Land and Other Buildings 2019 £000	Total 2019 £000	Total 2018 £000
Housing Properties						
Disposal proceeds	603	3,816	555	9	4,983	4,363
Selling costs	-	(41)	-	-	(41)	(33)
Net disposal proceeds	**603**	**3,774**	**555**	**9**	**4,942**	**4,330**
Carrying value of housing fixed assets	(265)	(815)	(64)	(2)	(1,146)	(763)
Surplus on disposal of housing properties	**338**	**2,959**	**491**	**7**	**3,796**	**3,567**
Surplus on disposal of other tangible fixed assets	-	-	-	-	-	-
Total surplus on disposal of fixed assets	**338**	**2,960**	**491**	**7**	**3,796**	**3,567**

9. Employees

Average monthly number of employees:

	Group		Trust	
	2019 Number	2018 Number	2019 Number	2018 Number
Administration	101	106	101	106
Development	28	24	28	24
Housing Support and Care	368	340	368	340
Total	**497**	**470**	**497**	470

Average Monthly Number of Employees Expressed in Full Time Equivalents:

	2019 Number	2018 Number	2019 Number	2018 Number
Administration	94	100	94	100
Development	26	23	26	23
Housing Support and Care	331	312	331	312
Total	**451**	**435**	**451**	**435**

Employee Costs:

	2019 £000	2018 £000	2019 £000	2018 £000
Wages and Salaries	13,635	13,347	13,635	13,347
Social Security Costs	1,331	1,314	1,331	1,314
Other Pension Costs	2,528	2,648	2,528	2,648
Total	**17,494**	**17,309**	**17,494**	**17,309**

The Trust's employees are eligible to be members of the Greater Manchester Pension Fund (GMPF) or of the Social Housing Pension Scheme (SHPS). Further information on each scheme is given overleaf.

9. Employees (continued)

The Social Housing Pension Scheme (SHPS)

The Social Housing Pension Scheme (SHPS) is a multi-employer scheme with more than one participating employer, which is administered by TPT Retirement Solutions (TPT). Prior to 1st April 2018 the assets and liabilities attributable to each employer were not able to be identified.

Assumptions

The major assumptions used by the TPT in assessing scheme liabilities on an FRS102 basis were:

	2019 % per annum	**2018 % per annum**
Discount Rate	2.40%	2.60%
Inflation (RPI)	3.20%	3.10%
Inflation (CPI)	2.20%	2.10%
Salary Growth	3.20%	3.10%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance
Mortality Rates		**Life Expectancy at age 65**
Male retiring in 2019		21.8 years
Female retiring in 2019		23.5 years
Male retiring in 2039		23.2 years
Female retiring in 2039		24.7 years

Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)

	2019 £000	**2018 £000**
Fair value of plan assets	6,245	5,695
Present value of defined benefit obligation	8,567	7,790
Net defined benefit asset (liability) to be recognised	**(2,322)**	**(2,095)**

5.7

9. Employees (continued)

	Period ended 31 March 2019 £000
Reconciliation of Opening And Closing Balances of The Defined Benefit Obligation	
Defined benefit obligation at start of period	7,790
Current service cost	258
Expenses	8
Interest expense	206
Contributions by plan participants	66
Actuarial losses (gains) due to scheme experience	(364)
Actuarial losses (gains) due to changes in demographic assumptions	22
Actuarial losses (gains) due to changes in financial assumptions	624
Benefits paid and expenses	(43)
Defined benefit obligation at end of period	**8,567**

	Period ended 31 March 2019 £000
Reconciliation of Opening And Closing Balances of The Defined Benefit Obligation	
Fair value of plan assets at start of period	5,695
Interest income	153
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(18)
Contributions by the employer	392
Contributions by plan participants	66
Benefits paid and expenses	(43)
Fair value of plan assets at end of period	**6,245**

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £135,000.

