

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2014**

**REGISTERED NO. L0461**

# WALTHAM FOREST HOUSING ASSOCIATION LIMITED

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## WALTHAM FOREST HOUSING ASSOCIATION LIMITED

### BOARD MEMBERSHIP & ADVISORS

<b>Board</b>	Ben Furr ( <i>Chair</i> ) Paul Block ( <i>Vice Chair</i> ) Christopher Jones ( <i>Treasurer - to 24 September 2013</i> ) - to 19 June 2014 David Joyce ( <i>Treasurer – from 24 September 2013</i> ) James Cook - to 24 September 2013 Jackie Ginger (tenant member) – co-opted 31 July 2013 Errol Harris – to 2 April 2014 Duncan Howard Doreen Richards Legrand – to 27 November 2013 Joe Mensah-Dakwa – co-opted 27 November 2013 Paula Sisson – to 24 September 2013 Olexandra Stepaniuk – to 24 September 2013 Bobby Supiya (tenant member)
<b>Chief Executive</b>	Linda Milton
<b>Secretary</b>	Martin Isaacs
<b>Registered Office</b>	Energy Centre 31 Church Hill London E17 3RU
<b>Bankers</b>	Barclays Bank plc 1 <sup>st</sup> Floor 27 Soho Square London W1D 3QR
<b>Auditors</b>	Nexia Smith & Williamson Chartered Accountants 25 Moorgate London EC2R 6AY
<b>Homes and Communities Agency Registered Number</b>	L0461
<b>Industrial and Provident Society Number</b>	21186R

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**BOARD REPORT**  
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**Review of activities**

The Board presents its report and accounts for the year ended 31 March 2014. The Association's registered Rules state that it was formed for the benefit of the community and its principle activity remains the provision of social housing, with an emphasis on sheltered housing for older people and providing appropriate support. The Association also provides housing for adults with a range of support needs and works with partner agencies that provide the appropriate support. The Association also provides housing for a range of general needs tenants.

The Association made a surplus of £604,874 on ordinary activities for the year compared to a surplus of £531,855 for the previous year. The surplus was well over budget, for a range of reasons. Some costs were contained or reduced by savings and economies: in the first full year after moving the head office to Church Hill premises costs were significantly reduced, and staff costs were well under budget from periods of unfilled vacancies, low pension scheme membership and the annual pay award lower than projected. Component accounting continued to contribute to the surplus with significant cyclical replacement costs capitalised, instead of charged directly to expenditure and only partly offset by depreciation charges. Beyond the financial aspects, the Association had a successful year in many other ways.

*SUPPORT SERVICES*

The Association's floating support model continues to be a model of excellence providing a needs based floating support service across the borough, delivering person-centred support plans to tenants in a total of 210 units - all our 166 sheltered units, London & Quadrant's 16 sheltered units at Millenium House and Southern Housing Group's 28 units at Peach House and Lewis Court.

In June 2013 staff attended the CHS congress where they were presented with a plaque to formally accredit the sheltered floating support services.

During 2013/14 we took part in a London Borough of Waltham Forest (LBWF) tendering process for older people's support services across the borough; this included all the Association's accommodation-based support and the Southern Housing Group support contract. The Association submitted 6 tender proposals, having prepared paper based evidence for each contract. We were successful in maintaining all the existing contracts and were awarded a three year contract with the possibility of a further year's extension.

In September 2013 our support services were inspected by the LBWF Supporting People (SP) Team: this light touch inspection was to determine if we are still achieving the grades achieved in 2012 and to allow us to bid for additional services under the tender framework. We maintained our exceptional high scores of five A ratings and one B in the six core areas of the Quality Assessment Framework (QAF).

Dementia

During 2013/14 the Association and other small registered providers were invited by Orbit Charitable Trust to take part in dementia research, to determine what actions small housing associations needed to take to become dementia-friendly, including the development of a Dementia Strategy. The research was linked to the Prime Minister's national dementia strategy and many subsequent published policies.

Following on from this workshop, WFHA have been selected as one of four Associations to be included in a follow up report on how they are progressing, to be launched in 2014/15. We have developed a detailed Dementia Action Plan, concentrating on all areas of the business, including property specification and design and dementia-specific activities to progress and integrate this work in our day to day business.

The Sunshine Group is an activity group that is tailored to the needs of tenants who are living with Dementia but also suitable for all tenants with or without dementia. This monthly group takes place at schemes across the borough and provides a safe environment for tenants to socialise and take part in activities including, pampering, music quizzes and reminiscence sessions. The group is designed to raise awareness of dementia, to break down the stigma attached to the disease, educate tenants without dementia to understand the needs of their neighbours and reduce social isolation.

As well as being one of the founding members of the Dementia Action Alliance for Waltham Forest (DAA) our Chief Executive was nominated as Chair. We have signed up to its core aims and principles. Regular updates are available on the DAA web page - [http://www.dementiaaction.org.uk/local\\_alliances/6592\\_waltham\\_forest\\_dementia\\_action\\_alliance](http://www.dementiaaction.org.uk/local_alliances/6592_waltham_forest_dementia_action_alliance).

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**Review of activities (contd)**

We also featured in an Inside Housing article called "Room for Dignity" which detailed the Association's commitment to improving the lives and environment for tenants with dementia.

Health and Well-being

Millennium House continues to hold weekly events in partnership with the Coppermill Recycle teenagers' project for older people, providing arts and crafts, film days and a range of activities for the community and our tenants. Our continued partnership with Age UK Waltham Forest delivers health and well-being sessions at two of our sheltered schemes to tenants and other older people in the community.

In June staff and tenants attended Chapel End School to reminisce about summer holidays after children from the school had come back from a trip to the seaside. Tenants and staff showed some old photos and shared personal memories of the seaside with the children so they could see how things have changed over the years. The event was a great success and children, tenants and staff had a wonderful day. This was followed up when we arranged a seaside outing to Southend-on-Sea for sheltered tenants.

The Association continued promoting intergenerational work in other ways. Tenants attended an intergenerational event with a local school to celebrate World Book Day and we hosted our annual Spring Online Silver Surfers day jointly with a local secondary school.

Health Professional Training

Throughout 2013/14 we worked closely with a local hospital to assist in improving the discharge of older people from long term stay or A&E admissions. After this we arranged a series of training sessions to the hospital's charge nurses, matrons and occupational therapists from the older people's wards, which provided insights into tenants' actual experiences of both hospital stays and discharges with recommendations for improvements. It resulted in WFHA being consulted on a review of the discharge protocol and its eventually being implemented across Bart's Health Trust. We continue to deliver joint training sessions with hospital staff and Adult Social Care staff.

