

WALTHAM FOREST HOUSING ASSOCIATION LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2012

REGISTERED NO. L0461

WALTHAM FOREST HOUSING ASSOCIATION LIMITED

CONTENTS

Board Membership and Advisors	2
Board Report	3 - 5
Independent auditor's report to the members	6
Income and Expenditure Account	7
Statement of Total Recognised Gains and Losses	7
Balance Sheet	8
Cash Flow Statement	9
Notes to the Financial Statements	10 - 23

WALTHAM FOREST HOUSING ASSOCIATION LIMITED

BOARD MEMBERSHIP & ADVISORS

Board	Ben Furr (<i>Chair</i>) Paul Block (<i>Vice Chair – appointed 7 September 2011</i>) Christopher Jones (<i>Treasurer</i>) Errol Harris (<i>appointed 7 September 2011</i>) Saba Vina Moorthy Doreen Richards Legrand Paula Sisson (<i>Appointed 7 September 2011</i>) Olexandra Stepaniuk Stella Uzodinma (<i>Resigned 21 December 2011</i>)
Chief Executive	Linda Milton
Registered Office	2-8 Salisbury Road London E4 6TA
Bankers	Barclays Bank plc 1 st Floor 27 Soho Square London W1D 3QR
Auditors	Nexia Smith & Williamson Chartered Accountants Registered Auditors 25 Moorgate London EC2R 6AY
Homes and Communities Agency Authority Registered Number	L0461
Industrial and Provident Society Number	21186R

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
BOARD REPORT
FOR THE YEAR ENDED 31 MARCH 2012

Review of activities

The Association made a surplus of £174,170 on ordinary activities for the year compared to a surplus of £255,453 (restated) for the previous year, and, again, for a combination of reasons. Some costs were contained by savings and economies, and staff costs were contained through vacant posts and, for the second consecutive year, the annual pay award was set at nil. Additionally, the introduction of component accounting increased the surplus with significant cyclical replacement costs capitalised, instead of being charged directly to expenditure: while increases in depreciation charges offset this, the overall effect was to increase the year's surplus. Beyond the merely financial, the Association had a successful year in many other ways.

We developed our floating support services to sheltered tenants over the year, with more emphasis on individual needs, with over 270 Support Plans reviews carried out, in which the needs of our tenants were individually assessed and provided for. We are still coming to terms with this period of change, but the upcoming reduction in Supporting People Grant means that we had to find the most effective way to use those funds.

The partnership between WFHA and L&Q continued to flourish over the year, with our provision of support and housing management at Millennium House. We continued to develop the partnership with Southern Housing Group, after taking over the Supporting People contract last year to provide support services to their tenants at Lewis House and Peach Court.

The coming year sees the challenge of continuing to provide high quality support despite Supporting People funding being reduced by c.37%: we are confident that all the work piloting the floating support service will make a major contribution to success in this.

We continued to work with other support providers. Outward Housing, Outlook Care and Family Mosaic provide support to our learning disability schemes, and we welcomed a new partnership with Greenleaf Trust, a local charity providing support to homeless people in Waltham Forest. They wished to extend this service and, in partnership, we have developed and opened a scheme for four homeless people to have live independently with support.

We meet with all these partners regularly to ensure that our tenants' needs are met and that our landlord duties, including health and safety, are properly discharged. We also take opportunities to join social activities at all the schemes.

We built on our innovative work with partners to add value to the support we provide. Shapeshifter Productions entertained and involved our tenants in their Smiling Sessions, bringing music, song and laughter to our schemes. We also worked with Age UK (Waltham Forest) and Mencap to provide Days4You - respite for carers of older people with dementia and learning disabilities, with a variety of stimulating activities to help retain and improve existing skills as well as an opportunity to increase physical and mental activity.

This year's Digital Unite's Silver Surfers Day received an added boost when their Director, Emma Solomon joined us and Rt Hon Iain Duncan Smith MP at the event, which introduces and supports older people in using information technology.

After a full review of our housing services, the Housing Services Team was restructured to provide a comprehensive service with flexibility to adapt to future changes. The new team brings together housing management, customer services and maintenance to provide a one stop service. Two posts were recruited internally, and the new post of Housing Services Manager was recruited towards the end of the year. Recruitment is planned for 2012 to fill the remaining vacancies.

Other outcomes of the review included improvements to arrears collection, now even more important in view of the likely effects of the benefit changes within the Welfare Reform Act. Close working with the police and local partners resulted in the resolution of some low level anti-social behaviour complaints. During the year the team produced and distributed the updated Tenants Handbook, ensured that Fire Risk Assessments were carried out at sheltered schemes and Health and Safety Audits at all schemes.

During the year we reviewed how we purchase and provide some of our Maintenance services, resulting in a new contract being awarded for the Gas Advisory Service to ensure robust quality assurance checks on works carried out on tenants' gas boilers, and safety checks. We also awarded new contracts for Portable and Fixed appliance testing and the Out of Hours service, after an extended feasibility study involving tenants from the Tenant Focus Group.

