WHITEFRIARS HOUSING GROUP LIMITED

AN EXEMPT CHARITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

Registered Co-operative and Community Benefit Society Number 30092R
Regulator of Social Housing Number LH4471

Registered office: 4040 Lakeside
Solihull Parkway
Birmingham
B37 7YN

CONTENTS **PAGE**

Board

Colin Dennis (Chair)	
John Creswell (Senior Independent Director)	
Susan Brooksbank-Taylor	(Appointed 1 February 2019)
Richard Grainger	
Janice Nichols	
Richard Nowell	
Danielle Oum	(Resigned 31 January 2019)
Crispin Passmore	
Kevin Rodgers (Group Chief Executive)	
Helen Scarrett	

The Group Chief Executive does not hold an interest in the Association's shares.

Executive Directors

Kevin Rodgers	Chief Executive
Nick Byrne	Executive Director - Development
Stuart Kellas	Chief Financial Officer
Kate Still	Chief Operating Officer

Membership of the Group Committees in operation at the date of signing of the financial Statements was:

Audit and Risk Committee

Crispin Passmore (Chair)	WM Housing Group
Alison Cambage	Independent
Karthik Srinivas	Independent
Richard Nowell	WM Housing Group
Andrew Winscom	Independent

Remuneration Committee

John Creswell (Chair)	WM Housing Group
Susan Brooksbank-Taylor (Appointed 25 March 2019)	WM Housing Group
Janice Nichols	WM Housing Group
Danielle Oum (Resigned 31 January 2019)	WM Housing Group
Helen Scarrett	WM Housing Group

Advisers

Statutory auditor

Beever and Struthers
St George's House
215 - 219 Chester Road
Manchester
M15 4JE

Internal auditor

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Principal bankers

Barclays Bank plc
PO Box 3333
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GN

Principal solicitors

Trowers & Hamlin
3 Bunhill Row
London
EC1Y 8YZ

Anthony Collins
134 Edmund Street
Birmingham
B3 2ES

Taxation advisers

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Registered office

4040 Lakeside
Solihull Parkway
Birmingham
B37 7YN

The Board present their report and audited financial statements for the year ended 31 March 2019.

The Association

The Association is a not-for-profit organisation that operates primarily in Coventry. As at 31 March 2019, Whitefriars owned a number of residential schemes providing 18,635 units of accommodation (2018: 18,589).

Principal activities

Whitefriars' principal activities are the development and management of social housing. The association has taken advantage of the exemption available under the Housing SORP 2018 and has not produced a strategic report as part of these financial statements. A strategic report is included with the consolidated financial statements of WM Housing Group Limited, the immediate and ultimate parent company.

Governance Code Compliance

Whitefriars Housing Group Limited continues to follow best practice with regards to corporate governance and has adopted the NHF's Code of Governance - *Promoting Board Excellence for Housing Associations 2015*. The Association has undertaken a detailed self-assessment against the Code during the year. Whitefriars Housing Group Limited is fully compliant with the Code as at 31 March 2018 and 31 March 2019.

Compliance with Regulatory Standards

In April 2015, the Homes and Communities Agency (now the Regulator of Social Housing) revised its regulatory framework. With effect from March 2016, regulatory compliance with this standard must be reviewed at least annually and compliance certified in annual financial statements.

WM Housing Group has reviewed its compliance with all of the regulatory standards both Economic (Governance and Financial Viability, Value for Money and Rent) and Consumer Standards (Tenant Involvement and Empowerment, Home, Tenancy and Neighbourhood and Community) as at March 2019. This comprised a comprehensive self-assessment to provide boards with an honest picture of how well the Group is performing against regulatory requirements, legislation, and internal key measures. The objective of the assessment is to provide an understanding of performance and the outcomes the Group is delivering for its customers, key stakeholders and partners.

The self-assessment also includes improvement plans for 2019/20 to further strengthen compliance. It also includes a detailed assessment of compliance with all relevant law, which is a requirement of the Governance and Financial Viability Standard.

As WM Housing operates a group structure and the economic standards are regulated at this level, the parent board has a very important role in directing, challenging and signing-off the self-assessment of compliance with the regulatory standard as part of our business planning and regulatory compliance work. The parent board has delegated responsibility for supporting the assurance process to the Audit and Risk Committee.

The self-assessment compliance statement with the Governance and Financial Viability standard was formally approved and signed-off by WM Housing Group Board at its meeting in May 2019.

As a result of this work, Whitefriars Housing Group Limited has received assurance and is satisfied that all reasonable steps have been taken to ensure compliance with the Governance & Viability Standard in all material aspects during the financial year 2018/19.

Regulatory Judgments

Regulatory judgements rate organisations on how well they meet the Regulator's standards relating to corporate governance - how well the company is run and the Board's awareness of risks to the business and financial management and viability - the company's financial ability to continue to provide affordable homes in the future.

On 14 November 2018, the Regulator confirmed that they had completed work on WM Housing's stability check and that the Group's Ratings remained unchanged, with a Governance Rating of **G1 (compliant)** - "The provider meets our governance requirements" and a Viability Assessment of **V1 (compliant)** - "The provider meets our viability requirements and has the financial capacity to deal with a wide range of adverse scenarios."

Governance

During 2015/16, the Group undertook a governance review in consultation with all Boards, which resulted in the adoption of the following re-drafted documents, all of which were effective from 28 July 2015: -

- Intra Group Agreement
- Standing Orders
- Terms of Reference

During the last two years, a review of the governance structure of the WM Housing Group has been undertaken by a 'Task and Finish' group comprising representatives from the Parent Board. Subsidiary Boards and key stakeholders were consulted at various intervals throughout the review.

As a result of this review, all Registered Provider members of the Group (with the exception of Optima Community Association Limited) moved to a single joint (or co-terminous) Board, with revisions to current committee roles and delegations. Optima Community Association Limited retained its own Subsidiary Board, but delegated many of its powers to the Parent Board. The Parent Board is supported by three Local Stakeholder Boards that focus on local issues and ensure that we deliver effective tenant involvement and effective scrutiny of our local services.

On 2nd April 2019, WM Housing Group formally announced plans to amalgamate its group structure and rebrand as Citizen. The plans are part of a major transformation of the organisation which will see us invest £870m in our communities over the next five years.

The change will mean the organisation's registered providers; Family Housing Association (Birmingham) Limited, Optima Community Association Limited, West Mercia Homes Limited, Whitefriars Housing Group Limited and WM Housing Group Limited will no longer exist as separate legal entities, with the amalgamation and rebrand being completed by the Autumn of 2019.

Value for Money (VfM)

In 2017, WM Housing Group launched a new Business Strategy outlining the Group's aspirations to build on its vision of *"Making Places Where People are Proud to Live and Work"*.

The Group's three strategic objectives are to create:

- A sustainable business;
- A delivery-focussed business; and
- A growing business

Becoming Citizen is the most important change in our history. Citizen truly reflects our aspirations and shared sense of social purpose. It is about valuing people and providing a foundation for each person to make the most of life.

We have renewed our purpose and values in line with our new brand to represent who we are and what we want to achieve. We are currently working on the new corporate plan to set out our mission - we want to use every opportunity to deliver social value and ensure good outcomes for people we serve. As part of our new five-year plan we will expand on what we are already doing and implement new ideas.

Becoming Citizen will mean making transformational changes to the way that we work and the services that we offer and deliver. To ensure that we achieve this, we have already initiated some major projects, including customer service training, a service innovation programme and Lean Transformation, and so far have identified savings of £2.5m p.a. that will be recognised by 31 March 2022.

Our carefully selected and strategically limited areas of diversification from our primary purpose (e.g. building homes for outright sale) are closely controlled, managed and monitored to ensure that they do not add significantly to the risks faced by our group. The profits that these activities generate are 'profit for purpose', and together with the financial surpluses generated by our asset-owning parts of the business, these are reinvested into our homes and communities to fund new developments, improvements to our customers' homes and new and improved systems and services.

As a registered provider of social housing, with effect from April 2018 we are no longer required to produce a separate Value for Money self-assessment. We now measure our performance against the Regulator of Social Housing's metrics of:

1. Reinvestment %
2. New supply delivered %
3. Gearing %
4. Earnings before interest, tax, depreciation, amortisation, major repairs included (EBITDA MRI) interest cover %
5. Headline social housing cost per unit
6. Operating margin %
7. Return on capital employed (ROCE)

These metrics, alongside other disclosures required as part of the Regulator of Social Housing's Value for Money standard are disclosed at a Group level within the audited Group Financial Statements and are published on our website at: -

https://www.wmhousing.co.uk/corporate/performance/value-for-money/

Directors' and Officers' Liability Insurance

Directors and Officers have been insured throughout the period to indemnify the Association against liability of the officers when acting for the Association.