The Association also formed a partnership with Healthwatch Waltham Forest, where one staff member volunteers in the statutory "enter and view" process: this process enables volunteers to enter a care setting to inspect the services if a member of the public has raised concerns.

Partnerships

We continue to work with external support providers Outward Housing, Outlook Care and Family Mosaic, who provide support services at our learning disability schemes. We continue to meet with all partners regularly to ensure that our tenants' needs are met and that our landlord duties, including health and safety, are properly discharged.

We continued to maintain our existing partnerships during the year, providing support and housing management at Millennium House for the landlord London & Quadrant and providing support services to Southern Housing Group tenants at Lewis House and Peach Court.

*MAINTENANCE AND CAPITAL WORKS*

The year saw further progress on maintenance services and management. An experienced consultant helped develop our Procurement and Asset Management draft strategies, in consultation with the Tenant Focus Group, Board and staff and provided training for all. This helped shared understanding and promoted the principle that good procurement practice applies overall, from minor office supplies to major maintenance contracts.

The planned works programme arising from the Stock Condition Survey was progressed during the year. It combined the planned programme with opportunities presented by voids and, thus, available for major works without tenant disruption. The Association spent just under £363,000 on a range of works, including window replacement at three schemes - with tenants expressing a high level of satisfaction; kitchen replacement at units in seven schemes; bathroom replacement at

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**Review of activities (contd)**

units in five schemes; heating systems at units in five schemes and rewiring at units in nine schemes. We also replaced the external disabled access lift at one scheme and took the opportunity to remodel two void units from studios to one-bed flats. Overall, works were carried out in 18 schemes.

The Stock Condition Survey is updated after all such works, enabling the Board to regularly consider updated plans for a range of periods, from one-two years and five years up to 30 years. The business plan financial model is also updated to include the costs of implementing the work plan and can be used to illustrate various stress factors and options for financing. Ordinarily, the Board will review the updated full 30 year plan each September and can do so at any other time should circumstances require.

*50<sup>TH</sup> ANNIVERSARY CELEBRATIONS*

During the year the Association celebrated 50 years of providing housing and support services in the London Borough of Waltham Forest, with a wide range of activities. The first event was the official opening of the offices at Church Hill by Stella Creasy MP, also attended by the Mayor of Waltham Forest, Cllr Nadeem Ali and many tenants, working partners and friends.

In June 2013 53 guests attended a special Anniversary lunch hosted by Rt Hon Iain Duncan Smith MP at the House of Commons. Tenants, staff and Board members were joined by John Cryer MP, the Mayor, partners past and present and former staff and Board members. David Orr, CEO of National Housing Federation and Imogen Parry, former Chair of ErosH joined Iain Duncan Smith as guest speakers.

In September 2013 the Association also hosted a reminiscence party for all tenants in September; they were entertained by a cabaret provided by the Variety Club and a three course meal.

*COMMUNICATION*

During the year, working in partnership with Housing Proactive, the Association introduced a new service, with the phased installation of OKEachday phones, through which Housing Proactive provide tenants with the option of a daily contact service 365 days a year, once or twice a day. Tenants can also use the service to remind them of appointments, or as a wake up call service and wellbeing checks: there is also a direct link to the Repairs and Maintenance Service. We are looking to develop our use of this resource, for example sending reminder messages to groups of tenants about meetings, scheduled maintenance work and other matters. While some tenants exercised the option to not have the service, user feedback to date has been very favourable.

We have enhanced the content and appearance of our website and are looking for further improvements over the coming year, including better monitoring of visits to the website so we can analyse its use. The Association also now has a presence on Twitter.

The Association continued to circulate the quarterly newsletter, *Reflections*, with information on our activities and a range of useful information for tenants on health, finances and useful local resources. Tenants have also contributed articles and we wish to encourage more.

To extend digital inclusion to more tenants the Association paid for the installation of PCs, with software tailored to improve access, in two schemes as a pilot. Reactions were generally favourable and tenants opted to maintain the service, paid for by inclusion in future Service Charges. We were also fortunate to have a laptop donated by Deloitte, as a result of a nomination by our Chair.

To improve use of the office telephone system we began investigating the system's facility for recording incoming calls, to monitor the quality of our responses and also to clarify confusion that may arise. We will exercise care regarding confidentiality and incoming callers will be clearly informed.

We also began investigating the use of texting through the housing management software, particularly to assist communication about scheduling and completion of maintenance works. We will learn from the implementation and look to extend use of the facility in other areas.

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**Review of activities (contd)**

*ACCREDITATION*

In addition to the existing Centre for Housing and Support and Chartered Institute of Housing Equality accreditations, the Association successfully gained accreditation under the government's Contractors Health and Safety Assessment Scheme, having demonstrated compliance with, and sound management of, current basic health and safety legislation.

*EXTERNAL ACTIVITIES*

We continue our active involvement in local and national groups promoting the interests of our tenants. Erosh continues to keep us well informed on matters concerning older people and provides a forum where we can join local and national debate and decision making. We continue to work closely with local police and staff are members of three safer neighbourhood schemes and regularly attend the local forum on Anti-Social Behaviour. We continue to attend local forums for Housing Associations, including specialist groups on Housing Management and Housing Benefit and Welfare Reform. Our involvement in the Waltham Forest Dementia Action Alliance is detailed above. All this involvement provides the opportunity to join local debate and influence local decisions. We also attend specialist local Supported Living forums as joint Chair.

We continue to contribute to discussions and promotion of issues relating to smaller Housing Associations by membership of the G320 group and the Centre for Housing and Support's Practitioner Working Group.

We maintained our wider network of partners across London through continued involvement in the Solomon and Solfed Benchmarking groups (for smaller specialist social landlords), particularly through participation in the specialist functional working groups – Chief Executives, Housing Management, Finance and Maintenance. With personnel changes both groups are experiencing a period of change but the Association remains committed.

*TENANT INVOLVEMENT – THE TENANT FOCUS GROUP*

The Tenant Focus Group (Focus Group) has been active for more than 13 years and continues to be involved in the decisions that affect our tenants. At the year-end there were 10 members from sheltered, supported and general needs schemes across the borough. The geographical balance of members continues to improve but a majority still come from sheltered housing.