9. Employees (continued)

	Period ended 31 March 2019 £000
Defined Benefit Costs Recognised In Statement Of Comprehensive Income (SOCI)	
Current service cost	258
Expenses	8
Net interest expense	53
Defined benefit costs recognised in SOCI	**319**

	Period ended 31 March 2019 £000
Defined Benefit Costs Recognised In Other Comprehensive Income	
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(18)
Experience gains and losses arising on the plan liabilities - gain (loss)	364
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(22)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(624)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(300)
Total amount recognised in other comprehensive income - (loss)	**(300)**

5.7

9. Employees (continued)

Average monthly number of employees:

Assets	2019 Number	2018 Number
Absolute Return	540	695
Alternative Risk Premia	360	216
Corporate Bond Fund	291	234
Credit Relative Value	114	-
Distressed Opportunities	14	55
Emerging Markets Debt	215	230
Fund of Hedge Funds	28	188
Global Equity	1,051	1,125
Infrastructure	327	146
Insurance-Linked Securities	179	150
Liability Driven Investment	2,284	2,074
Long Lease Property	92	-
Net Current Assets	12	5
Private Debt	84	51
Property	141	262
Risk Sharing	189	53
Secured Income	224	211
Total assets	**6,245**	**5,695**

9. Employees (continued)

The Greater Manchester Pension Fund

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 (LGPS), a defined benefit scheme. The latest triennial actuarial review of the fund was undertaken by a professional qualified actuary as at 31 March 2017, and this was used as the basis for FRS102 calculations.

The employers' contributions to the GMPF by the Trust for the period were £1,877k at a contribution rate of 22.5%.

Assumptions

The major assumptions used by the GMPF actuary in assessing scheme liabilities on an FRS102 basis were:

	2019	2018
	% per annum	**% per annum**
Salary Increase Rate	3.5	3.2
Pension Increase Rate	2.5	2.4
Discount Rate	2.4	2.7
Mortality Rates		
- for a male aged 65 now	21.5 years	21.5 years
- at 65 for a male member aged 45 now	23.7 years	23.7 years
- for a female aged 65 now	24.1 years	24.1 years
- at 65 for a female member aged 45 now	26.2 years	26.2 years
Reconciliation of Present Value of Plan Liabilities		
At the beginning of the year	61,636	59,835
Current service cost	1,869	2,057
Interest cost	1,679	1,575
Actuarial (gain) / loss	6,097	(1,354)
Plan participants' contributions	315	351
Benefits paid	(1,017)	(839)
Past service costs	-	11
At the end of the year	**70,579**	**61,636**

9. Employees (continued)

	2019 % per annum	2018 % per annum
Reconciliation of Fair Value of Plan Assets		
At the beginning of the year	48,735	45,932
Expected return on assets	1,330	1,211
Actuarial gain	2,333	205
Plan participants' contributions	315	351
Contributions by employer	1,828	1,875
Benefits paid	(1,017)	(839)
At the end of the year	**53,524**	**48,735**
Fair value of plan assets	53,532	48,735
Present value of plan liabilities	(70,579)	(61,636)
Net Pension Scheme Liability	**(17,047)**	**(12,901)**
Amounts recognised in Other Comprehensive Income are as follows:		
Included in administrative expenses:		
Current Service Cost	(1,869)	(2,057)
Past Service Cost	-	(11)
	(1,869)	(2,068)
Amounts included in Other Finance Costs		
Interest Income on Plan Assets	1,330	1,211
Interest Cost on Defined Benefit Obligation	(1,679)	(1,575)
Net Interest Cost	**(349)**	**(364)**
Analysis of Actuarial Gain/(Loss) recognised in Other Comprehensive Income		
Actual return less interest income included in net interest income	2,333	205
Changes in assumptions underlying the present value of scheme liabilities	(6,097)	1,354
	(3,764)	1,559
Estimated Composition of Plan Assets		
Equities	36,932	32,165
Bonds	8,029	7,798
Property	4,282	3,411
Cash	4,282	5,361
Total Plan Assets	**53,525**	**48,735**
Total Return on Plan Assets	7.4%	3.0%

10. Directors’ and Senior Executive remuneration

The Directors are defined as the members of the Board of Management, the Chief Executive and the Executive Management Team disclosed in section 3.5.3.