Towards the end of the year we started our five year planned maintenance programme based on the Stock Condition Survey, with window replacements and external decorations completed.

The year also saw the development and launch of our website, which extends the ways we can communicate with tenants and other stakeholders, and offers more choice in how they communicate with us.

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
BOARD REPORT
FOR THE YEAR ENDED 31 MARCH 2012

Review of activities (contd)

We maintained our involvement in various local and national groups that promote the interests of our tenants. Erosh keeps us informed in matters related to older people and enables us to participate in local and national debate and decision making. Working with the police locally, our staff are represented on four safer neighbourhood schemes and regularly attend a local forum on Anti-Social Behaviour. We also attended the local forums for Housing Associations including specialist groups on Housing Management and Housing Benefit: again this enables us to participate in local debate and influence local decisions, where possible. As well as attending specialist local supported housing forums our staff shared in chairing.

We contributed to discussions and promotion of issues relating to smaller Housing Associations by attending the G320 group and participation in the Centre for Housing and Support Practitioner Working Group.

Continued involvement in Solomon and Solfed Benchmarking groups gave access to a wider network of partners across London and we are involved in specialist groups such as Housing Management, Supported Housing, Finance and Maintenance.

The Tenant Focus Group, established over 10 years ago, continues to be involved in the decisions that affect our tenants, with 9 members from sheltered, supported and general needs schemes across the borough, who regularly attend bi-monthly meetings. The group is served by an independent facilitator, Jenny Crook, who has worked with them for many years. Within the group small sub groups are often set up to work directly with staff on specific issues.

The group contributed to the Association's work by involvement in a range of activities, including: -

- the Tenant Survey, including input into the content and involvement in the analysis
- the Business Plan, particularly content and the future direction of WFHA
- reviewing Anti-Social Behaviour issues in connection with our local offer
- tendering for the Out of Hours contract
- the working group for reaccreditation by the Centre for Housing And Support Code of Practice

The Group also had training sessions on Tenancy Law and the Equality Act.

The Association maintained its commitment to staff training. All staff received training on Self-Care and Equality and Diversity; seven staff received training on Housing Law, six on the Stock condition Survey database, and Housing Services and Finance staff on modules of the housing management software. Two staff extended their first-aid training and one received training on Fire Risk Assessment. Support staff received a wide range of training on the Equality Act, handling difficult people and soft outcomes in social housing. Other training received included: Universal Credit and housing, introductions to Social Housing and Housing Management, minute taking, time management and delegation, service charges, rent increases. The Finance Officer completed the AAT qualification.

Staff also attended conferences on Improving Older People's Services, Driving High Performance in Difficult Times, Risk, the NHF conference for smaller HAs and the CHS winter conference.

At the end of the year the search for alternative head office premises moved a step nearer success, with negotiations opened to take the surrender of a lease on offices in one of our schemes. Moving to these premises would provide better disabled access, more, and more flexible, space and a more central location with better public transport links within the borough.

Facing such challenging times requires a strong supportive board and this year saw two new members join. A very successful recruitment programme towards the end of the year resulted in three new recruits to join the Board in 2012, as well as two potential new tenant Board members.

The Board and senior officers worked on reviewing and strengthening Governance, focusing on the new requirements of Boards in the revised regulatory framework and will continue to do so in the coming year.

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
BOARD REPORT
FOR THE YEAR ENDED 31 MARCH 2012

Statement of the Board's responsibilities in respect of the accounts

The Industrial and Provident Societies Acts require the Association to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus of the Association for that year. In preparing these accounts the Board is required to:-

1. Select suitable accounting policies and then apply them consistently.
2. Make judgements and estimates that are reasonable and prudent.
3. State whether applicable accounting standards have been followed.
4. Prepare the accounts on the going concern basis unless it is inappropriate.

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 them to ensure that the accounts comply with the Industrial and Provident Societies Acts and Housing Acts. The Board is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, by establishing and maintaining a satisfactory system of control over the Association's accounting records, cash holdings and all its receipts and remittances.

Statement on the Association's system of internal control

The Board is responsible for the Association's system of internal control, and recognises that such a system can provide reasonable, but not absolute, assurance against material misstatement or loss.

The main features of the internal financial control system are:

- written standing orders and financial regulations which delineate responsibilities and levels of authorities
- annual budgets, set in the context of a longer term business plan with clear accountability for control of each part of the budget
- formal budgetary control arrangements with a quarterly reporting cycle
- Board approval of the parameters under which new investments in properties are entered into
- an independent internal audit function working to a risk based audit plan

The Board has reviewed the effectiveness of the system of internal control over the past year.