There are currently two tenant Board members, one from sheltered housing and one from general needs. Providing feedback from Board meetings to the Focus Group has for some years been a regular agenda item. However some work this year has been devoted to ensuring more two way communication and the Board now has the work of the Focus Group on its agenda as well.

Members attend bi-monthly meetings and have worked with an independent facilitator, Jenny Crook, for some years. Meetings are held in the Association's offices in Walthamstow and attendance is generally good. We have recently agreed some guidelines for meetings to ensure these meetings are as effective as possible with equal contributions made by all. The meetings mainly consider one issue in detail, sometimes assisted by an external speaker or staff member. Sub groups are often set up to work with staff on specific issues, for example the Business Plan and the Asset Management and Procurement Strategy.

There is a training budget and recent training included a course on Being a Better Representative. This was run by the Tenant Participation Advisory Service (TPAS) an organisation we joined last year. Members who attended found it very helpful and gave positive feedback.

The Focus Group also contributed to the Association's work by involvement in a range of activities (listed below) some of which, particularly Welfare Reform, carry on from the previous year.

- Welfare Reform and its likely impacts
- Estate Inspection Procedure
- Grounds Maintenance contract (cleaning, window cleaning and gardening)
- Performance Indicators/Rent Arrears
- Use of telephone recording and text messaging to improve service delivery

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**Review of activities (contd)**

*STAFF AND BOARD*

In January 2014 the Board approved the restructuring of the Support team, to comprise a Senior Sheltered Housing Officer and three Sheltered Housing Officers, instead of four Sheltered Housing Officers. The Board agreed that this model would help deliver improved services with the senior post's focus on support plan reviews, performance indicators and events organisation, as well as offering support to the rest of the team and enabling the Support Services Manager to spend more time of developing opportunities for new or additional services.

During the year the Board began a review of pension provision, given the common concerns around the increasing costs of the existing SHPS Defined Benefit scheme. Latterly this was linked to a more wide ranging review of staff terms and conditions, particularly reviewing the existing policy of linking salaries to local government scales and annual awards. External consultants are assisting in surveying current practice in the sector, particularly among smaller similar HAs. The Board expects to decide on future pension provision and terms and conditions during the coming year.

The Association maintained its commitment to staff training. After identifying potential weaknesses in data handling, all staff received training in Data Protection and processes were reviewed and improved. During the year all staff also received training on health and safety, safeguarding, mental health, dementia friends and procurement. Three staff completed the course to gain the Supervisory Management Certificate, one undertook a further management course and another commenced the foundation degree in housing and support. Two new staff attended an Introduction to Social Housing. Support staff received training on agency management, anti-social behaviour, assertiveness and inhouse support planning. Support, Housing and Finance staff received training on a range of topics relating to the housing management software. Finance staff received training on arrears management and the payroll and HR software. Budget holders received internal training on budget management. Fire Marshal training was run for Association staff and colleagues from other RPs. Three staff developed their Excel skills and other training included housing law updates, refresher First Aid training, report writing, time management, welfare reform and exempt accommodation, problem solving, TUPE legislation and HR issues.

Staff attended conferences on welfare reform, housing treasury management, arrears, risk management, funding services for vulnerable people, the CHS congress, the sheltered housing conference, the London development conference, the NHF conference for smaller RPs and the rent and income excellence network summit. Staff also attended seminars on Value for Money, VAT, IT Procurement, FRS102 implementation.

We finally completed the assignment of the lease on our previous head offices, with the settlement costs far outweighed by savings on rent in coming years.

The Board welcomed one new member and a second tenant member during the year. However four members left the Board, so recruitment continues: there are a number of potential members interested in joining during the coming year.

After many years as Treasurer Chris Jones relinquished the role but remained a Board member; David Joyce took over as Treasurer, and the Board express their thanks to both for their service, past and future.

The Board and senior officers continue to work on developing governance. The Business Plan was reviewed thoroughly during the year with input from Focus Group and Board members. Tenant Involvement was also reviewed and is now a standing item on Board agendas, as well as a key issue to be addressed in all relevant Board papers.

During the year the Board received diversity training and briefing sessions before Board meetings on a range of topics, including welfare reform, support services and planned maintenance. The Board Awayday, facilitated by an external consultant, focused partly on the outcomes of the Board's self assessment, including how to make meetings more effective and on developing a shared strategic vision and the range of possible areas of new business.

The Board agreed to the Audit and Risk Committee's proposals that its remit be extended to cover financial monitoring. The Finance Audit and Risk Committee now carries out detailed scrutiny of financial reports and related items in advance of Board meetings, thereby freeing up time for the Board to consider the range of other strategic and governance issues that come to them.

The Board took legal advice to assist a detailed review of the Association's Rules (dating from 2001). The final version, based largely on the NFH 2011 Model Rules was passed by a Special General Meeting in May 2014 and is progressing, via the NHF, to formal approval by the Homes and Communities Agency and registration by the Financial Conduct Authority.

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**Value for Money (VfM) Statement**

WHAT VFM MEANS TO US

Our regulator, the Homes and Communities Agency (HCA), expects us to have a Value for Money strategy (VfM) and systems to ensure delivery. We remain committed to providing an efficient and cost effective service to tenants and other stakeholders. Achieving VfM is essential to how we secure and allocate resources to fulfil that commitment.

Our VfM Strategy was formally approved by the Board in March 2013. Its aims are: -

- To achieve high quality service at the best possible price, recognising that quality is essential
- To secure informed and active commitment from our Board, staff and stakeholders where necessary
- To integrate VfM principles in all we do
- To involve our tenants in pursuing VfM

To achieve VfM we look at: -

- COST – obtaining the most comprehensive rates for quality services/ products
- EFFICIENCY - doing things the best way with the least resources
- EFFECTIVENESS - making sure that we get the result that we want

BENCHMARKING

As reported last year, in many instances the data collated by Acuity provides external comparators that are more relevant to the Association than that provided by Housemark. The former offers comparisons with similar smaller specialist RPs in Greater London, while Housemark data is, inevitably, drawn from a much wider range of RPs, including very large providers of general needs and other types of social housing. The argument also remains that significant economic differences between Greater London and the whole UK could unhelpfully skew results. Regional data are also included.

External comparisons are drawn from the 2013 year-end summary provided by Acuity (then Skills and Projects): the 2014 data was not available for inclusion in this report.