Going concern

After making enquiries the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in the financial statements.

Following the referendum decision on 23 June 2016 in favour of leaving the EU ("Brexit"), the United Kingdom had been due to leave the EU on 29 March 2019, two years after it started the exit process by invoking Article 50 of the EU's Lisbon Treaty. However, the withdrawal agreement negotiated between the EU and UK was rejected three times by the UK Parliament. Having granted an initial extension of the Article 50 process until 12 April 2019, EU leaders have now backed a six-month extension until 31 October 2019. However, the UK will leave before this date if the withdrawal agreement is ratified by the UK and the EU before then.

Brexit has caused significant uncertainty in financial markets and the political world, and this is likely to continue as politicians negotiate our exit from the EU and put new arrangements in place. As a Group, WM Housing Group will continue to analyse the local and immediate impacts as more information becomes available regarding the timing and nature of the way that the UK will finally leave the EU, and the detailed implications will be tested through our risk management and stress testing arrangements. We have undertaken a detailed Brexit 'Self-Assessment', and are confident that our business plan and stress testing are able to withstand the likely range of pressures in the short and medium term.

Internal controls assurance

The Board acknowledges its ultimate responsibility for ensuring that the Association has in place a system of control that is appropriate to the various business environments in which it operates. Any such system can provide reasonable but not absolute assurance against material misstatements or loss and the development of the system is a continuing process. The system of control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed and has been in place throughout the period commencing 1 April 2018 up to the date of approval of the report and financial statements. The risk assessments are updated at least annually and reported to the Board.

Internal controls assurance (Continued)

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

- Environment and control procedures
- Appropriately qualified staff
- Identification and evaluation of key risks
- Information and financial reporting systems
- Monitoring and corrective action
- Clear policies in place for both employees and Board Members covering key risk areas (e.g. Probity Policy, Conduct Becoming Policy, Anti-Fraud Policy, Anti-Bribery Policy and a Confidential Reporting (Whistleblowing) Policy.

KPMG LLP were appointed as internal auditors for the Group and have delivered the 2018/19 internal audit programme as the first year of their term of appointment. The KPMG Internal Audit approach complies with best professional practice, in particular, Government Internal Audit Standards and the Chartered Institute of Internal Auditors' Position Statement on Risk Based Internal Auditing.

Internal Audit provides an independent and objective assurance and consulting activity that is designed to add value to the Association's operations. It helps the Association to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The internal control framework and the risk management process are subject to regular review by Internal Audit who advise the Senior Leadership Team and report to the Group's Audit & Risk Committee.

The Audit & Risk Committee conducts an annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of risk management and control process. The Audit & Risk Committee makes an annual report to the Board. The Board has received this report.

The Association has in place procedures to ensure every incident is recorded on the fraud register which is reported in detail to the Audit & Risk Committee and these incidents are summarised in the report to the Board on internal controls which is presented each year. During 2018/19 and up to the date of signing the accounts, there have been no incidents (2018: no incidents) recorded in the fraud register.

The Board confirms that there is an on-going process for identifying and managing significant risks faced by the Association. This process has been in place throughout the year under review, up to the date of the annual report and accounts and is regularly reviewed by the Board.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the association and of the Income and Expenditure for that period of account.

Statement of the responsibilities of the Board for the financial statements

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

- Select suitable policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

It has general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

Statements as to disclosure of information to Auditor

The Board Members who held office at the date of approval of this Report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditor is unaware, and each Board Member has taken all the steps that they ought to have taken as a Board Member to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

Auditor

Beever and Struthers are auditors to Whitefriars Housing Group Limited and to its parent, WM Housing Group Limited as at 31 March 2019.

The report of the Board was approved on 05 August 2019 and signed on its behalf by:

Stuart Kellas
Secretary

Opinion

We have audited the financial statements of Whitefriars Housing Group Limited "the Association" for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows 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 FRS 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 Association's affairs as at 31 March 2019 and of 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 prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, 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 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 to you in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; 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 Statement of the Responsibilities of the Board set out on page 8, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing 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 Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site 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 Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it 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 for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Beever and Struthers, Statutory Auditor
St George's House
215/219 Chester Road
Manchester
M15 4JE

Date: 22.8.19

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2019 £'000	2018 £'000
Turnover	2	87,100	84,021
Operating Expenditure	2	(64,113)	(62,914)
Other Income	2	2,547	1,008
Surplus on Disposal of Fixed Assets	4	3,002	3,266
Operating Surplus	6	**28,536**	**25,381**
Interest Receivable	9	310	138
Interest and Financing Costs	10	(14,762)	(60,704)
Movement in fair value of Financial Instruments		12	4
Surplus/(Deficit) before Tax		**14,096**	**(35,181)**
Taxation	11	-	-
Surplus/(Deficit) for the Year		**14,096**	**(35,181)**
Actuarial Gain in respect of Pension Schemes	8	8,066	2,236
Initial Recognition of Multi-Employer Defined Benefit Pension Scheme	8	(497)	-
Total Comprehensive Income for the Year		**21,665**	**(32,945)**

The results of the association relate wholly to continuing activities and the notes on pages 16 to 53 form an integral part of these financial statements.

The financial statements on pages 12 to 53 were approved and authorised for issue by the Board on 05 August 2019 and signed on its behalf by:

Colin Dennis
Chair

Kevin Rodgers
Board Member

Stuart Kellas
Secretary

STATEMENT OF FINANCIAL POSITION

	Notes	2019 £'000	2018 £'000
Fixed Assets			
Tangible Fixed Assets	12	**366,674**	**340,617**
Current Assets			
Stock	14	1,017	805
Trade and Other Debtors receivable within one year	15	4,938	6,028
Debtors receivable after more than one year	15	4,006	2,006
Investments	16	-	2,208
Cash and Cash Equivalents	17	43,830	40,488
		53,791	51,535
Less: Creditors: amounts falling due within one year	18	(31,032)	(23,696)
Net Current Assets		**22,759**	**27,839**
Total Assets less Current Liabilities		**389,433**	**368,456**
Creditors: Amounts falling due after more than one year	19	(388,823)	(385,763)
Provision for Liabilities - Pension Provision	8	(35,047)	(38,795)
Total Net Liabilities		**(34,437)**	**(56,102)**
Reserves			
Income and Expenditure Reserve		(34,437)	(56,102)
Total Reserves		**(34,437)**	**(56,102)**

The notes on pages 16 to 53 form an integral part of these financial statements.

The financial statements on pages 12 to 53 were approved and authorised for issue by the Board on 05 August 2019 and signed on its behalf by:

Colin Dennis **Chair**	**Kevin Rodgers** **Board Member**	**Stuart Kellas** **Secretary**

STATEMENT OF CHANGES IN RESERVES

	Income and Expenditure Reserve £'000	Total Controlling Interest £'000	Unrestricted Fund £'000
Balance at 1 April 2017	**(23,157)**	**(23,157)**	**(23,157)**
(Deficit) for the year	(35,181)	(35,181)	(35,181)
Other Comprehensive Income for the year:			
- Actuarial gain in respect of pension schemes	2,236	2,236	2,236
Balance at 31 March 2018	**(56,102)**	**(56,102)**	**(56,102)**
Surplus for the year	14,096	14,096	14,096
Other Comprehensive Income for the year:			
- Actuarial gain in respect of pension schemes	8,066	8,066	8,066
- Initial Recognition of Multi-Employer Defined Benefit Pension Scheme	(497)	(497)	(497)
Balance at 31 March 2019	**(34,437)**	**(34,437)**	**(34,437)**

The notes on pages 16 to 53 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Notes	2019 £'000	2018 £'000
Net cash generated from Operating Activities (see below)		**46,552**	**27,326**
Cash flow from investing activities:			
Purchase of tangible fixed assets		(37,980)	(27,179)
Proceeds from sale of tangible fixed assets		6,261	6,490
Payments to Coventry City Council for RTB Clawback		(2,493)	(2,260)
Grants received		4,016	3,402
Interest received		310	186
Purchase of current asset investments		2,220	2,110
Loan advanced to Group Undertaking		(2,000)	(1,000)
Loan repaid from Group Undertaking		-	3,000
		(29,666)	(15,251)
Cash flow from financing activities:			
Interest paid		(13,658)	(55,747)
New secured loans		-	182,002
Repayment of borrowings		114	(119,232)
		(13,544)	7,023
Net change in cash and cash equivalents		**3,342**	**19,098**
Cash and cash equivalents at beginning of the year		**40,488**	**21,390**
Cash and cash equivalents at end of the year		**43,830**	**40,488**
Cash flow from Operating Activities:			
Surplus/(Deficit) for the year		14,096	(35,181)
Adjustments for non-cash items:			
Depreciation of tangible fixed assets		12,935	13,038
Impairment of tangible fixed assets		644	882
Amortised grant		(479)	(440)
(Increase) in stock		(212)	(679)
Decrease/(Increase) in trade and other debtors		1,090	(2,502)
Increase/(Decrease) in trade and other creditors		7,200	(5,278)
Pension costs less contributions payable		2,263	1,173
Carrying amount of tangible fixed asset disposals		3,438	3,224
Fair value of gifted assets net of contributions made		(2,535)	(983)
Adjustments for investing or financing activities:			
Proceeds from the sale of tangible fixed assets		(6,328)	(6,490)
Interest payable		14,762	60,704
Interest received		(310)	(138)
Movement in fair value of financial instruments		(12)	(4)
Cash from Operations		**46,552**	**27,326**
Taxation paid		-	-
Net cash generated from Operating Activities		**46,552**	**27,326**

The notes on pages 16 to 53 form an integral part of these financial statements.