By Order of the Board

Secretary:



Date: 26th July 2012

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
WALTHAM FOREST HOUSING ASSOCIATION LIMITED**

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WALTHAM FOREST HOUSING ASSOCIATION

We have audited the financial statements of Waltham Forest Housing Association for the year ended 31 March 2012 which comprise the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Balance Sheet and related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with the requirements of statute. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and the auditor

As explained more fully in the Statement of Board's Responsibilities set out on page 5, the board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2012 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, the Housing and Regeneration Act 2008 and The Accounting Requirements for Registered Social Landlords General Determination 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 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 need for our audit.

Nexia Smith & Williamson

Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

Date: 17/18/12

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 £	2011 As restated £
Turnover	16	2,090,674	1,981,663
Operating costs	16	<u>(1,808,629)</u>	<u>(1,613,404)</u>
Operating surplus on ordinary activities		282,045	368,259
Interest receivable	9	3,468	2,429
Interest payable	10	(111,343)	(115,235)
Surplus on ordinary activities for the year	7	<u>174,170</u>	<u>255,453</u>

All amounts relate to continuing activities.

Statement of Total Recognised Gains and Losses
For the year ended 31 March 2012

	Notes	2012 £	2011 As restated £
Surplus for the year		174,170	255,453
Prior year adjustment	23	118,183	-
Total recognised surplus for the year		<u>292,353</u>	<u>255,453</u>

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
BALANCE SHEET
AS AT 31 MARCH 2012

	Notes	2012 £	2011 As restated £
Fixed assets			
Housing properties	2a	12,107,014	12,162,882
Less: Social Housing Grant	2a	<u>(8,142,060)</u>	<u>(8,142,060)</u>
		3,964,954	4,020,822
 Other fixed assets	 2a	 <u>313,731</u>	 <u>321,100</u>
		4,278,685	4,341,922
Current assets			
Debtors	3	65,188	68,334
Cash at bank and in hand		<u>1,275,626</u>	<u>960,884</u>
		1,340,814	1,029,218
Creditors			
Amounts falling due within one year	4	<u>(345,846)</u>	<u>(339,402)</u>
 Net current assets		 <u>994,968</u>	 <u>689,816</u>
 Total assets less current liabilities		 <u>5,273,653</u>	 <u>5,031,738</u>
 Creditors			
Amounts falling due after more than one year	5	1,261,158	1,290,128
Pensions Liability	12	292,143	195,429
 Capital and reserves			
Called-up share capital	6	12	11
Revenue reserves	7	<u>3,720,340</u>	<u>3,546,170</u>
		<u>5,273,653</u>	<u>5,031,738</u>

The financial statements on pages 7 to 23 were approved by the Board of Management on 26 July 2012 and were signed on its behalf by:

Board Member: 

Board Member: 

Secretary: 

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012	2011
		£	Restated £
Net cash inflow from operating activities		570,544	549,372
Returns on investments and servicing of finance	15	(107,875)	(112,806)
Capital Expenditure			
Acquisition and construction of housing properties		(80,372)	(90,606)
Purchase of other fixed assets		(41,261)	(33,982)
		<u>(121,633)</u>	<u>(124,588)</u>
Net cash inflow before financing		341,036	311,978
Financing	15	(26,293)	(23,862)
Increase in cash	15	<u>314,743</u>	<u>288,116</u>
Reconciliation of operating surpluses to net cash inflow from operating activities			
Operating surplus		282,045	368,259
Depreciation charges		184,869	200,719
Change in debtors		3,147	(369)
Change in creditors		3,769	(12,256)
Cancellation of share capital		-	(32)
Pension costs (Provision for Past Service Liability)		<u>96,714</u>	<u>(6,949)</u>
Net cash inflow from operating activities		<u>570,544</u>	<u>549,372</u>

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

1. PRINCIPAL ACCOUNTING POLICIES

The Association is incorporated under the Industrial & Provident Societies Act 1965 and is registered with the Tenant Services Authority as a Registered Social Landlord as defined by the Housing and Regeneration Act 2008.

Basis of Accounting

The financial statements have been prepared in accordance with applicable Accounting Standards and statements of recommended practice. The accounts comply with the Housing and Regeneration Act 2008, the Accounting Requirements for Registered Social Landlords General Determination 2006 ("the Determination") and the guidance in the Statement of Recommended Practice "Accounting by Registered Social Housing Providers" (Updated 2010) ("the SORP"). The accounts are prepared on the historical cost basis of accounting.

The adoption of SORP 2010 led to a change in accounting policy for fixed assets to adopt component accounting during the year which had an impact on the current year and previous years and resulted in a further prior year adjustment. Further detail is provided in Note 23 of the financial impact of these adjustments on the results reports.

The principal accounting policies of the Association are set out below.

Turnover

Turnover represents rental and service charge income, certain revenue grants, management fees and other income. All income is recognised on a receivable basis.