HOW ARE WE DOING?

Understanding our stock

We own 329 units and manage a further 20 units. We currently focus on providing social housing in the London Borough of Waltham Forest and our core services are based around social rents, supporting older people, providing supported accommodation to other adults in partnership with other agencies and providing support to older people in other sheltered accommodation.

Based on stock condition surveys we plan to spend well over £11 million over the next 30 years on investing in our properties. This level of investment means we will meet the Decent Homes Standard with failing and aging components replaced as they fall due. Further information on the year's Maintenance and Planned Works follows.

The Board recognises that getting better VfM from our assets is essential to ensure we can deliver our objectives. This means that there must be a sound business reason for holding any property asset. To ensure that property assets make a positive contribution we regularly appraise our schemes to ensure that:

- a) They meet our tenants' current and future needs; and
- b) They contribute positively over time to the financial viability of the Association.

Going forward, we will extend the appraisals to include projections of longer term rental streams and maintenance costs: this will assist appraising properties which may no longer fit our objectives and whose sale could help finance the development or acquisition of new stock.

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**Value for Money (VfM) Statement (contd)**

Return on Assets

To assess our Return on Assets, we divided our property assets into two categories: General Needs and Sheltered and Supported Housing. It is sensible to class together Sheltered Housing for older people and Supported Housing for adults with other needs because we have relatively few of the latter units, both types of unit qualify for the same enhanced target rent and their maintenance issues are more complex, given the needs of the tenants.

This is the first year that we have calculated this return and comparative figures for the previous year. The slight improvement in 2013/14 is partly due to central office cost savings after the office move and undoubtedly more affected by our one-off additional spending of nearly £51,000 in 2012/13 to relocate our main office, as reported elsewhere.

Property Type	2012/13	2013/14
General Needs	5.8%	6.0%
Sheltered and Supported Housing	3.3%	3.8%
Overall	4.3%	4.7%

Rental Income

We do not set rent levels within the Affordable Rents regime, but maintain the generally lower target rents specified within the government's rent restructuring regime. This provides the social benefit of enabling tenants to better manage their rent accounts as well as reducing the burden on Housing Benefit paid for eligible tenants.

Within that constraint, we maximise rental income by setting the permitted enhanced target rents wherever possible. New let rents are set at these targets, and annual increases are calculated to achieve the target rents wherever possible.

Improving Rent Collection

During the year we improved our procedures for working with tenants with high arrears; we also began preventive work with tenants with low arrears to minimise their arrears and prevent individual debt levels rising.

In July 2013 the Association introduced rent collection by Direct Debit, in addition to payment by Standing Order. The benefits are twofold: tenants are assisting in managing their money and complying with their tenancy terms and the Association saves staff time by this more efficient collection method. Some tenants later moved to direct debit payment in preparation for the annual rent increase in April 2014. At the year-end, 30 tenants were set up to pay all or part of their rent by direct debit, representing annual income collection of around £100,000. Setup costs were £443 (0.4% of annual collection) and recurring costs £465 a year (0.5% of annual collection). All pay originates the debits, so, after set up, demands on staff time are minimal: an added benefit is that the process will not be disrupted when we change bankers in summer 2014, resulting from the tender process in May 2014.

Improvements in collection are clear: at March 2014 Net Rent arrears fell to £53,201 from £72,605 at March 2013 (See Notes 3 and 18). The 2013 comparatives presented below are the median values from peer groups collated on the Acuity website, where we contribute data as a member of the Solomon Benchmarking Group.

**Rent Arrears as % of Rental Income**

2014	2013	Peer Group	Regional	Housemark
2.44%	3.51%	5.59%	5.22%	3.4%

Void losses

Rent losses through Voids increased a little, to £27,299 from £27,066 at March 2013 (see Note 18), compared to the increase in Rent and Service Charge income by over 5.6%. There was a significant anomaly in the year, with one supported unit void for 51 weeks in the year, through persistent problems with nominations, which alone produced a void loss of c.£11,000.

Despite this, the year saw a voids loss decrease to 1.25% of income from 1.31% at March 2013. The 2013 peer group figures, collated as above, all exclude supported housing.

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**Value for Money (VfM) Statement (contd)**

**Void Losses as % of Income**

<b>2014</b>	<b>2013</b>	<b>Peer Group</b>	<b>Regional</b>	<b>Housemark</b>
1.25%	1.31%	0.6%	1.11%	0.94%

Planned Works

The year saw significant progress in our Planned Works programme, described above in the Maintenance and Capital Works section of the Review of Activities.

A measure of the increased activity is that total maintenance spend, including capital costs, rose to £668,568 in the year to March 2014 from £364,111 in the year to March 2013 - an increase of 83.6%. The year also saw a major increase in planned, cyclical and capital works.

**Maintenance Costs**

	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>	<b>Increase</b>
Planned and Cyclical Including Capital	457,344	119,888	281%
Total including Capital	668,568	364,111	83.6%

As a proportion of total maintenance costs, planned and cyclical spending also rose markedly (Note 18 refers).

**Planned and Cyclical Costs as % of Total**

<b>2014</b>	<b>2013</b>	<b>Peer Group</b>	<b>Regional</b>	<b>Housemark</b>
68.4%	32.9%	61%	52.3%	44.5%

The planned works programme is a major factor in the Association's longer-term planning and we can see the beneficial effects of earlier works as costs move proportionally from responsive to planned works.

Being a small Association brings the disadvantage of not having the capacity for decanting whole schemes, which would have clear advantages for some scheme-wide works. However, to counter this we can be more flexible in juggling priorities and take opportunities to add or combine works elements at schemes as the need arises.

Lease renewal

Towards the end of the year the Association exercised its right to extend the lease on a four unit scheme for a further 99 years at a cost of £205,464. The estimated rental income stream over the lease period has a Net Present Value of over £2.6 million; additionally, the annual ground rent reduces from £15,400 to £200. Retaining the scheme for this further term will keep two one-bed and two two-bed general needs flats within the social housing sector in the borough, as well as strengthening the Association's financial viability in the longer term. As the completion was effected after the financial year end the cost is included within Prepayments on the Balance Sheet.

External lease

Towards the end of the year we had to close a four unit supported scheme: the partnership with the support provider had worked well, but could not be maintained as the partner's financial constraints led to their withdrawal of support and the scheme's closure, with resulting loss of income to the Association and the resource to the borough.