LEGAL STATUS

Whitefriars Housing Group Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing. The registered office is: -

4040 Lakeside
Solihull Parkway
Birmingham
B37 7YN

The Association has two direct subsidiary entities: -

Name	Incorporation	Registered / Non-registered
Whitefriars Business Services Limited	Companies Act 2006	Non-registered
Whitefriars (North Solihull) Limited	Companies Act 2006	Non-registered

1. PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

The Association's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018.

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The financial statements are prepared on the historical cost basis of accounting and are presented in sterling £.

The Financial Reporting Council (FRC) has recently conducted its planned triennial review of FRS102. The result of this review is that an updated version of the standard, FRS102 (March 2018) has been released, applicable to accounting periods beginning on or after 1 January 2018. Early application was permitted provided that all amendments were applied at the same time. The financial statements have therefore been prepared in compliance with FRS102 (March 2018) with effect from 2017/18. In complying with FRS102 the Association meets the definition of a public benefit entity.

In preparing the separate financial statements of the Association, advantage has been taken of the following disclosure exemptions available in FRS102:

- No disclosure has been given for the aggregate remuneration of the key management personnel as their remuneration is included in the consolidated financial statements for the ultimate parent company, WM Housing Group, as a whole.
- Subsidiary entities have not been consolidated with the results of the Association, as all members of the WM Housing Group are incorporated into the Consolidated Financial Statements of the ultimate parent undertaking, WM Housing Group Limited

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Going Concern

The Association's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. Government's announcements in July 2015 impacting on the future income of the WM Housing Group led to a reassessment of the Group's business plan as well as an assessment of imminent or likely future breach in borrowing covenants. No significant concerns were noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- **Development expenditure.** The Association capitalises development expenditure in respect of new development of social and affordable housing. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.
- **Categorisation of housing properties.** The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals. The Association has not identified any investment properties.
- **Impairment.** The Association has identified a cash generating unit (CGU) for impairment assessment purposes at a property scheme level.
- **Provision for bad debts.** The Association provides for bad debts as at 31 March each year based on a percentage scale of current tenant arrears plus 100% of former tenant arrears. The adequacy of the provision methodology is reviewed on an annual basis to ensure that provisions reflect changes in arrears experience and the implications of Welfare Reform.
- **Categorisation of debt.** The Association's debt has been treated as "basic" in accordance with paragraphs 11.8, 11.9 and 11.9A of FRS 102 (March 2018). The Group has some fixed rate loans which have a two-way break clause (i.e. in addition to reasonable 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, reasonable 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).

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Other key sources of estimation and assumptions:

- **Tangible fixed assets.** Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- **Pension and other post-employment benefits.** The Association participates in two pension schemes, the West Midlands Pension Fund (as an Admitted Body) and the Social Housing Pension Scheme.

  For the purposes of the financial statements, the West Midlands Pension Fund is classified as defined benefit schemes for the years ended 31 March 2018 and 31 March 2019.

  The Social Housing Pension Scheme (SHPS) is a multi-employer scheme. For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the SHPS Defined Benefit Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme. For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme. The accounting treatment of the Scheme is therefore not consistent between the two financial years, but is in line with the guidance issued in *FRED 71: Draft amendments to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland - Multi-employer defined benefit plan.*

  The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

  For the West Midlands Pension Fund, the pension scheme liabilities are measured using a projected unit method and discounted at an AA corporate bond rate. The pension scheme assets are valued at market rate. The pension scheme deficit is recognised in full on the Statement of Financial Position. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. In accordance with the impact estimates set out in the *Potential impact of McCloud/Sargeant ruling on pension accounts disclosures* paper prepared by the Government Actuary's Department (GAD), the scheme liabilities have been calculated on a 'worst-case' basis (i.e. what potential remedy would incur the highest increase in costs/liabilities).

  For the Social Housing Pension Scheme, the actuarial assumptions and other key information used to generate the accounting disclosures for the year ended 31 March 2019 are the default assumptions adopted by The Pensions Trust. No changes have been made to these default assumptions.

  Further details for all pension schemes are provided in note 8.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Other key sources of estimation and assumptions (Continued):

- **Impairment of non-financial assets.** Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

  During the year, the continued implementation of our plans to decommission and redevelop outdated shared bathing sheltered schemes has been identified as a trigger for an impairment review of these schemes. An impairment trigger has also been identified in respect of those properties affected by our regeneration plans for parts of the City of Coventry.

  Following a trigger for impairment, the Association performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on a depreciated replacement cost model. The depreciated replacement cost is based on available internal data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Association as the existing property.

  Following the assessment of impairment, impairment losses totalling £644k (2018: £882k) were identified in the reporting period which relates to 154 properties with a carrying value of £644k.

Business combinations
Acquisitions of other entities in the social housing sector that are in substance a gift to Whitefriars Housing Group Limited are treated as non-reciprocal transfers where the substance of the transaction is gifting control of one entity to another. These are also known as non-exchange transfers. In this case the fair value of the gifted assets and liabilities are recognised as a gain or loss in the Statement of Comprehensive Income account in the year of the transaction.

Turnover and revenue recognition
Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and Homes England, income from the sale of properties and other income, and are recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Supporting People Income is recognised under the contractual arrangements.

Operating expenditure
Operating expenditure includes the actual costs of repairs and maintenance incurred during the period and the cost of sales relating to property sales. Management costs are allocated to revenue accounts on the basis of staff time allocated, except for specific items of expenditure, which are allocated directly.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Support income and costs including Supporting People income and costs
Supporting People (SP) contract income received from Administering Authorities is accounted for as SP income in Turnover as per note 2. The related support costs are matched against this income in the same note. Support charges included in the rent are included in the Statement of Comprehensive Income from Social Housing Lettings (note 3) and matched against the relevant costs.

Supported housing managed by agencies
Social Housing Grant (SHG) for capital expenditure on supported housing projects is claimed and incorporated within the Statement of Financial Position in line with ownership. The treatment of revenue income and expenditure in respect of supported housing projects depends solely on the agreements with the managing agents and on whether the Association carries the financial risk.

Where the Association entity holds the support contract with the Supporting People Administering Authority and carries the financial risk, all of the project's income and expenditure is included in the Statement of Comprehensive Income.

Where the agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the income and expenditure included is only that income and expenditure which related solely to the Association. Other income and expenditure of projects in this category is excluded from the Statement of Comprehensive Income.

Service Charges
Service charge income and costs are recognised on an accruals basis. The Association operates both fixed and variable service charges on a scheme by scheme basis in consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position.

Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

Loans
Since 1988 all loans, including bank/building society loans and issued bonds, have been raised from the private sector including banks, building societies and capital markets. All loan interest is accounted for on a basis which reflects the effective periodic rate of interest on the loan. Loans outstanding on the Statement of Financial Position are shown net of any premiums with the full loan outstanding being reinstated over its life by means of adjustments from the Statement of Comprehensive Income.

Costs of raising finance are set against gross loans received and the loan is then refinanced over its life by means of adjustments from the Statement of Comprehensive Income. Costs of raising finance are deemed to be finance costs of the same nature as interest.

Taxation
The Association is a charitable Co-operative and Community Benefit Societies and, providing income is derived from its primary purpose, there is no liability for Corporation Tax.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Value Added Tax
The Association charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by the Association and is not recoverable.

Tangible fixed assets and depreciation

Housing property
Housing properties are shown at cost, less accumulated depreciation. The capitalised cost of developed or purchased housing properties includes the cost of acquiring land and buildings, related development staff salaries and corresponding direct overheads, interest costs on the net capital employed until the date of practical completion, major repairs capitalised and directly attributable professional fees. Following the implementation of the Statement of Recommended Practice (SORP), the cost of housing properties is allocated between land and buildings in line with National Housing Federation valuation matrix.