	Group		Trust	
	2019 £000	**2018 £000**	**2019 £000**	**2018 £000**
Executive Directors' emoluments	1,113	1,316	1,113	1,316
Amounts paid to non-executive Directors	92	82	92	82
Compensation for loss of office	63	117	63	117
Third party payments in relation to Directors	389	-	389	-
	1,657	**1,515**	**1,657**	**1,515**

Expenses paid during the year to Board Members amounted to £894 (2018: £2,253). The Executive Directors do not have a company car provided by the Trust and instead receive a car allowance as part of their basic salary. The emoluments of the highest paid Director, the Acting Chief Executive Larry Gold, excluding pension contributions, were £163,355 (2018: £156,372). The Acting Chief Executive is a member of the Social Housing Pension Scheme. He is an ordinary member of the Fund and no enhanced or special terms apply. The Trust does not make any further contribution to an individual pension arrangement for the Chief Executive. The following full time equivalent number of staff, including Directors whose remunerations (excluding compensation for loss of office) payable in relation to the year, fell within the following bands are:

	Group and Trust	
	2019 Number	**2018 Number**
£60,000 - £69,999	5	7
£70,000 - £79,999	4	4
£80,000 - £89,999	1	1
£90,000 - £100,000	2	1
£100,000 - £109,999	0	-
£110,000 - £119,999	0	1
£120,000 - £129,999	0	-
£130,000 - £139,999	1	-
£140,000 - £149,999	0	-
£150,000 - £159,999	1	2
£160,000 - £169,999	1	-
Total	**15**	**16**

11. Board Members

The Board of the Trust were remunerated as follows and were members of the following Committees.

	Remuneration £000	Group Board	THTD Board	THTSI Board	THT and L&Q Community Board	THT and L&Q Dev LLP Board	Health Farm Lane LLP Board	Laurus Homes (Dormant) Board	Audit Risk & Compliance Committee	Customer Products/ Services Board	Appointments & Remuneration Committee	Social Investment Board
Non-Executive Members												
Edna Robinson	14	Chair	✔	✔							✔	
Alistair Findlay	10	✔	✔	✔					Chair			
Sean Brian Anstee	7	✔							✔		✔	✔
Sheila Tolley	7	✔								✔		
Gordan Perry	7	✔								✔		
Steven Hughes	6											Chair
Angela Bolton	10	✔							✔	Chair		
John Lamb	10	✔	Chair					✔	✔			
Matthew Hemmings	7	✔										
John Verbickas	7								✔	✔		
Nigel McGurk	7	✔	✔								✔	
Executive Members												
Larry Gold	Nil	✔	✔		Chair	Chair	✔	✔				
Matthew Gardiner	Nil	✔										
Angela Hunter	Nil									✔		
Graeme Scott	Nil				✔	✔		✔				
Barry Wears	Nil						✔					
Total Remuneration	**92**											

12. Tax on surplus/ (deficit) on ordinary activities

	Group		Trust	
	2019 £000	2018 £000	2019 £000	2018 £000
United Kingdom Tax				
Adjustments in respect of prior years	34	(20)	-	-
Total Current Tax credit	**(34)**	**(20)**	**-**	**-**
Deferred Taxation				
Deferred taxation – current year	-	20	-	-
Net reversal of timing differences	(124)	-	-	-
Effect of tax rate change on opening balance	(2)	-	-	-
Tax on Surplus /(Deficit) on Ordinary Activities	**(92)**	**-**	**-**	**-**
	2019 £000	**2018 £000**	**2019 £000**	**2018 £000**
Total Tax Reconciliation				
Surplus on ordinary activities before tax and interest on tax	4,360	8,114	5,183	8,168
Theoretical tax charge/(credit) at UK corporation tax rate 19%	828	1,542	985	1,552
Effect of:				
Charitable income/ (loss) not chargeable to tax	(1,004)	(1,542)	(985)	(1,552)
Adjustments in respect of prior years	34	(20)	-	-
Adjustments in respect of deferred tax and expenses	50	20	-	-
Actual total taxation credit	**(92)**	**-**	**-**	**-**
	2019 £000	**2018 £000**	**2019 £000**	**2018 £000**
Capital gains / (losses)	(13)	-	-	-
Losses and other deductions	(93)	-	-	-
Total deferred tax (asset)	**(106)**	**-**	**-**	**-**