After considering a range of options, the Board approved leasing the scheme for five years to another support provider partner: this will maintain both the Association's income stream and the provision of four much-needed units of supported accommodation in the borough.

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**Value for Money (VfM) Statement (contd)**

Service Delivery – comparative costs

Many quality aspects of service delivery are described in the preceding Review of Activities. In every service that we provide, the cost of delivering the service is balanced with the standard and quality of service that tenants need and deserve.

Comparative figures are collated as described above. Housemark data was not available for all categories, and none for Planned / Cyclical Maintenance..

**Average Weekly Service Costs per Dwelling**

	<b>2014 £</b>	<b>2013 £</b>	<b>Peer Group £</b>	<b>Regional £</b>
Responsive Maintenance	8.09	9.60	9.41	10.88
Planned / Cyclical Maintenance	24.83	6.17	n/a	n/a
Management	38.32	34.30	28.33	27.11

The preceding Review section on Communication describes the introduction of the OKEachday phone service and its benefits. This added nearly £50,000 to Management Costs: excluding this additional cost would have given an average weekly cost of £35.54. While the degree of comparability is unclear across the different groups, we should look closely at what we can learn from these comparisons, and this will be one focus of our VfM work in 2014-15.

Tenant Involvement

The activities of the Tenant Focus Group are already described in that section of the Review of Activities. Going forward, we will also benefit from wider involvement as a number of tenants have expressed willingness to take part in specific projects: three have already assisted with two tendering exercises.

Other Achievements

Staff are encouraged to log examples of VfM, ranging from savings achieved to improved services received and provided. Some significant examples follow.

- Staff training – the Review of Activities describes the range of training received. Staff attended a number of free training sessions through the year, run by CiH and the borough, as well as free seminars provided by professional advisors. Some topics were covered by training run inhouse by staff. Staff also attend inexpensive training run locally by the borough, also saving time and travel costs. Training costs are further contained by organising and hosting training provided jointly for our staff and staff from partner organisations.
- Mobile phones - A new two year contract for staff mobile phones was negotiated through our office phone provider, giving a saving over two years of over £2,000.
- Joint procurement with a peer RP resulted in kitchens being purchased direct from the manufacturers: this also entailed tenants being involved in the initial design of the kitchens and choice of the elements of the units. Fitting costs were also reduced as exact drawings and details of units were provided by the manufacturer to contractors.
- Lift Consultancy and Maintenance Contracts - after a competitive tender new service providers were appointed, producing savings of £1,890 for consultancy and over £5,000 for maintenance over the three year contracts

TAKING VFMM FORWARD

Aims and Targets

Value for Money is now a basic component of all tender exercises. The tender programme for internal/central services during 2014 and 2015 includes: banking, utilities, insurance, external audit, I T support and internal audit. Beyond the purely financial, all suppliers are asked to evidence “added value” – to the Association or its tenants, depending on the nature of the service offered.

The Board began discussions on organisational targets for staff, while recognising that, particularly for small organisations, economies of scale are not achievable beyond certain points.

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED  
BOARD REPORT  
FOR THE YEAR ENDED 31 MARCH 2014**

**Value for Money (VfM) Statement (contd)**

Maintenance

Building on the progress reported above, we will look, wherever possible, to combine works and achieve economies in the Planned Major Works Programme. For all general works we aim to agree a schedule of rates with contractors to control costs. We will also pursue joint procurement with partner HAs; we will start this on Voids works, monitor and then look to extend more widely to other suitable works areas.

More Effective Monitoring

The Association regularly reviews its monitoring methods and required reports. The Board accepted an internal audit recommendation during the year and established an annual review of which Key Performance Indicators (KPIs) it will receive in the year to come. This was implemented for 2014/15 and will be carried out before the start of each new financial year. Alongside this the Solomon Benchmarking Group (peer comparators) recently reviewed the KPIs collected: as a result they are now fewer and better focused.

The Board also aim to improve VfM reporting, both internally and externally and the internal audit programme for 2014/15 has been amended to include VfM reporting, both to validate existing reporting and to seek enhancements.

Managers also regularly review which KPIs are collected, to ensure the continued relevance and effectiveness of reports and recently instituted regular independent checks of data collected to validate and ensure its accuracy.

Social Impact

As reported in the Review of Activities above, a range of our services and activities involve members of the community as well as our tenants. Going forward, we will look at how best to collate and present information on the broader social benefits and impact of our services and activities.

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**BOARD REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2014**

**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.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**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:  
Martin Richard Isaacs



Date: 30 July 2014

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

**Nexia Smith & Williamson**

We have audited the financial statements of Waltham Forest Housing Association for the year ended 31 March 2014 which comprise the Income and Expenditure Account, the Cash Flow Statement, the Balance Sheet and related notes 1 to 21. 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 14, 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 Financial Reporting Council's (FRC'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 FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**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 2014 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 Direction for Private Registered Providers of Social Housing 2012.

**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: *6 August 2014*

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2014**

	Notes	2014 £	2013 £
<b>Turnover</b>	17	2,372,498	2,252,686
Operating costs	17	<u>(1,682,931)</u>	<u>(1,633,835)</u>
<b>Operating surplus on ordinary activities</b>		689,567	618,851
Interest receivable	10	4,304	3,776
Interest payable	11	(88,997)	(90,772)
<b>Surplus on ordinary activities for the year</b>	8	<u><u>604,874</u></u>	<u><u>531,855</u></u>

All amounts relate to continuing activities. There were no recognised gains or losses other than those reported above.