The Association capitalises major repairs and improvement expenditure on existing housing properties in line with the requirements of the SORP. The cost of capitalised improvements is written off over the expected useful life of the components. Component lives are aligned to the assumed life within the stock condition survey database. Otherwise, such costs are taken as a charge to the Statement of Comprehensive Income in the year in which they are incurred.

The useful economic lives of the properties are:

Housing Properties	- 100 years from date of build
Major Repairs/Improvements	- over the expected life of the component

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Housing properties in the course of construction and freehold land are stated at cost and are not depreciated. When a component is replaced, the existing component is fully depreciated and written off, and is replaced by the capitalisation of the replacement component as incurred.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Tangible fixed assets and depreciation (Continued)

Housing property (Continued)

The Association depreciates freehold housing properties by component on a straight line basis over the UELs of the component categories. The table below shows the asset lives for the separately identified components within the building element of each property.

Component type	Component Life (years)
Structure	100
Insulated Render	Remaining life of structure
Roof	70
Soffits & Fascias	30
Windows	30
Doors	30
Bathroom	30
Heating System	30
Electrics	30
Lifts	30
Water Tanks	30
Sprinklers	20
Solar PV Panels	25
Kitchen	20
Boiler	15

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

Other tangible fixed assets

Tangible fixed assets other than housing properties are stated at cost less accumulated depreciation. Depreciation is charged over the expected useful economic life of the asset, at the following annual rates:

Freehold Offices	- 50 years
Leasehold Office	- over the life of the lease
Computer Equipment	- 3 to 5 years
Fixtures & Fittings	- 4 years
Office Refurbishments	- 12 years

Capitalisation of interest and administration costs

Interest on loans financing the development of new properties is capitalised up to the date of completion of the scheme and only when development activity is in progress. Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into its intended use.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Tangible fixed assets and depreciation (Continued)

Property sales
Property sales arise from a Preserved Right to Buy for tenants at the time of Local Authority transfer and a Right to Acquire for tenants since transfer.

Under an agreement with Coventry City Council (CCC) signed in April 2014, the surplus on sale of Right to Buy properties is passed to the Council to fund improvement works to roads and footpaths on our Whitefriars' estates. The programme of works will address as first priority, the roads and footpaths previously considered to be the responsibility of Whitefriars Housing Group Limited, but now accepted as the responsibility of CCC, following the "Gulliksen" ruling, and will improve the environment for our residents, improving the standard of minor roads and paths on our estates.

For Right to Acquire sales, the surplus represents the difference between the sales proceeds and carrying value after deduction of grant that is to be recycled via the Recycled Capital Grant Fund. The surplus from the sale of Right to Buy and Right to Acquire properties is disclosed in the Statement of Comprehensive Income as a separate figure and is excluded from turnover. As it is considered to be an integral part of the Group's operating strategy, the surplus is disclosed within operating surplus.

Shared Ownership (Low Cost Home Ownership) properties
All properties are split between fixed and current assets in line with the expectation relating to the first tranche sale percentage. The expected first tranche proportion is classified as a current asset and is held at the lower of cost and net realisable value until the point of the first tranche sale. The current asset is then transferred to cost of sales and matched against sales proceeds within the operating surplus in the Statement of Comprehensive Income. Any operating surplus is restricted to the overall surplus which takes account of the Existing Use Value - Social Housing (EUV-SH) of the remaining fixed asset element. The remaining element of the asset is classified as a fixed asset and included in fixed assets in the Statement of Financial Position at cost less any provision for depreciation or impairment.

Leasing and hire purchase
Where assets are financed by hire purchase contracts and leasing agreements that give rights approximating to ownership (finance leases), they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor in creditors. They are depreciated over the shorter of the lease term and their economic useful lives.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit and loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Other leases are treated as operating leases and payments are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to Statement of Comprehensive Income over the term of the lease.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Valuation of investments
Investments in subsidiaries are measured at cost less accumulated impairment.

Current asset investments
Current asset investments include cash and cash equivalents invested for periods of more than 24 hours. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the Statement of Comprehensive Income.

Properties held for sale
Shared ownership initial tranches and properties identified for outright sale are included in current assets as they are intended to be sold, at the lower of cost or estimated selling price less costs to complete and sell.

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

Short-term debtors and creditors
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in operating expenditure.

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

Social Housing and other government grants
Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. Social Housing Grant (SHG) received for items of cost written off in the Statement of Comprehensive Income is included as part of Turnover immediately.

When SHG in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England and Greater London Authority. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

Disposal Proceeds Fund (DPF)
Prior to 1 April 2017, receipts from the sale of SHG funded properties less the net book value of the property and the costs of disposal were credited to the DPF; this creditor was carried forward until it was used to fund the acquisition of new social housing. From 1 April 2017, no further receipts from property sales have been added to the DPF. All grant relating to disposals of housing properties has been recycled via the RCGF.

Holiday pay accrual
A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement accrued at the reporting date.

Financial Instruments
Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method.

Commitments to receive or make a loan to another entity which meet the conditions in para 11.8(c) of FRS 102 are measured at cost less impairment.

Financial instruments held by the Association are classified as follows:
- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method;
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method;
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method;
- Commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment;

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impairment of Financial Assets
Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

The following financial instruments are assessed individually for impairment:
a) All equity instruments regardless of significance; and
b) Other financial assets that are individually significant.

Other financial instruments are assessed for impairment either individually or grouped on the basis of similar credit risk characteristics.

An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:
a) For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.
b) For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in profit or loss immediately.

2. TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS/(DEFICIT) BY CLASS OF BUSINESS

	2019			2018		
	Turnover	Operating Costs/Cost of Sales	Operating Surplus/ (Deficit)	Turnover	Operating Costs/Cost of Sales	Operating Surplus/ (Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing Lettings (Note 3)	**82,571**	**(62,233)**	**20,338**	**82,962**	**(62,560)**	**20,402**
Other social housing activities:						
First tranche shared ownership sales	1,801	(1,266)	535	246	(148)	98
Charges for support services	-	-	-	69	(74)	(5)
Other activities	1,836	(280)	1,556	744	(132)	612
Fair value of gifted assets net of contributions made	2,535	-	2,535	983	-	983
Gift aid	12	-	12	25	-	25
Activities other than Social Housing Activities:						
Leasehold Accommodation	892	(334)	558	-	-	-
	89,647	**(64,113)**	**25,534**	**85,029**	**(62,914)**	**22,115**

3. INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	General Needs	Supported Housing & Housing for Older People	Low Cost Home Ownership	2019 Total	2018 Total
	£'000	£'000	£'000	£'000	£'000
Rents receivable net of identifiable service charge income and net of voids	71,622	2,626	257	74,505	76,133
Service charge income	3,972	1,228	18	5,218	4,798
Net rental income	**75,594**	**3,854**	**275**	**79,723**	**80,931**
Amortised Government Grants	453	24	2	479	440
Government Grants taken to Income	-	-	-	-	142
Other Grants	131	-	-	131	69
Other income from Social Housing Lettings	2,188	50	-	2,238	1,380
Turnover from Social Housing Lettings	**78,366**	**3,928**	**277**	**82,571**	**82,962**
Operating Expenditure:					
Management	(13,362)	(681)	(49)	(14,092)	(8,685)
Service charge costs	(9,615)	(490)	(35)	(10,140)	(8,478)
Routine maintenance	(14,004)	(714)	-	(14,718)	(17,470)
Planned maintenance	(2,853)	(145)	-	(2,998)	(4,341)
Major repairs expenditure	(6,603)	(337)	-	(6,940)	(9,167)
Bad debts	(950)	(48)	-	(998)	(246)
Depreciation of housing properties	(10,961)	(559)	(40)	(11,560)	(11,243)
Impairment of housing properties	(611)	(31)	(2)	(644)	(882)
Other costs	(143)	-	-	(143)	(2,048)
Operating Expenditure on Social Housing Lettings	**(59,102)**	**(3,005)**	**(126)**	**(62,233)**	**(62,560)**
Operating surplus on Social Housing Lettings	**19,264**	**923**	**151**	**20,338**	**20,402**
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	(430)	(134)	-	(564)	(807)

4. SURPLUS ON DISPOSAL OF FIXED ASSETS

	2019 £'000	2018 £'000
Sale of Housing Properties		
Proceeds from disposal	6,021	5,498
Net Book Value of disposals	(598)	(799)
Transfer to CCC	(2,493)	(1,937)
Transfer to Recycled Capital Grant Fund	-	(51)
Administration costs of disposal	(66)	(73)
Surplus on Sale of Housing Properties	**2,864**	**2,638**
Sale of Shared Ownership Subsequent Tranches		
Proceeds from disposal	307	540
Cost of sale	(168)	(262)
Administration costs of disposal	(1)	(3)
Transfer to Recycled Capital Grant Fund	-	(99)
Surplus on Sale of Shared Ownership Subsequent Tranches	**138**	**176**
Sale of Land		
Proceeds from disposal	-	453
Net Book Value of disposals	-	(1)
Surplus on Sale of Land	-	**452**
Surplus on Disposal of Fixed Assets	**3,002**	**3,266**

In April 2014, Whitefriars Housing Group signed an agreement with Coventry City Council (CCC) to transfer the surplus achieved on Right to Buy sales to CCC to fund improvement works to roads and footpaths on Whitefriars' estates.