Planned Repairs and Maintenance

During the year the Association adopted component accounting for its Housing Properties. The cost of repairs and maintenance are capitalised in the period it is incurred and allocated to the appropriate component. The component addition is then depreciated over its useful economic life in accordance with the Housing Properties accounting policy noted below.

Tangible Assets and Depreciation

Housing properties, including properties in the course of construction, are stated at cost less applicable grants. The acquisition cost of leasehold properties and office buildings, less applicable grants, is depreciated over the lease period.

Housing Properties

The Association accounts for its expenditure on housing properties using component accounting. Under component accounting the housing property is divided into those major components which are considered to have substantially different useful economic lives. These components are then depreciated over their individual useful economic lives.

The particular components' useful economic lives when new are as follows:

<i>Land</i>	<i>Infinite</i>
<i>Structure</i>	<i>50-120 years</i>
<i>Roofs</i>	<i>15-30 years</i>
<i>Lifts</i>	<i>30 years</i>
<i>Doors and windows</i>	<i>30 years</i>
<i>Wiring</i>	<i>25 years</i>
<i>Bathrooms</i>	<i>25 years</i>
<i>Central heating and boilers</i>	<i>20 years</i>
<i>Kitchens</i>	<i>15 years</i>

The cost of housing property includes applicable overhead expenditure and capitalised interest. Interest on loans deemed to be financing a development is capitalised up to the date of practical completion of a housing scheme.

All properties are reviewed for impairment annually, and where housing properties have suffered a permanent diminution in value, the fall in value is recognised after taking account of any related capital grant.

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Tangible assets and depreciation (continued)

Depreciation of tangible assets, except freehold land, is charged by equal annual instalments from the date of acquisition at rates estimated to write off their cost or valuation, less any residual value, over the expected useful lives, as follows:

<i>Leasehold land and buildings – acquisition costs</i>	- <i>Over period of lease</i>
<i>Freehold buildings – acquisition costs</i>	- <i>0.83% per annum</i>
<i>Freehold buildings – further development</i>	- <i>2.0 % per annum</i>
<i>Remodelled studio flats to 1bed flats</i>	- <i>2.0 % per annum</i>
<i>Improvements to offices</i>	- <i>2.5 % per annum or over remaining lease period, if less than 40 years</i>
<i>Office and Information Technology equipment</i>	- <i>33.33% per annum</i>
<i>Furniture, fixtures and equipment</i>	- <i>15% per annum</i>
<i>Housing furniture and equipment</i>	- <i>3.33% to 10% per annum</i>
<i>Housing Support equipment</i>	- <i>10 % per annum</i>

Social Housing and Similar Grants

When housing developments have been financed wholly or partly by social housing or similar grants, the cost of these developments has been reduced by the amount of grant received. Grants received in excess of the costs to date of schemes in the course of development are shown as current liabilities.

Social Housing Grant (SHG) can be recycled by the RSL 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 the Tenant Services Authority. However, SHG may have to be repaid if certain conditions are not met, and in that event, is a subordinated unsecured repayable debt.

Taxation

The Association has charitable status and is therefore not subject to Corporation tax on its surplus. The Association is not registered for VAT and is not able to recover any part of the VAT it incurs. Unrecoverable VAT is included with the costs on which it is charged.

Pension costs

Waltham Forest Housing Association Limited is a member of a multi-employer defined benefit pension scheme where it is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis and, therefore, as required by Financial Reporting Standard 17 "Retirement Benefits" (FRS17), accounts for the scheme as if it were a defined contribution scheme. As a result, the amounts charged to the income and expenditure account represent the contributions payable to the scheme in respect of the accounting period.

The Social Housing Pension Scheme has confirmed its intention to define the deficits attributable to each employer in value terms, rather than a percentage of payroll. The net present value of the additional contributions required to meet the association's share of the scheme deficit is recognised and accordingly the pension costs relating to the scheme are accounted for in accordance with the requirements of FRS17.

Operating Leases

Rentals paid under operating leases are charged to the Income and Expenditure account as incurred.

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

2a. TANGIBLE FIXED ASSETS – SUMMARY

	Housing Properties (see note 2b, 2c) £	Furniture and Equipment £	Leasehold Offices £	Total £
COST				
At 1 April 2011 (as restated)	13,276,520	336,859	227,741	13,841,120
Write back fully depreciated assets	(50,406)	(39,397)	-	(89,803)
Additions	80,372	41,261	-	121,633
Schemes completed in year	-	-	-	-
<u>At 31 March 2012</u>	<u>13,306,486</u>	<u>338,723</u>	<u>227,741</u>	<u>13,872,950</u>
SOCIAL HOUSING GRANT				
<u>At 1 April 2011 and 31 March 2012</u>	<u>(8,142,060)</u>	<u>-</u>	<u>-</u>	<u>(8,142,060)</u>
DEPRECIATION				
At 1 April 2011 (as restated)	1,113,638	157,835	85,666	1,357,139
Write back charges on fully depreciated assets	(50,406)	(39,397)	-	(89,803)
Charge for year	136,240	42,876	5,753	184,869
<u>At 31 March 2012</u>	<u>1,199,472</u>	<u>161,314</u>	<u>91,419</u>	<u>1,452,205</u>
NET BOOK VALUE				
- AT 31 March 2012	<u>3,964,954</u>	<u>177,409</u>	<u>136,322</u>	<u>4,278,685</u>
- At 31 March 2011 (as restated)	<u>4,020,822</u>	<u>179,025</u>	<u>142,075</u>	<u>4,341,922</u>