5.7

13. Group tangible fixed assets – Housing properties

	Social Housing Properties Held for Letting £000	Housing Properties Under Construction £000	Low Cost Home Ownership Completed £000	Low Cost Home Ownership Under Construction £000	Total
As at 31 March 2018	**251,641**	**2,657**	**7,557**	**2,089**	**263,944**
New assets under construction	-	9,504	-	521	10,025
Improvements made to existing assets	5,429	-	-	-	5,429
Schemes completed	-	-	991	(991)	-
Additions	3,748	-	3,902		7,650
Disposals	(1,289)	-	(342)		(1,631)
As at 31 March 2019	**259,529**	**12,161**	**12,108**	**1,619**	**285,417**
Depreciation and Impairment					
As at 31 March 2017	**(73,591)**	**-**	**(621)**	**-**	**(74,212)**
Charged in Year	(9,983)	-	(239)	-	(10,222)
Released on Disposal	414	-	59	-	473
As at 31 March 2019	**(83,160)**	**-**	**(801)**	**-**	**(83,961)**
Net book value at 31 March 2019	**176,369**	**12,161**	**11,307**	**1,619**	**201,456**
Net book value at 31 March 2018	**178,050**	**2,657**	**6,936**	**2,089**	**189,732**

13. Trust tangible fixed assets – Housing properties

	Social Housing Properties Held for Letting £000	Housing Properties Under Construction £000	Low Cost Home Ownership Completed £000	Low Cost Home Ownership Under Construction £000	Total
As at 31 March 2018	**251,639**	**2,996**	**7,557**	**2,089**	**264,281**
New assets under construction	-	9,553	-	530	10,083
Improvements made to existing assets	5,429	-	-	-	5,429
Schemes completed	-	-	991	(991)	-
Additions	407	-	-	-	407
Disposals	(1,289)	-	(342)	-	(1,631)
As at 31 March 2019	**251,639**	**12,549**	**8,206**	**1,628**	**278,569**
Depreciation and Impairment					
As at 31 March 2018	**(73,589)**	**-**	**(621)**	**-**	**(74,210)**
Charged in Year	(9,975)	-	(230)	-	(10,205)
Released on Disposal	414	-	59	-	473
As at 31 March 2019	**(83,150)**	**-**	**(792)**	**-**	**(83,942)**
Net book value at 31 March 2019	**173,036**	**12,549**	**7,414**	**1,628**	**194,627**
Net book value at 31 March 2018	**178,050**	**2,996**	**6,936**	**2,089**	**190,071**

5.7

13. Tangible fixed assets (continued)

Amounts spent on works to existing properties split between capital and revenue

	Group		Trust	
	2019 £000	2018 £000	2019 £000	2018 £000
Capitalised improvement works	5,429	5,516	5,429	5,516
Revenue works	424	126	424	126
Total	**5,853**	**5,642**	**5,853**	**5,642**

The £5.5 million capitalised improvement works relate wholly to the replacement of existing components.

Included within the costs of housing properties is £138k (2018: £113k) of capitalised finance costs. The remaining interest is recognised in the Statement of Comprehensive Income.

The net book value of housing properties for both 2018 and 2019 comprise only of freehold properties (there are no long term leasehold or short term leasehold properties).

The Group considers each separate housing property scheme, in its fixed asset register, to represent separate cash generating units (CGU's) when assessing for impairment in accordance with the requirements of FRS 102 and SORP 2018.

13a. Investment Properties

	Group	Trust
	2019 £000	2018 £000
As at 31 March 2018	**4,054**	**2,371**
Additions	1,877	1,266
Movement in fair value	(183)	-
As at 31 March 2019	5,748	3,637

All investment properties within the Group are owned by the Trust, and comprise of shop units and garages held for commercial rent.

The Group's investment properties are valued annually on 31 March at fair value, determined by an independent, professionally qualified valuer. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. Details on the assumptions made and the key sources of estimation uncertainty are given in note 2.

