

Pennaf Housing Group – Half-year Unaudited Results

As at 30 September 2018

Pennaf Housing Group has performed well over the six months to 30 September 2018, with a steady improvement in operational performance, whilst delivering growth in units and maintaining a good level of liquidity.

For the first six months of 2018/19, the Group is showing:

	6 months to 30.09.18	6 months to 30.09.17	Year-end 31.03.18
Operating Surplus	£5.54m	£5.56m	£10.84m
Net Surplus	£2.56m	£2.15m	£3.88m*
Housing Properties at Cost	£431.3m	£409.0m	£420.6m
Total Borrowing	£205m	£205m	£205m
Liquid Funds (Cash + Undrawn)	£51.98m	£66.24m	£58.86m

* excluding exceptional costs related to refinancing

The 6-month results also compare favourably with the Group's six-month budget for Operating Surplus of £4.85m and an annual budget of £9.71m.

Attached as Appendix 1, 2 and 3 are the Summary Financial Statements for the six months to 30 September 2018.

Business Update

(a) Development

The Group is on target to deliver 1,500 units over the five years March 2017-22.

At September 2018, 277 units had been completed at a cost of £39.3m. Handovers in the last six months include two new Extra Care Schemes providing 136 new homes, including specific state of the art dementia-friendly units.

Currently there are a further 137 units on site at a cost of £22m. There are a further 440 units in acquisition/design and pre-contract stage equating to a total cost of around £64m.

(b) Group Reorganisation

The Board has agreed to consolidate the existing three Housing Associations within the Group to a single Association with charitable aims; and one commercial subsidiary.

The reorganisation is designed to further simplify the Group structure, which will lead to improved governance arrangements and a reduced level of complexity. It will also allow for the development of a strong and positive image for the Group, with which different stakeholders can easily associate.

Work to simplify the structure is progressing well and will be completed by 31st March 2019.

(c) Leadership Changes

As previously announced, in order to better achieve the Group's aspirations, the Executive Team is being restructured to align closer with key business priorities.

As a result, the following changes have been approved:

- The Deputy Chief Executive post and the Finance Director post are being combined into a newly created Executive Director of Resources.
 - The new post will have responsibility for Finance, IT, Governance, Performance and Health and Safety co-ordination.
- A new fixed term post of Executive Director of Organisational Change is being undertaken by the former Deputy Chief Executive, and
- The former Finance Director will remain in post until February 2019 to facilitate handover and continuity.

Following a robust recruitment and selection process, the Group is pleased to announce that Paul McGrady has been appointed as the new Executive Director of Resources and will join the Group in March 2019. Paul has a wealth of experience in the sector and is currently undertaking a similar role for another Housing Association.

The Group also announced in April this year, the appointment of Clare Budden as Chief Executive following the retirement of the former Group Chief Executive, Graham Worthington, who was with the Group for 22 years.

Clare brings 30 years' experience within the housing sector and is passionate about addressing inequality, believing that housing associations have a key role to play in doing this. She considers that good homes, excellent local services and a trust in the ability of people to know what's right for their area, can combine to create great places to live, where people can thrive.

Investor Meetings

Following the Group's debut public issuance in 2017, the Executive Team is planning to arrange a series of one-to-one meetings in London, with existing and potential investors, on 28 / 29 March 2019.

The meetings will be designed to provide a detailed performance update and further information on the Group restructure and Leadership changes.

Formal invitations will follow in due course.

GROUP STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 September 2018

	Six months to 30th September 2018	Six months to 30 th September 2017	Year to 31 st March 2018
	£'000	£'000	£'000
TURNOVER	20,629	19,261	39,446
Operating costs	(15,086)	(13,697)	(28,607)
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OPERATING SURPLUS	5,543	5,564	10,839
Surplus on sale of fixed asset properties	263	78	(31)
Interest receivable and similar income	98	4	75
Interest payable and similar charges	(3,348)	(3,492)	(7,001)
Loan breakage costs	-	(15,904)	(15,904)
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SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION	2,556	(13,750)	(12,022)
Tax on surplus on ordinary activities	-	(49)	(60)
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SURPLUS / (DEFICIT) FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME	2,556	(13,799)	(12,082)
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The Group's turnover and expenses all relate to continuing operations.

GROUP STATEMENT OF CHANGES IN RESERVES
As at 30 September 2018

	Restricted reserve £'000	Income and expenditure reserve £'000	Total reserves £'000
At 1 April 2017	24	15,375	15,399
Deficit and total comprehensive expenditure for the year	-	(12,082)	(12,082)
Big Lottery Grant received	69	-	69
Big Lottery Grant expenditure	(58)	-	(58)
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At 31 March 2018	35	3,293	3,328
Surplus and total comprehensive income for the period	-	2,556	2,556
Big Lottery Grant received	17	-	17
Big Lottery Grant expenditure	(34)	-	(34)
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At 30 September 2018	18	5,849	5,867
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GROUP STATEMENT OF FINANCIAL POSITION
As at 30 September 2018

	30 September 2018	30 September 2017	31 March 2018
	£'000	£'000	£'000
FIXED ASSETS			
Tangible assets			
Housing properties - Cost	431,256	408,995	420,626
- Depreciation	(54,304)	(51,051)	(52,482)
	376,952	357,944	368,144
Other tangible fixed assets	3,640	3,418	3,284
FIXED ASSET INVESTMENTS			
Homebuy loan	3,218	3,010	3,231
	383,810	364,372	374,659
CURRENT ASSETS			
Stocks	158	139	167
Debtors – due after one year	2,299	400	2,329
Debtors – due within one year	2,661	1,533	2,338
Investments	65	65	65
Cash at bank and cash equivalents	26,982	41,239	33,860
	32,165	43,376	38,759
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	(9,209)	(9,410)	(12,263)
NET CURRENT ASSETS	22,956	33,966	26,496
TOTAL ASSETS LESS CURRENT LIABILITIES	406,766	398,338	401,155
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	(401,201)	(397,078)	(398,128)
DEFERRED TAXATION	302	350	301
NET ASSETS	5,867	1,610	3,328
CAPITAL AND RESERVES			
Non-equity share capital	-	-	-
Reserves	5,867	1,610	3,328
	5,867	1,610	3,328