2b. TANGIBLE FIXED ASSETS – ANALYSIS OF HOUSING PROPERTIES

	Housing Properties Completed £	Housing Components £	Remodelled Flats £	Total
COST				
At 1 April 2011 (as restated)	10,586,349	2,363,105	327,066	13,276,520
Write back fully depreciated assets	-	(50,406)	-	(50,406)
Additions	-	72,009	8,363	80,372
Schemes completed in year	-	-	-	-
<u>At 31 March 2012</u>	<u>10,586,349</u>	<u>2,384,708</u>	<u>335,429</u>	<u>13,306,486</u>
DEPRECIATION				
At 1 April 2011 (as restated)	341,507	727,085	45,046	1,113,638
Write back charges on fully depreciated assets	-	(50,406)	-	(50,406)
Charge for year	29,744	99,867	6,629	136,240
<u>At 31 March 2012</u>	<u>371,251</u>	<u>776,546</u>	<u>51,675</u>	<u>1,199,472</u>
NET BOOK VALUE				
- AT 31 March 2012	<u>10,215,098</u>	<u>1,608,162</u>	<u>283,754</u>	<u>12,107,014</u>
- At 31 March 2011 (as restated)	<u>10,244,842</u>	<u>1,636,018</u>	<u>282,021</u>	<u>12,162,882</u>

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

2b. TANGIBLE FIXED ASSETS – ANALYSIS OF HOUSING PROPERTIES
(Continued)

Housing properties comprise:	2012	2011 As restated
Cost:		
Freeholds	7,845,249	7,845,249
Long Leaseholds	2,576,409	2,576,409
Short Leaseholds	164,691	164,691
Remodelled Units & Components	<u>2,720,137</u>	<u>2,690,171</u>
	<u>13,306,486</u>	<u>13,276,520</u>

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

2c. Tangible Fixed Assets – Housing Properties – Analysis by Component

	Land	Structure and other	Roof	Lifts	Doors and Windows	Wiring	Bathrooms	Central heating and Boilers	Kitchens	Total
	£	£	£	£	£	£	£	£	£	£
Cost										
At 1 April 2011 – as restated	7,020,605	3,967,237	513,113	388,955	411,303	144,115	174,900	266,634	389,658	13,276,520
Additions	-	8,363	-	-	-	-	-	-	-	8,363
Disposals	-	-	-	-	-	-	-	-	(50,406)	(50,406)
Component replacement	-	-	-	-	30,290	4,954	8,936	3,950	23,879	72,009
Transfers	-	-	-	-	-	-	-	-	-	-
At 31 March 2012	7,020,605	3,975,600	513,113	388,955	441,593	149,069	183,836	270,584	363,131	13,306,486
SHG										
At 1 April 2011 and 31 March 2012	(5,876,350)	(2,265,710)	-	-	-	-	-	-	-	(8,142,060)
Depreciation										
At 1 April 2011 – as restated	-	396,314	133,000	120,182	82,914	52,554	61,439	110,188	157,047	1,113,638
Disposals	-	-	-	-	-	-	-	-	(50,406)	(50,406)
Charge for the year	-	41,330	17,376	12,965	13,752	5,849	7,246	13,449	24,273	136,240
At 31 March 2012	-	437,644	150,376	133,147	96,666	58,403	68,685	123,637	130,914	1,119,472
Net book value										
At 31 March 2012	1,144,255	1,272,246	362,737	255,808	344,927	90,666	115,151	146,947	232,217	3,964,954
At 31 March 2011 – as restated	1,144,255	1,305,213	380,113	268,773	328,389	91,561	113,461	156,446	232,611	4,020,822