If investment property had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	Group		Trust	
	2019 £000	2018 £000	2019 £000	2018 £000
Historic cost	4,552	1,096	2,362	1,096
Accumulated depreciation	(45)	(16)	(27)	(16)
	4,507	**1,080**	**2,335**	**1,080**

13b. Group and Trust tangible fixed assets – Other fixed assets

	Short Leasehold Offices £000	Furniture Fixtures & Fittings £000	Computers & Office Equipment £000	Land & Buildings £000	Total £000
Cost					
At 31 March 2018	1,057	384	4,540	6,954	12,935
Additions	27	345	856	235	1,463
Disposals	-	(111)	(1,618)	-	(1,729)
As at 31 March 2019	1,084	618	3,779	7,189	12,669
Depreciation and Impairment					
As at 31 March 2018	(648)	(240)	(1,849)	(30)	(2,767)
Charged in Year	(161)	(60)	(1,016)	(72)	(1,309)
Released on Disposal	-	111	1,618	-	1,729
As at 31 March 2019	(809)	(189)	(1,247)	(102)	(2,347)
Net Book Value					
At 31 March 2019	275	429	2,531	7,087	10,322
At 31 March 2018	409	144	2,691	6,924	10,168

13c. Shared Ownership Properties for Resale

	Group		Trust	
	2019 £000	2018 £000	2019 £000	2018 £000
Completed	3,687	1,965	1,455	1,965
Work in progress	1,099	739	1,099	739
At 31 March 2019	**4,786**	**2,714**	**2,554**	**2,714**

As at 31 March 2019 £1.1 million (2018: £0.74 million) relates to properties currently under construction, with the intention to sell as shared ownership at completion.

14. Investments

	Group			Trust		
	Associates £000	Joint ventures £000	Total £000	Associates £000	Joint ventures £000	Total £000
Cost						
At 31 March 2018	-	8,000	8,000	-	-	-
Additions	-	9,428	9,428	-	-	-
Impairment	-	-	-	-	-	-
At 31 March 2019	**-**	**17,428**	**17,428**	**-**	**-**	**-**

The investment of £17.43 million represents a capital contribution of £17.38 million from THT Developments Limited as a partner in THT and L&Q Developments LLP, a related company, and is stated at cost. THT Developments Limited owns 50% of the share capital in THT and L&Q Developments LLP the principal activity of which is property development. THT Developments Limited has also made a capital contribution of £50k as a partner GMJV Fundco LLP, a related company, and is stated at cost. THT Developments Limited owns 10% of the share capital in GMJV Fundco LLP the principal activity of which is property development.

THT Developments Limited has active interests in four property development joint venture partnerships.

Company	Company Registration	Proportion of voting rights / ordinary share capital held	Share of Profits 2019 £000	Share of Profits 2018 £000
Laurus Living Space LLP	OC404302	50%	-	1,253
THT and L&Q Developments LLP	OC415539	50%	-	-
Heath Farm Lane LLP	OC414023	50%	-	-
GMJV Fundco LLP	OC424690	10%	-	-
			-	**1,253**

5.7

15. Stock and work in progress

	Group		Trust	
	2019 £000	2018 £000	2019 £000	2018 £000
Land or properties for resale	516	6,686	-	-
Total Stock and Work in Progress	**516**	**6,686**	**-**	**-**

16. Debtors

	Group		Trust	
	2019 £000	2018 £000	2019 £000	2018 £000
Due within one year				
Rent and service charges receivable	2,835	3,153	2,835	3,153
Less provision for bad and doubtful debts	(937)	(1,195)	(937)	(1,195)
Net rent and service charges receivable	**1,898**	**1,958**	**1,898**	**1,958**
Other debtors	1,086	5,593	870	5,593
Amounts owed from group undertakings	-	-	31,908	23,513
Amounts owed from related undertakings	20,424	11,386	18,139	8,130
Prepayments and accrued income	1,848	1,522	1,064	959
Other taxation and social security	26	229	27	-
Total other debtors	**23,384**	**18,730**	**52,008**	**38,195**
Total debtors due under one year	**25,282**	**20,688**	**53,906**	**40,153**

The amount owed from group undertakings includes

- £25.81 million in relation to an intra-group loan between Trafford Housing Trust Limited (THT) and THT Developments Limited (THTD). There is in place a total revolving facility of £72.5 million between THT and THTD. The loan carries an interest rate of 4% and is repayable on demand.
- £5.7 million in relation to an intra-group loan between THT and THT and L&Q Community Limited (TLQCM). There is in place a total revolving facility of £40 million between THT and TLQCM. The loan carries no interest charge and is repayable on demand

The amount owed from related undertakings includes

- £18.09 million in relation to a loan between Trafford Housing Trust Limited (THT) and THT and L&Q Developments LLP (TLQD). There is in place a total revolving facility of £40 million between THT and TLQD. The loan carries an interest rate of 4% and is repayable on demand.
- A loan payable to THTD from Heath Farm Lane LLP to the value of £1.37m. The loan is currently charged at an interest rate of 4.25% (Bank of England base rate plus 3.5%) and is repayable on demand.