5. EMPLOYEE INFORMATION

	2019 No.	2018 Restated No.
Full Time Equivalents (excluding Directors)	**507**	**509**

	2019 £'000	2018 £'000
Staff Costs for the Above		
Wages and Salaries	14,219	15,003
Social Security Costs	1,340	1,479
Other Pension Costs	4,582	3,853
	20,141	**20,335**

5. EMPLOYEE INFORMATION (Continued)

In addition to the staff costs shown above, costs totalling £42k (2018: £66k) in respect of key management personnel of the Association were paid for by the ultimate parent company, WM Housing Group Limited.

The number of full-time equivalents has been calculated on a 37 hour per week basis.

	2019	2018
Full Time Equivalents split by remuneration bands of,		
£60,000 - £69,999	7	12
£70,000 - £79,999	4	4
£80,000 - £89,999	-	-
£90,000 - £99,999	-	-
£100,000 - £109,999	1	2
£110,000 - £119,999	-	-
£120,000 - £129,999	1	1

6. OPERATING SURPLUS

	2019 £'000	2018 £'000
Operating Surplus is stated after charging		
Depreciation:		
On Fixed Assets other than Housing Properties	1,375	1,795
On Housing Properties	11,560	11,243
Impairment:		
On Housing Properties	644	882
Auditor's Remuneration (excluding VAT):		
Audit of the financial statements	28	28
Operating Lease Payments:		
Motor vehicles	695	623
Office equipment	-	5
Bad Debts:		
On rents	932	231
On service charges	66	15

7. DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS

The Directors of the Association are defined as the Board of Management and Executive Officers as set out on page 1. Following the creation of a single joint (or co-terminous) Board for the group on 1 January 2018, all Board members have been employed and paid by WM Housing Group Limited. There were therefore no emoluments or expenses paid to Association Board members for the year ended 31 March 2019. Aggregate emoluments paid to or received by Directors who are not executive staff members including salaries, honoraria or other benefits: -

	2019 £'000	2018 £'000
Janice Nichols	-	11
Margaret Gormley	-	2
Wayne Newman	-	2
Gary Crookes	-	1
Robert Thay	-	1
Nigel Swift	-	2
Carole Wildman	-	1
Hannah Mofa	-	2
Patricia Seaman	-	1
Christine Thomas	-	2
Ram Lakha	-	2
Kenneth Taylor	-	2
Lindsley Harvard	-	2
Total	-	31

There were no expenses paid during the year to Board members (2018: £1k). All executive directors fulfil Group roles and are employed directly by WM Housing Group Limited, with appropriate disclosures made in the WM Housing Group Limited financial statements.

8. PENSION COSTS

Membership of the Social Housing Pension Scheme (SHPS) Defined Contribution Scheme is offered to all employees of the Association. Membership of the SHPS Defined Benefit Scheme was closed to new members with effect from 1 December 2017. Whitefriars Housing Group maintained their admitted body status of the West Midlands Pension Fund (WMPF) following transfer from Coventry City Council in 2000. The scheme is a final salary scheme, with the WMPF becoming a CARE scheme from 1 April 2015.

For the purposes of the financial statements, the WMPF is classified as a defined benefit scheme. SHPS is a multi-employer scheme. For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the SHPS Defined Benefit Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme. For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme. The accounting treatment of the Scheme is therefore not consistent between the two financial years, but is in line with the guidance issued in FRED 71: Draft amendments to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland - Multi-employer defined benefit plan.

The assets of the funds are invested and managed independently of the finances of WM Housing Group. Employee contribution rates are fixed, and the employer's contribution rate is assessed in accordance with the advice of an independent and professionally qualified actuary.

8. PENSION COSTS (Continued)

(a) THE PENSIONS TRUST - SOCIAL HOUSING PENSION SCHEME

Whitefriars Housing Group Limited participates in the Social Housing Pension Scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

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 scheme 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.

For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For those years, where the scheme is in deficit and where the participating Association has agreed to a deficit funding arrangement, the participating Association recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

In accordance with the guidance issued in *FRED 71: Draft amendments to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland - Multi-employer defined benefit plan*, the net present value of the deficit reduction contributions have been de-recognised as at 1 April 2018 and the scheme liabilities have been recognised as a pension provision as at 1 April 2018. The net impact of the change in accounting policy for the Association amounts to £497k and is accounted for within Other Comprehensive Income.

8. PENSION COSTS (Continued)

(a) THE PENSIONS TRUST - SOCIAL HOUSING PENSION SCHEME (Continued)

PRESENT VALUES OF PROVISION

	31 March 2019 £'000	31 March 2018 £'000	31 March 2017 £'000
Present Value of provision	-	**599**	**700**

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	2019 £'000	2018 £'000
Provision at start of period	599	700
De-recognition of deficit liability as at 1 April 2018	(599)	-
Unwinding of the discount factor (interest expense)	-	9
Deficit contribution paid	-	(102)
Remeasurements - impact of any change in assumptions	-	(8)
Provision at end of period	-	**599**
Due within one year (See note 18)	-	106
Due in more than one year (See note 19)	-	493
	-	**599**

INCOME AND EXPENDITURE IMPACT

	2019 £'000	2018 £'000
Interest expense	-	9
Remeasurements - impact of any change in assumptions	-	(8)
Contributions paid in respect of future service*	-	152
Costs recognised in Statement of Comprehensive Income*	-	153

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

8. PENSION COSTS (Continued)

(a) THE PENSIONS TRUST - SOCIAL HOUSING PENSION SCHEME (Continued)

ASSUMPTIONS

	31 March 2019 % per annum	31 March 2018 % per annum	31 March 2016 % per annum
Rate of discount	-	1.72	1.33

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

(b) DEFINED BENEFIT PENSION SCHEMES

	2019 £'000	2018 £'000
Fair value of plan assets	109,497	98,370
Present value of defined benefit obligation	(144,544)	(137,165)
Deficit in Plan	(35,047)	(38,795)
Deferred tax	-	-
Net defined benefit liability to be recognised	**(35,047)**	**(38,795)**

THE PENSIONS TRUST - SOCIAL HOUSING PENSION SCHEME

As described above in note 8 (a), for the year ended 31 March 2019 it has been possible to obtain sufficient information to enable the company to account for the Social Housing Pension Scheme (SHPS) as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

The major assumptions used by the actuary are shown below.

8. PENSION COSTS (Continued)

(b) DEFINED BENEFIT PENSION SCHEMES (Continued)

THE PENSIONS TRUST - SOCIAL HOUSING PENSION SCHEME (Continued)

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

	2019 £'000	2018 £'000
Fair value of plan assets	3,581	-
Present value of defined benefit obligation	(4,847)	-
Deficit in Plan	(1,266)	-
Deferred tax	-	-
Net defined benefit liability to be recognised	**(1,266)**	**-**

Reconciliation of opening and closing balances of the defined benefit obligation

	2019 £'000	2018 £'000
Defined benefit obligation at start of the year	4,522	-
Expenses	4	-
Current service cost	105	-
Interest expense	118	-
Change in financial assumptions	351	-
Change in demographic assumptions	13	-
Experience (gain) on defined benefit obligation	(164)	-
Benefits paid	(109)	-
Contributions by scheme participants	7	-
Defined benefit obligation at end of the year	**4,847**	**-**

Reconciliation of opening and closing balances of the fair value of plan assets

	2019 £'000	2018 £'000
Fair value of plan assets at start of the year	3,426	-
Interest income	90	-
Return on assets less interest	(23)	-
Contributions made by the employer	190	-
Contributions by fund participants	7	-
Benefits paid	(109)	-
Fair value of plan assets at end of the year	**3,581**	**-**

8. PENSION COSTS (Continued)

(b) DEFINED BENEFIT PENSION SCHEMES (Continued)

THE PENSIONS TRUST - SOCIAL HOUSING PENSION SCHEME (Continued)