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

3. DEBTORS	2012 £	2011 £
<u>Amounts falling due within one year</u>		
Rent arrears	80,579	77,724
Less: Provision	(57,370)	(45,345)
Prepayments and accrued income	41,160	35,136
Other debtors	<u>819</u>	<u>819</u>
	<u>65,188</u>	<u>68,334</u>
4. CREDITORS	2012 £	2011 £
<u>Amounts falling due within one year</u>		
Rents received in advance	53,520	41,629
Housing loans	28,970	26,294
Trade creditors	125,897	134,105
Grants received in advance	-	3,509
Other creditors and accruals	<u>137,459</u>	<u>133,865</u>
	<u>345,846</u>	<u>339,402</u>
5. CREDITORS	2012 £	2011 £
<u>Amounts falling due after more than one year</u>		
Loans repayable by instalments: -		
Between one and two years	31,923	28,970
Between two and five years	116,650	105,858
In five years or more	<u>1,112,585</u>	<u>1,155,300</u>
	<u>1,261,158</u>	<u>1,290,128</u>
<p>These loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest.</p>		
6. CALLED UP SHARE CAPITAL	2012 £	2011 £
Allotted issued and fully paid shares of £1 each		
At start of the year	11	40
Issued during the year	1	3
Cancelled during the year	<u>-</u>	<u>(32)</u>
	<u>12</u>	<u>11</u>
7. RESERVES		Revenue Reserve 2012 £
Balance at 1 April 2011 (as previously stated)		
		3,427,987
Prior year adjustment		
		<u>118,183</u>
Balance at 1 April 2011 (as restated)		
		3,546,170
Surplus for the year		
		<u>174,170</u>
At 31 March 2012		
		<u>3,720,340</u>

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

8. CAPITAL COMMITMENTS

At the year-end there was no capital expenditure at the year-end contracted for but not provided for in the financial statements (2011 £nil); nor was there any capital expenditure authorised by the Board but not yet contracted for (2011 £nil).

9. INTEREST RECEIVABLE AND SIMILAR INCOME	2012	2011
	£	£
Other interest receivable	<u>3,468</u>	<u>2,429</u>
	<u>3,468</u>	<u>2,429</u>
10. INTEREST PAYABLE	2012	2011
	£	£
On loans and overdrafts		
Repayable instalments	101,181	104,711
Pension liability interest	<u>10,162</u>	<u>10,524</u>
Total	<u>111,343</u>	<u>115,235</u>
11. OPERATING SURPLUS FOR THE YEAR	2012	2011
	£	Restated £
Is stated after charging: -	£	£
Auditors' remuneration as auditors	13,440	10,443
Auditors' remuneration as auditors – previous under / (over) – accrual	-	(91)
Depreciation	184,869	200,719
Increase in provision for SHPS past service liability	104,852	-
Operating lease payments	<u>51,194</u>	<u>52,591</u>

12. PENSION OBLIGATIONS

Social Housing Pension Scheme (SHPS)

Waltham Forest Housing Association Limited participates in the Social Housing Pension Scheme (SHPS). SHPS is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate to 31 March 2007. From April 2007 the employer elected to operate the final salary with a 1/70th accrual rate benefit structure for active members as at 1 April 2007 and for new entrants from 1 April 2007.

During the accounting period Waltham Forest Housing Association Limited paid contributions at the rate of 8.5%. Member contributions varied between 5.3% and 7.3% depending on their age. At 31 March 2012, 6 employees (2011: 7) were members of SHPS. The Association continues to offer membership of the Scheme to its employees.

In 2009, the administrators of the Social Housing Pension Scheme began to define the deficits attributable to each employer in value terms, rather than as a percentage of payroll. During the year £104,852 was recognised as an increase in the provision to reflect the best current available estimate of the liability. Accordingly, the deficit attributable to Waltham Forest Housing Association Limited of £292,143 (2011: £195,429) is recognised as a provision and the accounting charge for the year under FRS17 represents the employer contribution payable for current service. The total charge to Waltham Forest Housing Association for the year was £8,138 (2011: £6,948).

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

12. PENSION OBLIGATIONS (contd)

from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2008 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 69.7%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £ 1,985 million and indicated a reduction in the shortfall of assets compared to liabilities to approximately £497 million, equivalent to a past service funding level of 80.0%.

The next formal actuarial valuation of the Scheme was due as at 30 September 2011. The provisional results of the valuation as at 30 September 2011 revealed a shortfall of assets compared with the value of the liabilities of £1,035m, equivalent to a past service funding level of 67.0%. As a result, it is expected that there will be an increase in the level of contributions in the future. The results of the valuation will be available in autumn 2012.

Pensions Trust Growth Plan

The Association participates in the Pensions Trust's Growth Plan (the Plan) as a vehicle for members purchasing Additional Voluntary Contributions. The Plan is funded, is not contracted out of the state scheme and is a multi-employer pension Plan. Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity. The rules of the Plan allow for the declaration of bonuses and / or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses / investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns. The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions. If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the Member and the Member's Employer shall be determined by agreement between them. Such agreement shall require the Employer to pay part of such contributions and may provide that the Employer shall pay the whole of them. The Association did not pay contributions during the accounting period. The member paid contributions at the rate of 3.21% during the accounting period. As at the balance sheet date there was one active member of the Plan employed by The Association. The Association continues to offer membership of the Plan to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme where the Plan assets are co-mingled for investment purposes, and benefits are paid from the total Plan assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