17. Creditors: amounts falling due within one year

	Group		Trust	
	2019 £000	2018 £000	2019 £000	2018 £000
Trade creditors	1,275	2,318	1,049	2,158
Rent and service charges received in advance	1,278	1,183	1,273	1,183
Loans payable within one year	26,500	13,000	26,500	13,000
Recycled Capital Grant Fund (Note 19)	66	69	66	69
Deferred Capital Grant (Note 20)	245	263	245	263
Amounts owed to group undertakings	-	-	1,692	1,932
Amounts owed to Non-controlling interests	5,706	-	-	-
Accruals and deferred income	9,246	7,188	8,098	6,043
Other taxation and social security	684	1,003	405	1,003
Total Creditors falling due within one year	**45,000**	**25,024**	**39,328**	**25,651**

The amounts owed to group undertakings totalling £1.69 million includes £1.67 million relating to the development of affordable housing for the Trust that is being project managed by THT Developments Limited. This is payable on demand, and has no interest charge attached.

The amounts owed to related undertakings totalling £5.7m relates to a loan payable by THT and L&Q Community Limited to L&Q Housing Trust. The loan is payable on demand and carries no interest charge.

5.7

18. Creditors: amounts falling due after more than one year

	Group		Trust	
	2018 £000	2017 £000	2018 £000	2017 £000
Bank Loans	150,000	150,000	150,000	150,000
Loan Arrangement Fees	(690)	(913)	(690)	(913)
Recycled Capital Grant Fund (Note 19)	-	140	-	140
Deferred Capital Grant (Note 20)	16,162	15,229	16,162	15,229
SHPS Pension Liability (Note 21)	-	926	-	926
Rent and service charge received in advance	2,936	3,008	2,936	3,008
	168,408	**168,390**	**168,408**	**168,390**

19. Creditors: analysis of recycled Capital Grant Fund

	Group		Trust	
	2019 £000	2018 £000	2019 £000	2018 £000
At 31 March 2018	209	140	209	140
Grants recycled	110	69	110	69
Transferred to Deferred Capital Grant	(253)		(253)	
At 31 March 2019	**66**	**209**	**66**	**209**
Amounts 3 years or older where repayment may be required	-	100		100

20. Creditors: analysis of deferred capital grant

	Group		Trust	
	2019 £000	2018 £000	2019 £000	2018 £000
At 31 March 2018	15,492	13,814	15,492	13,814
Additions	1,030	1,982	1,030	1,982
Transfer to RCGF	(110)	(69)	(110)	(69)
Transferred from RCGF	253	-	253	
Released to income	(258)	(235)	(258)	(235)
At 31 March 2019	**16,407**	**15,492**	**16,407**	**15,492**

21. Creditors: analysis of SHPS pension deficit contribution

	Group		Trust	
	2018 £000	2017 £000	2018 £000	2017 £000
At 31 March 2018	926	1,101	926	1,101
Charged to income and expense- Remeasurement (*)	-	(11)	-	(11)
Unwinding of discount	-	13	-	13
Contribution paid	-	(177)	-	(177)
Charged to income and expense- Reclassification	(926)	-	(926)	-
At 31 March 2019	**-**	**926**	**-**	**926**

* The discount rate used in calculating the SHPS pension deficit contribution provision changed from 1.33% at 31 March 2017 to 1.72% at 31 March 2018. As a result, the provision decreased. Due to it now being possible for the share of the Trust's assets and liabilities relating to the SHPS defined benefit scheme to be separately identified, under FRS102 the accounting treatment of the scheme has now changed and as such the full liability relating to the scheme is now shown (see Note 9 of accounts for March 2019 only).