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**BALANCE SHEET**  
**AS AT 31 MARCH 2014**

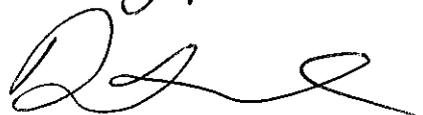
	Notes	2014 £	2013 £
<b>Fixed assets</b>			
Housing properties	2a	12,292,457	12,076,264
Less: Social Housing Grant		<u>(8,142,060)</u>	<u>(8,142,060)</u>
		4,150,397	3,934,204
Other fixed assets	2b	<u>352,702</u>	<u>375,753</u>
		4,503,099	4,309,957
<b>Current assets</b>			
Debtors	3	356,918	147,191
Cash at bank and in hand		<u>1,909,279</u>	<u>1,684,127</u>
		2,266,197	1,831,318
<b>Creditors</b>			
Amounts falling due within one year	4	<u>(435,742)</u>	<u>(299,576)</u>
<b>Net current assets</b>		<u>1,830,455</u>	<u>1,531,742</u>
<b>Total assets less current liabilities</b>		<u>6,333,554</u>	<u>5,841,699</u>
<b>Creditors</b>			
Amounts falling due after more than one year	5	1,182,919	1,223,925
<b>Provisions for Liabilities and Charges</b>			
Pensions Liability	13	293,550	309,735
Other Provisions	6	—	<u>55,829</u>
<b>Total provisions for liabilities and charges</b>		293,550	365,564
<b>Capital and reserves</b>			
Called-up share capital	7	16	15
Revenue reserves	8	<u>4,857,069</u>	<u>4,252,195</u>
		<u>6,333,554</u>	<u>5,841,699</u>

The financial statements on pages 16 to 29 were approved by the Board of Management on 30 July 2014 and were signed on its behalf by:

Board Member:  
David Joyce



Board Member:  
Duncan Howard



Secretary:  
Martin Richard Isaacs



**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2014**

	Notes	£	2014 £	£	2013 £
<b>Net cash inflow from operating activities</b>			673,680		769,113
<b>Returns on investments and servicing of finance</b>	16		(84,693)		(86,996)
<b>Capital Expenditure</b>					
Construction of housing properties		(290,918)		(76,299)	
Purchase of other fixed assets		<u>(36,527)</u>		<u>(166,228)</u>	
			<u>(327,445)</u>		<u>(242,527)</u>
<b>Net cash inflow before financing</b>			261,542		439,590
<b>Financing</b>	16		<u>(36,390)</u>		<u>(31,089)</u>
<b>Increase in cash</b>	16		<u>225,152</u>		<u>408,501</u>
<b>Reconciliation of operating surplus to net cash inflow from operating activities</b>					
Operating surplus			689,567		618,851
Depreciation charges			206,405		211,255
Change in debtors			(209,727)		(82,003)
Change in creditors			59,449		(15,165)
Movement in pension liability			(16,185)		17,592
Change in other provisions			<u>(55,829)</u>		<u>18,583</u>
<b>Net cash inflow from operating activities</b>			<u>673,680</u>		<u>769,113</u>

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

**1. PRINCIPAL ACCOUNTING POLICIES**

The Association is incorporated under the Industrial & Provident Societies Act 1965 and is registered with the Homes and Communities Agency 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 Statement of Recommended Practice. The accounts comply with the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2012 ("the Direction") and the guidance in the Statement of Recommended Practice "Accounting by Registered Social Landlords" (Update 2010) ("the SORP"). The accounts are prepared on the historical cost basis of accounting.

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.

Revenue grants are accounted for once the Association is legally entitled to the grant and there is reasonable assurance that the grant will be received. The grant is recognised within income in line with the expenditure which it funds. Supporting People (SP) grant is payable by local authorities. The amount credited to the income and expenditure account has been evaluated in accordance with SP grant arrangements with specific local authorities.

**Works to existing properties**

The Association adopts component accounting for its Housing Properties. Under component accounting, the cost of eligible major repairs and maintenance are capitalised in the period it is incurred and allocated to the appropriate component. Works to existing properties are capitalised as an addition to the asset to the extent that they provide an enhancement to its economic benefits in excess of the standard of performance anticipated when the asset was first acquired, for example an increase in the net rental stream through an increase in the rental income, a reduction in future maintenance costs or a significant extension to the life of the property, or where it represents the replacement or restoration of an item that has been treated separately and depreciated over its individual useful economic life.

**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>Freehold Land</i>	<i>Infinite</i>
<i>Freehold structure</i>	<i>50-120 years</i>
<i>Leasehold land and structure</i>	<i>Period of lease</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 2014**

**1. PRINCIPAL ACCOUNTING POLICIES (continued)**

**Tangible assets and depreciation (continued)**

*Other tangible fixed assets*

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>Improvements to offices</i>	<i>40 years or remaining lease period, if less than 40 years</i>
<i>Office and Information Technology equipment</i>	<i>30 years</i>
<i>Furniture, fixtures and equipment</i>	<i>6.67 years</i>
<i>Housing furniture and equipment</i>	<i>3 to 7 years</i>
<i>Housing Support equipment</i>	<i>5 years</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 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 Homes and Communities Agency. However, SHG may have to be repaid if certain conditions are not met, and in that event, is a subordinated unsecured repayable debt. When the obligation to repay all or part of the grant expires over a period of time, that proportion of the unamortised grant is released to income when that time has been reached.

**Taxation**

The Association has charitable status and is therefore not subject to Corporation tax on surplus arising from charitable activities. 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**

The Association 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 ("SHPS") has defined the past service deficits attributable to each employer in value terms. 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 past service deficit are accounted for in accordance with the requirements of Financial Reporting Standard 12 "Provisions, Contingent Liabilities and Contingent Assets" ("FRS12").

**Operating Leases**

Rentals paid under operating leases are charged to the Income and Expenditure account as incurred. Lease incentives are accounted for by releasing the benefits evenly over the period of the lease.

**Provisions**

Provisions for liabilities and charges are recognised when the Association has a present obligation (whether legal or constructive) as a result of a past event that can be reliably estimated and it is probable that a transfer of economic benefit will be required to settle the obligation.

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

**2a. TANGIBLE FIXED ASSETS – ANALYSIS OF HOUSING PROPERTIES**

	Housing Properties Completed £	Housing Components £	Remodelled Flats £	Total £
<b>COST</b>				
At 1 April 2013	10,586,349	2,418,750	335,429	13,340,528
Disposals	-	(1,274)	-	(1,274)
Component replacements	-	352,639	10,201	362,840
<u>At 31 March 2014</u>	<u>10,586,349</u>	<u>2,770,115</u>	<u>345,630</u>	<u>13,702,094</u>
<b>DEPRECIATION</b>				
At 1 April 2013	370,371	835,509	58,384	1,264,264
Write back charges on disposals	-	(1,274)	-	(1,274)
Charge for year	31,191	105,304	10,152	146,647
<u>At 31 March 2014</u>	<u>401,562</u>	<u>939,539</u>	<u>68,536</u>	<u>1,409,637</u>
<b>GRANTS</b>				
<u>At 31 March 2013 and 31 March 2014</u>	<u>8,142,060</u>	<u>-</u>	<u>-</u>	<u>8,142,060</u>
<b>NET BOOK VALUE</b>				
At 31 March 2014	<u>2,042,727</u>	<u>1,830,576</u>	<u>277,094</u>	<u>4,150,397</u>
At 31 March 2013	<u>2,073,918</u>	<u>1,583,241</u>	<u>277,045</u>	<u>3,934,204</u>
	2014		2013	
	£		£	
<b>Housing properties comprise:</b>				
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>3,115,745</u>		<u>2,754,179</u>	
	<u>13,702,094</u>		<u>13,340,528</u>	