12. PENSION OBLIGATIONS (contd)

The valuation results at 30 September 2008 were completed in 2009 have been formalised. The valuation of the Plan was performed by a professionally qualified actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £742 million and the Plan's Technical Provisions (ie past service liabilities) were £771million. The valuation therefore revealed a shortfall of assets compared with liabilities of £29 million, equivalent to a funding level of 96%.The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	%
	per annum
- Rate of return pre-retirement	7.6
- Rate of return post-retirement	
Active/deferred	5.1
Pensioners	5.6
- Bonuses on accrued benefits	0.0
- Rate of price inflation	3.2

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The Scheme Actuary has prepared a funding position update as at 30 September 2010. The market value of the Plan's assets at that date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £825 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £45 million, equivalent to a funding level of 95%. If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate the Plan liabilities the Trustee has prepared a recovery plan on the basis that no additional contributions from participating employers are required at this point in time. In reaching this decision the Trustee has taken actuarial advice and has been advised that the shortfall of £29 million (as at 30 September 2008) will be cleared within 10 years if the investment returns from assets are in-line with the 'best estimate' assumptions. 'Best estimate' means that there is a 50% expectation that the return will be in excess of that assumed and a 50% expectation that the return will be lower than that assumed over the next 10 years. These "best estimate" assumptions are 8.4% per annum pre-retirement, 5.1% per annum post retirement (actives and deferreds) and 5.6% per annum post-retirement (pensioners).

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation was forwarded to The Pensions Regulator on 18 December 2009 as is required by legislation.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan. The Trustee's current policy is that it only applies to employers with pre-October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up. The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's pre-October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan's pre-October 2001 liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

12. PENSION OBLIGATIONS (contd)

liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Waltham Forest Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 31 March 2012. As of this date the estimated employer debt for Waltham Forest Housing Association Limited was £16,581.

	£
Provision at start of accounting period	8,425
Provision made (reversed) in the period	8,156
	<hr/>
Provision at end of accounting period	<u>16,581</u>

The charge to the Association for the year was £19,139 (2011: £19,763).

13. DIRECTORS' EMOLUMENTS

	2012 £	2011 £
The aggregate emoluments paid to or receivable by Directors	<u>72,812</u>	<u>67,474</u>
The emoluments paid to the highest paid Director of the Association excluding pension contributions:	<u>67,108</u>	<u>62,188</u>
The aggregate amount of any compensation paid to Directors during the year of account	<u>-</u>	<u>-</u>

The Chief Executive is an ordinary member of the pension scheme. The pension scheme is a final salary scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. Directors are defined as the members of the Board and the Chief Executive.

14. EMPLOYEE INFORMATION

	2012	2011
The average monthly number of persons (including the Chief Executive) employed during the year was:	<u>17</u>	<u>17</u>
	£	£
Staff costs (for the above persons)		
Wages and Salaries	508,504	501,323
Social Security costs	47,123	45,785
Increase in SHPS past service liability	104,582	-
Other pension costs	<u>27,277</u>	<u>26,711</u>
	<u>687,486</u>	<u>573,819</u>

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

15. CASH FLOW STATEMENT NOTES

	2012		2011
Returns on investments and servicing of finance	£		£
Interest Received	3,468		2,429
Interest paid	<u>(111,343)</u>		<u>(115,235)</u>
	<u>(107,875)</u>		<u>(112,806)</u>
Financing			
Issue of ordinary shares	1		3
Loans repaid	<u>(26,294)</u>		<u>(23,865)</u>
	<u>(26,293)</u>		<u>(23,862)</u>
Reconciliation of cash movements			
	Brought Forward	Movement	Carried Forward
	£	£	£
Money market investments	876,000	348,997	1,224,997
Short term deposits	<u>84,884</u>	<u>(34,254)</u>	<u>50,630</u>
	<u>960,884</u>	<u>314,743</u>	<u>1,275,627</u>
Analysis of changes in net debt			
	Brought Forward	Movement	Carried Forward
	£	£	£
Cash at bank and in hand	960,884	314,743	1,275,627
Debt due within one year	(26,294)	(2,676)	(28,970)
Debt due after one year	<u>(1,290,128)</u>	<u>28,970</u>	<u>(1,261,158)</u>
Net debt	<u>(355,538)</u>	<u>341,037</u>	<u>(14,501)</u>

16. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	2012 (12 months)		
	Turnover	Operating Costs	Operating Surplus
	£	£	£
SOCIAL HOUSING LETTINGS	2,067,189	(1,808,629)	258,560
OTHER ACTIVITIES			
Commercial rents	15,500	-	15,500
Other	<u>7,985</u>	<u>-</u>	<u>7,985</u>
TOTAL	<u>2,090,674</u>	<u>(1,808,629)</u>	<u>282,045</u>
	2011 (12 months) Restated		
	Turnover	Operating Costs	Operating Surplus
	£	£	£
SOCIAL HOUSING LETTINGS	1,957,779	(1,613,404)	344,375
OTHER ACTIVITIES			
Commercial rents	15,500	-	15,500
Other	<u>8,384</u>	<u>-</u>	<u>8,384</u>
TOTAL	<u>1,981,663</u>	<u>(1,613,404)</u>	<u>368,259</u>

See note 17 for a detailed analysis of the income and expenditure from lettings.