5.7

22. Debt analysis

	Group		Trust	
	2019 £000	**2018 £000**	**2019 £000**	**2018 £000**
Due after more than one year				
Bank Loans	150,000	150,000	150,000	150,000
Less: Loan arrangement fees	(690)	(913)	(690)	(913)
	149,310	**149,087**	**149,310**	**149,087**

	2019 £000	**2018 £000**	**2019 £000**	**2018 £000**
Debt is repayable as follows				
Within one year	26,500	13,000	26,500	13,000
After five years	150,000	150,000	150,000	150,000
Less: loan arrangement fees	(690)	(913)	(690)	(913)
Total as at 31 March 2018	**175,810**	**162,087**	**175,810**	**162,087**

The £26.5 million is payable within one year and rolled over on a quarterly basis.

Of the £150 million due after five years:

i) £75 million is repayable in six-monthly instalments of £3.75 million from 1 June 2027 to 1 December 2036;

ii) £50 million is at a fixed rate of 3.81% per annum; and

iii) £25 million at a fixed rate of 3.74% per annum.

£75 million is repayable in three instalments of £25 million during December 2051, December 2052 and December 2056 and is at a fixed rate of 3.55% per annum. As at 31 March 2019, the Trust had undrawn facilities of £98.5 million. All bank loans are secured by a fixed charge over the assets of Trafford Housing Trust Limited. The interest on the bank loans is paid half-yearly for all loans on a fixed rate of interest, and on agreed roll over dates for loans on variable rates of interest.

23. Categorisation of debt

The Trust's debt has been treated as basic in accordance with paragraphs 11.8 and 11.9 of FRS102. The Trust has some fixed rate loans which have a two-way break clause (i.e. in addition to compensation being payable by a borrower to a lender if a loan is prepaid where the prevailing fixed rate is lower than the existing loan's fixed rate, compensation could be payable by the lender to the borrower in the event that a loan is prepaid and the prevailing fixed rate is higher than the existing loan's fixed rate).

The Financial Reporting Council (FRC) issued a statement on 2nd June 2016 in respect of such loans with no prescriptive direction as to whether they should be classified as basic or non-basic. On the grounds that the Group believes the recognition of each debt liability at cost provides a more transparent and understandable position of the Trust's financial position and that each loan still satisfies the requirements of paragraphs 11.8 and 11.9 of FRS102, the Trust has retained its basic treatment of its debt following the FRC announcement.

24. Financial instruments

The Financial Instruments of the Group and Trust may be analysed as follows:

	Group		Trust	
	2019 £000	2018 £000	2019 £000	2018 £000
Financial Assets				
Financial Assets measured at Amortised Cost:				
-Trade Debtors	2,984	7,551	2,767	7,551
-Amounts owed from group undertakings	-	-	31,908	23,617
-Amounts owed from related undertakings	20,424	11,386	18,139	8,130
-Cash and Cash Equivalents	6,920	4,844	2,835	2,283
Total Financial Assets	**30,328**	**23,781**	**55,649**	**41,581**
Financial Liabilities				
Financial Liabilities measured at amortised Cost				
-Loans Payable	175,810	162,087	175,810	162,087
-Trade Creditors	2,549	3,501	2,322	3,341
-Amounts owed to group undertakings	-	-	1,692	1,932
-Amounts owed to non-controlling interests	5,706	-	-	
-Accruals	9,246	7,153	8,098	6,020
-SHPS pension liabilty	-	926	-	926
Total Financial Liabilities	**193,311**	**173,667**	**187,922**	**174,306**

Financial assets and financial liabilities are both measured at Amortised Cost.

25. Financial commitments

Capital Expenditure commitments were as follows:

	Group		Trust	
	2019 £000	2018 £000	2019 £000	2018 £000
Capital Expenditure				
Expenditure contracted for but not provided in the accounts	13,685	5,054	8,403	5,105
Expenditure authorised by the Board, but not contracted	13,252	6,318	7,288	6,382
Total	**26,937**	**11,372**	**15,691**	**11,487**

26. Operating leases

At the end of the year, the Trust and Group had minimum lease payments under non-cancellable operating leases as set out below:

	Group		Trust	
	2019 £000	2018 £000	2019 £000	2018 £000
Amounts Payable as Lessee				
Not later than 1 year	1,100	951	1,100	951
Later than 1 year and not later than 5 years	1,246	1,118	1,246	1,118
Total	**2,346**	**2,069**	**2,346**	**2,069**

The amounts payable relate to office leases inclusive of rent, service charges, and insurance payments, as well as the rental payments in respect of fleet vehicles.