**2b. TANGIBLE FIXED ASSETS – OTHER**

	Furniture and Equipment £	Leasehold Offices £	Total £
<b>COST</b>			
At 1 April 2013	361,318	355,567	716,885
Write back fully depreciated assets	(69,728)	(403)	(70,131)
Additions	21,881	14,826	36,707
<u>At 31 March 2014</u>	<u>313,471</u>	<u>369,990</u>	<u>683,461</u>
<b>DEPRECIATION</b>			
At 1 April 2013	243,001	98,131	341,132
Write back charges on fully depreciated assets	(69,728)	(403)	(70,131)
Charge for year	50,606	9,152	59,758
<u>At 31 March 2014</u>	<u>223,879</u>	<u>106,880</u>	<u>330,759</u>
<b>NET BOOK VALUE</b>			
At 31 March 2014	<u>89,592</u>	<u>263,110</u>	<u>352,702</u>
At 31 March 2013	<u>118,317</u>	<u>257,436</u>	<u>375,753</u>

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

3. DEBTORS	2014	2013
	£	£
Amounts falling due within one year		
Rent arrears	102,244	150,705
Less: Provision	<u>(49,043)</u>	<u>(78,100)</u>
	53,201	72,605
Prepayments and accrued income	260,843	47,117
Staff loans	8,235	10,769
Other debtors	<u>34,639</u>	<u>16,700</u>
	<u>356,918</u>	<u>147,191</u>

4. CREDITORS	2014	2013
	£	£
<u>Amounts falling due within one year</u>		
Rents received in advance	29,646	40,177
Housing loans	39,726	35,111
Trade creditors	115,008	145,614
Grants received in advance	5,327	5,327
Other creditors and accruals	<u>246,035</u>	<u>73,347</u>
	<u>435,742</u>	<u>299,576</u>

5. CREDITORS	2014	2013
	£	£
<u>Amounts falling due after more than one year</u>		
Loans repayable by instalments: -		
Between one and two years	43,138	36,966
Between two and five years	157,603	132,998
In five years or more	<u>982,178</u>	<u>1,053,961</u>
	<u>1,182,919</u>	<u>1,223,925</u>

These loans are secured by specific charges on the Association's housing properties and are repayable at interest rates varying from 1.0825% to 12.42%.

**6. PROVISIONS FOR OTHER LIABILITIES**

At 1 April 2013		£
Reclassified as Other debtors		55,829
Paid during year		(3,549)
At 31 March 2014		<u>(52,280)</u>
		-
	2014	2013
	£	£
<b>Provisions</b>		
Head Office move / lease disposal costs	-	52,280
Other provisions	<u>-</u>	<u>3,549</u>
	<u>-</u>	<u>55,829</u>

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

**6. PROVISIONS FOR OTHER LIABILITIES (contd)**

Head Office lease disposal costs

The lease on the previous Head Office was reassigned on 23 August 2013. The provision was for dilapidations and onerous lease terms.

<b>7. CALLED UP SHARE CAPITAL</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Allotted issued and fully paid shares of £1 each		
At start of the year	15	12
Issued during the year	<u>1</u>	<u>3</u>
	<u>16</u>	<u>15</u>

The shares do not have a right to any dividend or distribution in a winding-up, and are not redeemable. Each share has full voting rights.

<b>8. RESERVES</b>	<b>Revenue Reserve</b>
	<b>£</b>
Balance at 1 April 2013	4,252,195
Surplus for the year	<u>604,874</u>
At 31 March 2014	<u>4,857,069</u>

**9. CAPITAL COMMITMENTS**

At the year-end there was no capital expenditure contracted for but not provided for in the financial statements (2013 £nil); nor was there any capital expenditure authorised by the Board but not yet contracted for (2013 £nil).

<b>10. INTEREST RECEIVABLE AND SIMILAR INCOME</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Other interest receivable	<u>4,304</u>	<u>3,776</u>

<b>11. INTEREST PAYABLE</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
On loans and overdrafts		
Repayable by instalments	73,886	81,033
Pension liability: unwinding of the discount	<u>15,111</u>	<u>9,739</u>
Total	<u>88,997</u>	<u>90,772</u>

<b>12. OPERATING SURPLUS FOR THE YEAR</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Is stated after charging: -		
Auditor's remuneration as auditors (excl. VAT)	10,167	10,833
Auditor's remuneration as auditors – previous under – accrual	-	3,207
Depreciation	206,405	211,255
Increase in provision for SHPS past service liability (Note 13)	-	27,017
Operating lease payments	<u>14,966</u>	<u>53,518</u>

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

**13. PENSION OBLIGATIONS**

**Social Housing Pension Scheme (SHPS)**

The Association participates in the Social Housing Pension Scheme (SHPS). SHPS is funded and is contracted out of the State Pension scheme.

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 from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the current service 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 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67.0%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The market value of the Scheme's assets at the date of the Actuarial Report was £2,718 million. The Actuarial Report revealed a shortfall of assets compared with the value of liabilities of £1,151 million, equivalent to a past service funding level of 70%.

The past service deficit attributable to the Association is recognised as a provision under FRS12 and the accounting charge for the year represents the unwinding of the discount of the provision and any changes in the estimation of the liability. Contributions are payable at a rate of £32,576 (£31,296 2013/14) increasing by 3% until 2026.

	£
Provision at 1 April 2013	309,735
Paid during the year	(31,296)
Unwinding of discount	<u>15,111</u>
Provision at 31 March 2014	<u>293,550</u>

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 the Association paid contributions at the rate of 10%. Member contributions varied between 5.3% and 7.3% depending on their age. At 31 March 2014, 5 employees (2013: 5) were members of SHPS. The annual pensionable payroll in respect of these members was £184,839 (2013 - £184,839). The Association continues to offer membership of the Scheme to its employees.

The current service charge to the Association for the year was £19,915 (2013: £16,324).