Defined benefit costs recognised in the Statement of Comprehensive Income

	2019 £'000	2018 £'000
Recognised within the Surplus for the Year: -		
Service cost	105	-
Expenses	4	-
Net interest cost	28	-
Defined benefit costs recognised within the surplus for the year	**137**	**-**
Recognised within Other Comprehensive Income: -		
Return on plan assets (excluding amounts included in net interest cost) - (loss)	(23)	-
Change in demographic assumptions	(13)	-
Change in financial assumptions	(351)	-
Experience gain on defined benefit obligation	164	-
Actuarial (loss) in respect of pension schemes	**(223)**	**-**
Initial recognition of multi-employer defined benefit scheme	(1,096)	-
Total amount recognised within Other Comprehensive Income	**(1,319)**	**-**

(b) DEFINED BENEFIT PENSION SCHEMES (Continued)

THE PENSIONS TRUST - SOCIAL HOUSING PENSION SCHEME (Continued)

Assets

	2019 £'000	2018 £'000
Global Equity	602	-
Absolute Return	310	-
Distressed Opportunities	65	-
Credit Relative Value	66	-
Alternative Risk Premia	206	-
Fund of Hedge Funds	16	-
Emerging Markets Debt	124	-
Risk Sharing	108	-
Insurance-Linked Securities	103	-
Property	81	-
Infrastructure	188	-
Private Debt	48	-
Corporate Bond Fund	167	-
Long Lease Property	53	-
Secured Income	128	-
Liability Driven Investment	1,309	-
Net Current Assets	7	-
Total assets	**3,581**	-

None of the fair values of the assets shown above include any direct investments in the Association's own financial instruments or any property occupied by, or other assets used by, the Association.

Assumptions

	2019 % per annum	2018 % per annum
Discount Rate	2.36%	-
Inflation (RPI)	3.24%	-
Inflation (CPI)	2.24%	-
Salary Growth	3.24%	-
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at age 65	
	Years	Years
Male retiring today	21.8	-
Female retiring today	23.5	-
Male retiring in 20 years	23.2	-
Female retiring in 20 years	24.7	-

(b) DEFINED BENEFIT PENSION SCHEMES (Continued)

WEST MIDLANDS PENSION FUND

The Association is able to estimate its share of the underlying assets and liabilities of the West Midlands Pension Fund. The pension contributions for the Association during the year to 31 March 2019 amounted to £3.5m (2018: £3.4m). A full actuarial valuation was carried out as at 31 March 2016 and has been updated to 31 March 2019 by a qualified actuary, independent of the scheme's sponsoring employers. In accordance with the impact estimates set out in the Potential impact of McCloud/Sargeant ruling on pension accounts disclosures paper prepared by the Government Actuary's Department (GAD), the scheme liabilities have been calculated on a 'worst-case' basis (i.e. what potential remedy would incur the highest increase in costs/liabilities).The major assumptions used by the actuary are shown below.

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

	2019 £'000	2018 £'000
Fair value of plan assets	105,916	98,370
Present value of defined benefit obligation	(139,697)	(137,165)
Deficit in Plan	(33,781)	(38,795)
Deferred tax	-	-
Net defined benefit liability to be recognised	**(33,781)**	**(38,795)**

Reconciliation of opening and closing balances of the defined benefit obligation

	2019 £'000	2018 £'000
Defined benefit obligation at start of the year	137,165	136,947
Current service cost	3,529	3,995
Interest expense	3,464	3,663
Change in financial assumptions	4,667	(4,824)
Change in demographic assumptions	(7,602)	-
Benefits paid	(3,511)	(3,381)
Past service cost	1,295	-
Contributions by scheme participants	690	765
Defined benefit obligation at end of the year	**139,697**	**137,165**

Reconciliation of opening and closing balances of the fair value of plan assets

	2019 £'000	2018 £'000
Fair value of plan assets at start of the year	98,370	98,108
Interest income	2,505	2,652
Return on assets less interest	5,354	(2,588)
Administration expenses	(43)	(43)
Contributions made by the employer	2,551	2,857
Contributions by fund participants	690	765
Benefits paid	(3,511)	(3,381)
Fair value of plan assets at end of the year	**105,916**	**98,370**

8. PENSION COSTS (Continued)

(b) WEST MIDLANDS PENSION FUND (Continued)

Defined benefit costs recognised in the Statement of Comprehensive Income

	2019 £'000	2018 £'000
Recognised within the Surplus for the Year: -		
Service cost	4,824	3,995
Net interest cost	959	1,011
Administration expenses	43	43
Defined benefit costs recognised within the surplus for the year	**5,826**	**5,049**

	2019 £'000	2018 £'000
Recognised within Other Comprehensive Income: -		
Return on plan assets (excluding amounts included in net interest cost) - gain/(loss)	5,354	(2,588)
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities - gain	2,935	4,824
Total amount recognised within Other Comprehensive Income - Gain	**8,289**	**2,236**

Assets

	2019 £'000	2018 £'000
UK Equities	61,297	62,873
Other Bonds	4,046	3,763
Property	9,479	7,574
UK Government Bonds	7,971	7,188
Cash	5,515	2,421
Other	17,608	14,551
Total assets	**105,916**	**98,370**

None of the fair values of the assets shown above include any direct investments in the Association's own financial instruments or any property occupied by, or other assets used by, the Association.

8. PENSION COSTS (Continued)

(b) WEST MIDLANDS PENSION FUND (Continued)

Assumptions

	2019 % per annum	2018 % per annum
Discount Rate	2.40%	2.55%

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at age 65	
	Years	Years
Male retiring today	20.9	21.9
Female retiring today	23.2	24.3
Male retiring in 20 years	22.6	24.0
Female retiring in 20 years	25.0	26.6

The best estimate of contributions to be paid by the Association to the plan for the period commencing 1 April 2019 is £2,809k (2018: £2,910k).

9. INTEREST RECEIVABLE

	2019 £'000	2018 £'000
Interest receivable on unlisted investments	310	137
Surplus on redemption of shared equity loans	-	1
	310	**138**

10. INTEREST AND FINANCING COSTS

	2019 £'000	2018 £'000
Defined benefit pension charge	987	1,011
Accruals on RCGF and DPF	32	18
Other Interest	-	7
Bank Loans		
Repayable by instalments wholly or partly in more than 5 years	13,529	13,847
Other interest	411	238
Capitalisation of development interest payable	(197)	(139)
Breakage costs	-	45,722
	14,762	**60,704**

The capitalisation rate used to determine finance costs capitalised was 3.96% (2018: 4.36%)

11. TAXATION

The Association is a charitable Co-operative and Community Benefit Society and, providing income is derived from its primary purpose, there is no liability for Corporation Tax.

12. HOUSING PROPERTIES

	Housing Properties					Other Fixed Assets			
	Social Housing Properties for Letting Completed	Social Housing Properties for Letting Under Construction	Low Cost Home Ownership Properties Completed	Low Cost Home Ownership Properties Under Construction	Total Housing Properties	Land & Buildings	Office Fixtures & Fittings	Computer Equipment	Total Fixed Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
COST									
At 1 April 2018	409,950	21,081	4,749	1,080	436,860	5,177	2,464	9,691	454,192
Improvement works - existing properties	13,162	-	-	-	13,162	-	-	-	13,162
Additions - new developments	-	23,950	-	2,474	26,424	-	-	-	26,424
Schemes completed - new developments	25,227	(25,227)	2,374	(2,374)	-	-	117	825	942
Disposals	(2,715)	-	(291)	-	(3,006)	-	-	-	(3,006)
Abortive costs	-	(13)	-	-	(13)	-	-	-	(13)
At 31 March 2019	445,624	19,791	6,832	1,180	473,427	5,177	2,581	10,516	491,701
DEPRECIATION									
At 1 April 2018	97,192	-	148	-	97,340	3,934	2,069	8,176	111,519
Charge for the period	11,510	-	50	-	11,560	34	190	1,151	12,935
Disposals	(2,116)	-	(11)	-	(2,127)	-	-	-	(2,127)
At 31 March 2019	106,586	-	187	-	106,773	3,968	2,259	9,327	122,327
IMPAIRMENT									
At 1 April 2018	2,056	-	-	-	2,056	-	-	-	2,056
Charge for the period	644	-	-	-	644	-	-	-	644
At 31 March 2019	2,700	-	-	-	2,700	-	-	-	2,700
NET BOOK VALUE									
At 31 March 2019	336,338	19,791	6,645	1,180	363,954	1,209	322	1,189	366,674
At 31 March 2018	310,702	21,081	4,601	1,080	337,464	1,243	395	1,515	340,617

There are 14,661 Whitefriars Housing Group Limited properties charged against debt borrowed by WM Housing Group Limited through a Security Trust at the reporting date. Asset cover is measured by reference to the properties' Existing Use Value - Social Housing (EUV-SH) and/or Market Value - Subject to Tenancy (MV-STT) as a percentage of the debt outstanding. At the reporting date there was sufficient asset cover in respect of debt allocated to Whitefriars Housing Group Limited.