5.7

27. Related parties

At 31 March 2019, the Trust had one Board member whose family is a tenant. It is the Trust's policy that families of Board members who are tenants hold their tenancies and tenancy agreements on normal Trust terms, and they are not able to use to their advantage.

John Lamb and Sean Anstee are councillors at Trafford Metropolitan Borough Council (TMBC). All transactions with TMBC are on normal commercial terms and the councillors are not able to use their position advantageously.

The table below shows the Related Party transactions in respect of Board Members and Executive Management Team who have made declarations of interest.

2019

Organisation	Loans Receivable £	Interest Receivable £	Sales £	Debtors £	Purchases £	Creditors £
Group Undertakings:						
THT Developments Limited	25,810,704	891,108	1,633,625	-	6,958,568	1,673,360
THT/L&Q Community Limted	5,705,687	-	1,197,394	117,663	-	-
	31,516,391	**891,108**	**2,831,019**	**117,663**	**6,958,568**	**1,673,360**
Related Undertakings:						
Laurus Living Space LLP	-	-	28,979	613	-	-
THT/L&Q Development Limited	18,093,591	585,463	108,030	54,706	-	-
	18,093,591	**585,463**	**137,009**	**55,319**	**-**	**-**
Related Parties:						
TMBC	-	-	1,386,538	7,644	193,442	59,019
Big Life Group	-	-	10,866	81	-	-
United Utilities	-	-	-	-	29,275	75
	-	**-**	**1,397,404**	**7,725**	**222,717**	**59,094**
Total Related Parties	**49,609,982**	**1,476,571**	**4,365,432**	**180,707**	**7,181,285**	**1,732,454**

27. Related parties (Continued)

2018

Organisation	Loans Receivable £	Interest Receivable £	Sales £	Debtors £	Purchases £	Creditors £
Group Undertakings:						
THT Development Limited	19,519,596	859,469	2,408,560	3,993,693	7,180,685	1,932,106
	19,519,596	**859,469**	**2,408,560**	**3,993,693**	**7,180,685**	**1,932,106**
Related Undertakings:						
Laurus Living Space LLP	-	-	0	43,370	-	-
THT/L&Q Development Limited	8,130,441	129,945	0	**0**	-	-
	8,130,441	**129,945**	**0**	**47,370**	**0**	**0**
Related Parties:						
TMBC	-	-	484,295	320,138	226,335	9,738
Big Life Group	-	-	41,057	928	-	-
United Utilities	-	-	-	-	34,457	-
Trafford Leisure LLP	-	-	11,729	176	15,000	-
National Housing Federation	-	-	-	-	35,020	-
Amicus (Unite)	-	-	-	-	1,551	-
	-	**-**	**537,081**	**321,242**	**312,363**	**9,738**
Total Related Parties	**27,650,037**	**989,414**	**2,945,641**	**4,362,305**	**7,493,048**	**1,941,844**

28. Contingent liabilities

There are no contingent liabilities as at 31 March 2019 (2018: none).

29. Gift Aid

Trafford Housing Trust Limited received a Gift Aid donation in the financial year ended 31 March 2019 to the value of £nil (2018: £2,833k) from THT Developments Limited.

30. Subsequent Events

L&Q and Trafford Housing Trust (THT) announced in April 2019 that they are in talks. Both Boards approvoved the acquisition, which will see THT become a wholly-owned subsidiary of L&Q. It is anticipated that the transaction will complete in the financial year ending 31 March 2020, subject to legal completion.

Spend incurred during the year in relation to this was £377k, of which £282k related to legal and professional costs, £83k related to the direct employment of staff working on due-diligience, and £12k related to communication to both staff and external bodies in relation to the acquisition.

Trafford Housing Trust

Sale Point,
126-150 Washway Road,
Sale, Manchester
M33 6AG

Telephone: 0300 777 7777