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (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 Scheme. If the liabilities exceed assets there is a buy-out debt.

The Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme, based on the financial position of the Scheme as at 30 September 2013. At this date the estimated employer debt for the Association was £1,607,229 (£1,609,272 at 30 September 2012). This has not been recognised within the financial statements as the Association has no plans to leave the scheme.

**Pensions Trust Growth Plan (The Plan)**

The Association also participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.

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**13. PENSION OBLIGATIONS (contd)**

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. 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 assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

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 valuation results at 30 September 2011 were completed in 2012 and 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 £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore, revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

The Scheme Actuary has prepared a funding position update as at 30 September 2013. The market value of the Plan's assets at that date was £772 million and the Plan's Technical Provisions (i.e. past service liabilities) was £927 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £155 million, equivalent to a funding level of 83%.

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 debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up. The Association 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 30 September 2012. As of this date the Association's estimated employer debt was £17,429 (2013: £19,628). This has not been recognised within the financial statements as the Association has no plans to leave the scheme.

The Association paid no contributions during the accounting period. Members paid contributions at the rate of 3.2% 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.

**14. DIRECTORS' EMOLUMENTS**

Directors are defined as the members of the Board, the Chief Executive and members of the senior management team. Non-executive members of the Board are not remunerated.

	2014	2013
	£	£
Aggregate emoluments paid to or receivable by Directors	<u>184,657</u>	<u>181,612</u>
Aggregate emoluments paid to or receivable by non-executive Directors	---	---
The emoluments paid to the highest paid Director of the Association excluding pension contributions:	<u>67,459</u>	<u>67,886</u>
The aggregate amount of any compensation paid to Directors during the year of account	---	---

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**14. DIRECTORS' EMOLUMENTS (contd)**

	Number	Number
FTE staff with remuneration payable of £60,000 - £70,000	<u>1</u>	<u>1</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.

**15. EMPLOYEE INFORMATION**

Full time equivalent (FTE) staff numbers are calculated on the basis of a 35 hour week.

	2014 Number	2013 Number
The average monthly number of FTE staff (including the Chief Executive) employed during the year was:	<u>16</u>	<u>16</u>
	<b>£</b>	<b>£</b>
Staff costs (for the above persons)		
Wages and Salaries	503,021	492,837
Social Security costs	48,617	47,538
Increase in SHPS past service liability	-	27,017
Other pension costs	<u>36,100</u>	<u>25,748</u>
	<u>587,738</u>	<u>593,140</u>

**16. CASH FLOW STATEMENT NOTES**

	2014 £		2013 £
<b>Returns on investments and servicing of finance</b>			
Interest received	4,304		3,776
Interest paid	<u>(88,997)</u>		<u>(90,772)</u>
	<u>(84,693)</u>		<u>(86,996)</u>
<b>Financing</b>			
Issue of ordinary shares	1		3
Loans repaid	<u>(36,391)</u>		<u>(31,092)</u>
	<u>(36,390)</u>		<u>(31,089)</u>
<b>Reconciliation of cash movements</b>			
	Brought Forward	Movement	Carried Forward
	1 April 2013		31 March 2014
	£	£	£
Money market investments	1,644,996	155,000	1,799,996
Short term deposits	<u>39,131</u>	<u>70,152</u>	<u>109,283</u>
	<u>1,684,127</u>	<u>225,152</u>	<u>1,909,279</u>
<b>Analysis of changes in net funds</b>			
	Brought Forward	Movement	Carried Forward
	1 April 2013		31 March 2014
	£	£	£
Cash at bank and in hand	1,684,127	225,152	1,909,279
Debt due within one year	<u>(35,111)</u>	<u>(4,615)</u>	<u>(39,726)</u>
Debt due after one year	<u>(1,223,925)</u>	<u>41,006</u>	<u>(1,182,919)</u>
<b>Net funds</b>	<u>425,091</u>	<u>261,543</u>	<u>686,634</u>



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**18. INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS**

	Housing Accommodation £	Supported Housing £	Total 2014 £	Total 2013 £
<b>INCOME</b>				
Rent receivable net of identifiable service charges	779,600	937,605	1,717,205	1,610,300
Service charge income	<u>100,022</u>	<u>365,686</u>	<u>465,708</u>	<u>456,466</u>
<b>Turnover from social housing lettings</b>	<u><b>879,622</b></u>	<u><b>1,303,291</b></u>	<u><b>2,182,913</b></u>	<u><b>2,066,766</b></u>
<b>EXPENDITURE</b>				
	£	£	£	£
Management	280,578	407,930	688,508	615,268
Service charge costs	114,261	266,609	380,870	365,532
Routine maintenance	63,370	147,864	211,234	244,223
Planned maintenance	26,493	61,817	88,310	41,131
Major Repairs	1,855	4,329	6,184	2,458
Bad Debts	(1,263)	(2,947)	(4,210)	20,731
Property depreciation	54,377	92,270	146,647	107,048
Other costs: office move	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,791</u>
<b>Operating costs on social housing lettings</b>	<u><b>539,670</b></u>	<u><b>977,871</b></u>	<u><b>1,517,543</b></u>	<u><b>1,447,182</b></u>
<b>Operating surplus on social housing lettings</b>	<u><b>339,952</b></u>	<u><b>325,420</b></u>	<u><b>665,370</b></u>	<u><b>619,584</b></u>
Voids losses	(3,689)	(23,610)	(27,299)	(27,066)

**19. RELATED PARTY TRANSACTIONS**

Jackie Ginger and Bobby Supiya, who served as Board members during the year, are tenants of the Association.

Rents received from these Board members are related party transactions but were under the same terms and conditions as applied to other tenants of the Association.

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20. UNITS	2014 Number	2013 Number
Under management at end of year: owned/leased units - Rented		
general needs housing	141	139
supported housing and housing for older people	<u>188</u>	<u>190</u>
	329	329
Under management at end of year: for another Registered Provider - Rented		
general needs housing	1	1
housing for older people	<u>16</u>	<u>16</u>
	17	17
Under management at end of year: for local authority - Rented		
supported housing	<u>3</u>	-
	<u>349</u>	<u>346</u>

**21. OPERATING LEASES**

	2014 £	2013 £
The Association had annual commitments under these leases as follows:		
Buildings leases - expiring in more than five years	457	457
Other leases – two – five years	-	26,000
Other leases	<u>14,509</u>	<u>27,061</u>