12. HOUSING PROPERTIES (Continued)

	Housing Properties £'000	Other Fixed Assets £'000	2019 Total £'000	2018 Total £'000
Net Book Value of Housing Properties and other fixed assets comprises: -				
Freehold land and buildings	358,970	959	359,929	333,022
Long leasehold land and buildings	4,984	250	5,234	5,685
	363,954	**1,209**	**365,163**	**338,707**

	2019 Total £'000	2018 Total £'000
Total expenditure on works to existing properties:		
Replacement components capitalised	13,162	13,628
Amounts charged to Statement of Comprehensive Income	6,940	9,167
	20,102	22,795

13. FIXED ASSET INVESTMENT IN SUBSIDARY UNDERTAKINGS

Whitefriars Business Services Limited and Whitefriars (North Solihull) Limited are subsidiary organisations of Whitefriars Housing Group Limited. All members of the WM Housing Group are incorporated into the Consolidated Financial Statements of the ultimate parent undertaking, WM Housing Group Limited, in accordance with the Co-operative and Community Benefit Societies Act 2014.

Whitefriars Business Services Limited is a non-regulated company limited by shares, whose principal purpose is to undertake non-charitable activities for Whitefriars Housing Group Limited.

Whitefriars (North Solihull) Limited is a non-regulated company limited by shares, which has been dormant since incorporation.

	2019 £	2018 £
COST OF INVESTMENT	2	2

Details of the Whitefriars Housing Group Limited subsidiary at 31 March 2019:

Name	Percentage of share held
Whitefriars Business Services Limited	100%
Whitefriars (North Solihull) Limited	100%

14. STOCK

	2019 £'000	2018 £'000
Properties held for resale: -		
Shared ownership properties (work in progress)	691	774
Shared ownership properties (completed)	326	31
	1,017	**805**

15. TRADE AND OTHER DEBTORS

	2019 £'000	2018 £'000
Amounts receivable within one year		
Rental debtors	4,137	3,958
Less: Provision for bad debts	(2,991)	(2,777)
	1,146	**1,181**
Prepayments and accrued income	1,875	1,725
Other debtors	434	662
Amounts due from Group Undertakings	1,483	2,460
	4,938	**6,028**
Amounts falling due after one year		
Other debtors	1,006	1,006
Loan due from Group Undertaking	3,000	1,000
	4,006	**2,006**
	8,944	**8,034**

Former tenant rent arrears of £2,474k (2018: £3,237k) are fully provided for and are therefore not included within the rental debtors or provision balances above.

Other debtors falling due after one year are interest free equity loans repayable upon sale of the properties to which the loan is charged.

16. INVESTMENTS

	2019 £'000	2018 £'000
Investments at valuation	-	**2,208**
Historic cost of investments	-	**2,000**

The investments are held in AAA rated cash managed funds have been on a Variable Net Asset Value (VNAV) basis. The initial investment bought a fixed number of shares across two funds and the value of each share is determined on a daily basis using a mark-to-market basis.

17. CASH AND CASH EQUIVALENTS

	2019 £'000	2018 £'000
Money market investments	-	908
Short-term, highly liquid investments	36,030	27,962
Cash at bank	7,800	11,618
	43,830	**40,488**

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Trade creditors	8,678	6,883
Rents received in advance	3,613	3,011
Amounts due to parent	1,709	628
Interest due to Group Treasury Vehicle(s)	5,144	5,179
Amounts due to Group Undertakings	787	66
Other creditors	2,866	1,937
Accruals and deferred income	4,833	2,522
Deferred capital grant (See note 21)	507	448
SHPS pension agreement plan (See note 8)	-	106
Disposal Proceeds Fund (See note 22)	1,522	1,436
RCGF (See note 23)	990	1,041
Tax and social security	383	439
	31,032	**23,696**

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £'000	2018 £'000
Housing Loan (See note 20)	339,281	339,054
Other Creditors	292	287
Disposal Proceeds Fund (See note 22)	-	2,123
RCGF (See note 23)	151	245
Deferred capital grant (See note 21)	49,099	43,561
SHPS pension agreement plan (See note 8)	-	493
	388,823	**385,763**

20. DEBT ANALYSIS

Loans from banks and building societies and are secured by specific charges on the Association's housing properties. The loans accrue interest at varying rates and are repayable in instalments as shown below:

	2019 £'000	2018 £'000
Bond issue		
30-year, 4.625% coupon, repayable 3 December 2042 (WM Treasury plc)	157,375	157,318
31-year, 3.25% coupon, repayable 20 October 2048 (WM Treasury 2 plc)	182,059	182,002
	339,434	**339,320**
Less: loan issue costs	(153)	(266)
	339,281	**339,054**
Less: amount shown in Creditors: amounts falling due within one year (note 18)	-	-
Housing Loans falling due after more than one year (note 19)	**339,281**	**339,054**
Loan Facility		
Fixed rate loans	339,434	339,320
Variable loans	-	-
	339,434	**339,320**

The amounts repayable in relation to the bond issues are inter-company creditors with the amounts owed to fellow subsidiaries WM Treasury plc and WM Treasury 2 plc. WM Treasury plc and WM Treasury 2 plc recognise equivalent inter-company debtors within their accounts and the third-party liabilities to repay the bond when they fall due.

The interest rate profile at 31 March 2019 was:

	Total £'000	Variable Rate £'000	Fixed Rate £'000	Weighted Average Rate %	Weighted Average Term Years
Instalment loans	-	-	-	-	-
Non-instalment loans	339,434	-	339,434	3.89%	27.77
	339,434	**-**	**339,434**	**3.89%**	**27.8**

The interest rate profile at 31 March 2018 was:

	Total £'000	Variable Rate £'000	Fixed Rate £'000	Weighted Average Rate %	Weighted Average Term Years
Instalment loans	-	-	-	-	-
Non-instalment loans	339,320	-	339,320	3.95	28.8
	339,320	**-**	**339,320**	**3.95**	**28.8**

Whitefriars Housing Group has the following borrowing facilities:	2019 £'000	2018 £'000
Undrawn committed facilities	-	-

Whitefriars has access to £58m of undrawn borrowing facilities within WM Treasury Vehicle Ltd.

21. DEFERRED CAPITAL GRANT

	2019 £'000	2018 £'000
At the start of the year	44,009	42,931
Grant received in the year	4,016	1,203
Transfer from RCGF / DPF	2,060	455
Disposals	-	(140)
Released to income in the year	(479)	(440)
At the end of the year	**49,606**	**44,009**
Amount due to be released < 1 year (See note 18)	507	448
Amount due to be released > 1 year (See note 19)	49,099	43,561
	49,606	**44,009**

22. DISPOSAL PROCEEDS FUND (DPF)

	2019 £'000	2018 £'000
Opening balance	**3,559**	**3,925**
Inputs to DPF:		
Funds recycled	-	-
Net PRTB receipts	-	-
Certain profits of profit making PRPs	-	-
Interest accrued	23	17
Transfers from other PRPs	-	-
Use/allocation of funds:		
New build	(2,060)	(383)
Major repairs and works to existing stock	-	-
Transfers to other PRPs	-	-
Other	-	-
Repayment of funds to Homes England/GLA	-	-
Closing balance	**1,522**	**3,559**
Amounts falling due < 1 year (See note 18)	1,522	1,436
Amounts falling due > 1 year (See note 19)	-	2,123
	1,522	**3,559**
Amounts 3 years or older where repayment may be required	-	-

All DPF balances pertain to activities within areas covered by Homes England.

23. RECYCLED CAPITAL GRANT FUND (RCGF)

	2019 £'000	2018 £'000
Opening balance	**1,286**	**650**
Inputs to RCGF:		
Grants recycled	-	149
Interest accrued	9	1
Transfers from other PRPs	-	558
Recycling of Grant:		
New build	-	(72)
Major repairs and works to existing stock	-	-
Transfers to other PRPs	(154)	-
Other	-	-
Repayment of grant to Homes England/GLA	-	-
Closing balance	**1,141**	**1,286**
Amounts falling due < 1 year (See note 18)	990	1,041
Amounts falling due > 1 year (See note 19)	151	245
	1,141	**1,286**
Amounts 3 years or older where repayment may be required	-	-

All RCGF balances pertain to activities within areas covered by Homes England.