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

17. INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	Housing Accommodation	Supported Housing	12 months Total 2012	12 months Total 2011 Restated
	£	£	£	£
INCOME				
Rents	666,829	860,070	1,526,899	1,450,850
Service Charges	72,299	240,646	312,945	295,202
Support charges	<u>-</u>	<u>228,400</u>	<u>228,400</u>	<u>213,164</u>
Gross rents receivable	739,128	1,329,116	2,068,244	1,959,216
Less: Rent losses from voids	<u>(1,573)</u>	<u>(20,245)</u>	<u>(21,818)</u>	<u>(22,694)</u>
Net rents receivable	737,555	1,308,871	2,046,426	1,936,522
Other Income	<u>-</u>	<u>20,763</u>	<u>20,763</u>	<u>21,257</u>
TOTAL INCOME FROM LETTINGS	<u>737,555</u>	<u>1,329,634</u>	<u>2,067,189</u>	<u>1,957,779</u>
EXPENDITURE				
Services	88,312	206,061	294,373	277,066
Support	-	205,533	205,533	182,045
Management	301,197	468,529	769,726	612,294
Routine Maintenance	72,469	169,095	241,564	205,408
Cyclical maintenance	17,565	40,984	58,549	38,455
Major Repairs	30,487	71,136	101,623	160,500
Rent losses from bad debts	4,196	9,790	13,986	6,106
Other costs- Property depreciation	<u>48,238</u>	<u>75,037</u>	<u>123,275</u>	<u>131,530</u>
TOTAL EXPENDITURE	<u>562,464</u>	<u>1,246,165</u>	<u>1,808,629</u>	<u>1,613,404</u>
OPERATING SURPLUS ON LETTINGS	<u>175,091</u>	<u>83,469</u>	<u>258,560</u>	<u>344,375</u>

18. TAXATION STATUS

The Association has charitable status and is therefore not subject to tax on any surplus.

19. RELATED PARTY TRANSACTIONS

No board members who served during the year were tenants of the Association.

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

20. UNITS		2012	2011
	Under development at end of year		
	Units	—	—
	Under management at end of year: - owned/leased units		
	Rented	329	329
	Under management at end of year: - for another RSL		
	Rented	<u>16</u>	<u>16</u>
		<u>345</u>	<u>345</u>

21. OPERATING LEASES		2012	2011
	At 1 April 2012 the Association had annual commitments under these leases as follows:		
	Buildings Leases - expiring in more than five years	£26,457	£26,457
	Other Leases – two – five years	£14,667	£14,667
	Other Leases	<u>£10,071</u>	<u>£11,467</u>

22. PAYMENT OF CREDITORS		Days	Days
	The average number of days between receipt of invoice and payment of invoice	<u>33</u>	<u>39</u>

23. PRIOR YEAR ADJUSTMENT
The adoption of SORP 2010 has led to a change in accounting policy for fixed assets to adopt component accounting. This has had an impact on the current year and previous year and has resulted in a further prior year adjustment.

The cumulative effect of the prior year adjustment on reserves as at 31 March 2011 is to have increased the reserves by £118,183.

The impact of the prior year adjustment on housing property balances is shown below:

Housing Properties at cost – increase	
Additional amounts capitalised	£587,957
Accumulated Depreciation – (increase)	
Increase in Depreciation charge	<u>£(469,774)</u>
Net cumulative affect	£118,183

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

23. PRIOR YEAR ADJUSTMENT (continued)

The impact of the prior year adjustments on housing property balances is shown below: -

	Housing Properties Completed £	Housing Components & Equipment £	Remodelled Flats £	Total £
COST				
At 1 April 2011 (as previously stated)	11,747,385	658,234	475,251	12,880,870
Prior year adjustment	(1,161,036)	1,897,178	(148,185)	587,957
<u>At 1 April 2011 (as restated)</u>	<u>10,586,349</u>	<u>2,555,412</u>	<u>327,066</u>	<u>13,468,827</u>
DEPRECIATION				
At 1 April 2011 (as previously stated)	386,191	295,485	66,251	747,927
Prior year adjustment	(44,684)	535,663	(21,205)	469,774
<u>At 1 April 2011 (as restated)</u>	<u>341,507</u>	<u>831,148</u>	<u>45,046</u>	<u>1,217,701</u>

The net adjustment of £118,183 is disclosed on the face of the Statement of Total Recognised Gains and Losses.