24. SHARE CAPITAL

	2019 £	2018 £
Allotted, issued and fully paid shares of £1 each:		
At 31 March	9	10

The shares provide members with the right to vote at the general meeting, but do not provide any rights to dividends or distribution on winding up.

25. COMMITMENTS

(a) Capital Commitments

	2019 £'000	2018 £'000
Capital Expenditure, which has been contracted for but has not been provided for in the financial statements	55,814	33,782
Capital Expenditure, which has been authorised under authority from the Board but has yet to be contracted for	10,906	15,230
The Association expects these commitments to be contracted within the next year and financed with:		
Social Housing Grant	-	-
Proceeds from the sale of properties	-	-
Cash surplus generated from operations	10,906	15,230
	10,906	15,230

The contracted amounts above relate to expenditure on new development schemes in the Association's areas of operation which are funded by a combination of rental income, borrowings and grant from Homes England. There is an element of contracted expenditure in relation to the 2019/20 major works programme, which is funded by a combination of rental income and borrowings.

(b) Operating Lease Commitments

At the end of the year, the Association had commitments of future minimum lease payments under non-cancellable operating leases as follows: -

	2019 £'000	2018 £'000
Not later than one year	652	590
Later than one year and not later than five years	704	896
Later than five years	98	-

There are no operating leases for land and buildings.

26. CONTINGENT LIABILITIES

There are no contingent liabilities identified at either 31 March 2019 or 31 March 2018.

27. GRANT AND FINANCIAL ASSISTANCE

	2019 £'000	2018 £'000
The total accumulated government grant and financial assistance received or receivable at 31 March:		
Grant and financial assistance received or receivable	53,298	47,222
Recognised as income in the Statement of Comprehensive Income	(3,692)	(3,213)
Held as deferred capital grant (See note 21)	**49,606**	**44,009**

28. ANALYSIS OF CHANGES IN NET DEBT

	At Beginning of the Year £'000	Cash Flows £'000	Non-Cash Movements £'000	At End of the Year £'000
Cash and Cash Equivalents	40,488	3,342	-	43,830
Housing Loans Due in One Year	-	-	-	-
Housing Loans Due After One Year	(339,054)	(114)	(113)	(339,281)
	(298,566)	**3,228**	**(113)**	**(295,451)**

29. ACCOMMODATION OWNED, MANAGED AND IN DEVELOPMENT

	2019		2018	
	Owned Homes	Managed Homes	Owned Homes	Managed Homes
Social Housing				
Under development at the end of year:				
- General needs housing social rent	74	-	38	-
- General needs housing affordable rent	139	-	177	-
- Low cost home ownership	34	-	49	-
Under management at the end of the year:				
- General needs housing social rent	14,741	-	14,779	-
- General needs housing affordable rent	1,653	-	1,474	-
- Intermediate market rent housing	63	10	67	10
- Supported housing	90	-	91	-
- Housing for older people	543	-	677	-
- Low cost home ownership	96	28	67	29
	17,433	**38**	**17,419**	**39**
Non-social Housing				
Retained freeholds and estate charges	1,445	6	1,430	5
Non-social leased housing	4	-	4	-
	18,882	**44**	**18,853**	**44**

30. ACCOMMODATION MANAGED BY OTHERS

	2019 Homes	2018 Homes
Managed by others at the end of the year:		
- General needs housing social rent	211	212
- General needs housing affordable rent	249	248
- Supported housing	27	28
- Housing for older people	22	22
- Low cost home ownership	19	19
	528	**529**

31. RELATED PARTIES

The immediate and ultimate parent of Whitefriars Housing Group Limited is WM Housing Group Limited, a Co-operative and Community Benefit Society, registered in England and Wales. The Association has taken advantage of the exemption available under Section 33 FRS 102 not to disclose transactions with wholly owned subsidiary undertakings.

The following are related parties:

- The Boards has tenant members who hold tenancy agreements on normal terms and cannot use their position to their advantage. The total of rent charged to the Tenant Board members in the year was £Nil (2018: £6k). There are arrears of £Nil on their tenancies at the reporting period end (2018: £8).
- Transactions with key management personnel and their close family, (including compensation paid).
- Related party balances are not secured.

Relationships between registered and non-registered elements of the WM Housing Group

The table below shows where relationships exist between WM Housing Group members.

	WMHG	WF	WMH	OCA	FHA	WMD	WMT	WMT2	WMTV	WBS	AGES
WMHG		✓	✓	✓	✓	✓					
WF	✓		✓	✓	✓	✓	✓	✓	✓	✓	
WMH	✓	✓		✓		✓		✓	✓		
OCA	✓	✓	✓					✓	✓		✓
FHA	✓	✓						✓	✓		
WMD	✓	✓	✓								
WMT		✓									
WMT2		✓	✓	✓	✓						
WMTV		✓	✓	✓	✓						
WBS		✓									
AGES				✓							

Entities in the table are abbreviated as follows and [R] denotes where the entity is a Registered Provider:

WM Housing Group Limited [R]	WMHG	WM Treasury plc	WMT
Whitefriars Housing Group Limited [R]	WF	WM Treasury 2 plc	WMT2
West Mercia Homes Limited [R]	WMH	WM Treasury Vehicle Limited	WMTV
Optima Community Association Limited [R]	OCA	Whitefriars Business Services Limited	WBS
Family Housing Association (Birmingham) Limited [R]	FHA	Attwood Green Estate Services Limited	AGES
West Mercia Development Limited	WMD		

31. RELATED PARTIES (Continued)

Transactions with registered elements of the business

The Association receives services from the Group parent and fellow subsidiaries and provides management and other services to other Registered Group entities. It also provides a loan facility to Family Housing Association (Birmingham) Limited.

	WMHG £'000	WMH £'000	OCA £'000	FHA £'000
2019	42,788	48,538	16,815	32,198
2018 (Restated)	42,062	50,494	11,087	24,181

Transactions with non-registered entities

	WMD £'000	WMT £'000	WMT2 £'000	WMTV £'000	WBS £'000	AGES £'000
2019	2,279	7,459	6,070	178	117	20
2018 (Restated)	368	7,457	2,710	37	227	71

The 2018 figures have been restated to reflect a new methodology used to report this information.

The Association is funded through WM Treasury plc, WM Treasury 2 plc and WM Treasury Vehicle Ltd. The relevant disclosures are contained within the accounts of those entities.

Non-regulated entity	Recharge	Cost in year £'000	Balance at year end £'000
WM Treasury plc	Loan interest	7,459	159,807
WM Treasury 2 plc	Loan interest	6,070	184,770

West Mercia Homes provides a £5m loan facility to West Mercia Development Limited. During the year ended 31 March 2016, a further £10m loan facility from Whitefriars Housing Group Limited to West Mercia Development Limited was also approved. Financial transactions between West Mercia Homes Limited/Whitefriars Housing Group Limited and West Mercia Development Limited consist only of loan advances and interest costs.

Non-regulated subsidiary	Transaction	Loan advanced in year £'000	Balance at year end £'000	Basis of interest charged to subsidiary	Interest Charged in year ended 31 March 2019 £'000
West Mercia Development Limited	Advance of loan facility from West Mercia Homes Limited	-	5,000	3.75% above LIBOR	238
West Mercia Development Limited	Advance of loan facility from Whitefriars Housing Group Limited	2,000	8,000	3.75% above LIBOR	87

32. FINANCIAL INSTRUMENTS

The Company's financial instruments may be analysed as follows:

	Note	2019 £'000	2018 £'000
Financial assets			
(a) Financial assets measured at fair value through profit and loss			
- Investment at valuation	16	-	2,208
(b) Financial assets that are debt instruments measured at amortised cost			
- Cash and cash equivalents	17	43,830	40,488
- Rental and service charge debtors	15	1,146	1,181
- Other debtors	15	1,440	1,668
- Loan due from fellow subsidiary	15	3,000	1,000
		49,416	44,337
(c) Financial assets that are equity instruments measured at cost less impairment		-	-
Financial liabilities			
(a) Financial liabilities measured at amortised cost			
- Housing loans	20	(339,281)	(339,054)
- Trade creditors	18	(8,678)	(6,883)
- Accruals	18	(4,833)	(2,522)
- Other creditors	18/19	(3,158)	(2,224)
- Deferred capital grant	21	(49,606)	(44,009)
- Disposal Proceeds Fund	22	(1,522)	(3,559)
- Recycled Capital Grant Fund	23	(1,141)	(1,286)
		(408,219)	(399,537)
(b) Derivative financial instruments designated as hedges of variable interest rate risk		-	-
(c) Financial liabilities measured at fair value through profit or loss		-	-
(d) Loan commitments measured at cost less impairment		-	-

Financial assets measured at fair value comprise current asset investments measured at variable net asset value.