

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

**REGISTERED NO.L0461**

## WALTHAM FOREST HOUSING ASSOCIATION LIMITED

### CONTENTS

|                                             | Page Number |
|---------------------------------------------|-------------|
| Board Membership and Advisors               | 2           |
| Board Report                                | 3 - 14      |
| Independent Auditor's Report to the Members | 15          |
| Statement of Comprehensive Income           | 16          |
| Balance Sheet                               | 17          |
| Statement of Changes in Equity              | 18          |
| Statement of Cash Flows                     | 19-20       |
| Notes to the Financial Statements           | 21-43       |

## WALTHAM FOREST HOUSING ASSOCIATION LIMITED

### BOARD MEMBERSHIP AND ADVISORS

|                                                      |                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Board                                                | Ben Furr (Chair)<br>Paul Block (resigned 24 <sup>th</sup> September 2015)<br>David Joyce (resigned 13 <sup>th</sup> of January 2016)<br>Emma Brett<br>Jackie Ginger (tenant member - resigned 3 <sup>rd</sup> of January 2016)<br>Duncan Howard<br>Julia Andrews<br>Joe Mensah-Dankwah<br>Alice Bradley (resigned 10 <sup>th</sup> December 2015)<br>Wayne Nembhard<br>Bobby Supiya (tenant member) |
| Chief Executive                                      | Linda Milton                                                                                                                                                                                                                                                                                                                                                                                        |
| Secretary                                            | Yusuf Kuti                                                                                                                                                                                                                                                                                                                                                                                          |
| Registered Office                                    | Energy Centre<br>31 Church Hill<br>London<br>E17 3RU                                                                                                                                                                                                                                                                                                                                                |
| Bankers                                              | Lloyds Bank plc<br>39 Threadneedle Street,<br>London, EC2R 8AU                                                                                                                                                                                                                                                                                                                                      |
| Auditors                                             | Nexia Smith & Williamson<br>Chartered Accountants<br>25 Moorgate<br>London<br>EC2R 6AY                                                                                                                                                                                                                                                                                                              |
| Homes and Communities Agency<br>Registered Number    | L0461                                                                                                                                                                                                                                                                                                                                                                                               |
| Co-operative and Community<br>Benefit Society Number | 21186R                                                                                                                                                                                                                                                                                                                                                                                              |

## **WALTHAM FOREST HOUSING ASSOCIATION LIMITED BOARD REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2016**

The Board presents its report and accounts for the year ended 31 March 2016.

#### **PRINCIPAL ACTIVITY**

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 and housing for a range of general needs tenants.

#### **DEVELOPMENT AND PERFORMANCE DURING THE YEAR**

##### Surplus for the year

WFHA made a surplus of £278,609 on ordinary activities for the year compared to a surplus of £635,845 for the previous year. The reduced surplus is partly a result of an increase in the Social Housing Pension Scheme (SHPS) liability of £149,330, due to the new schedule of contributions entered into during the year. During the year Staff costs increased by £63,869 and Service charge costs increased by £124,815, a reflection of WFHA's increased investment in Staff and property maintenance.

##### Support Services

WFHA's Support Services continue to provide needs based floating support model, which continually reflects the needs of the individuals which can change during their stay with us on a regular basis. Throughout 2015/16 we delivered support to 205 tenants, of which 161 are WFHA accommodation based, housing related support; sixteen are London & Quadrant sheltered units at Millennium House and a further twenty-eight receive support-only service at Southern Housing Group's Peach Court and Lewis House.

##### Health and Well-being events and activities

Over the last four years we have continually worked in partnerships with 'Coppermill recycle teenagers' which is a project for older people, providing various activities for the community and our tenants. We have continued our partnership with Age UK Waltham Forest delivering an exercise class and tai chi at two of our sheltered schemes to tenants and other older people in the community. WFHA hosted their annual Spring Online Silver Surfers day, which was a great success providing tenant's with advice and guidance on becoming digitally included.

WFHA's annual fete was once again a huge success with over 100 tenants in attendance and colleagues who work and live in the local community. With a larger number of children attending, we provided entertainment including Punch and Judy show, candy floss, ice cream, karaoke and as well as many other stalls to entertain everyone. We raised £485 for WFHA's Sunshine Club (our dementia awareness group).

WFHA continue to work in partnership with Healthwatch. Two staff volunteered at specific events during the summer and one staff member has continued to volunteer in the 'Enter and View' process across the phlebotomy services.

##### Partnerships

We continue to work with external support providers Outward Housing, Outlook Care and Family Mosaic, who provide support services at our various learning disability schemes. In February 2016, one of the Learning Disability schemes that WFHA provide Housing Management to, closed down with the existing tenants moving to suitable alternative accommodation. The 3 units were owned by LBWF and supported by Family Mosaic and was linked with one of WFHA's own Learning disability schemes, (Manor Road). Due to the fact that Family Mosaic had given notice to terminate their support contract, the support services were tendered by the Local Authority and the contract has now been awarded to one of our current providers Outlook Care, extending our partnership relationship with them.

## **WALTHAM FOREST HOUSING ASSOCIATION LIMITED BOARD REPORT (CONTD.)**

### **FOR THE YEAR ENDED 31 MARCH 2016**

We continue to meet with all partners regularly to ensure that the service is of a high standard and that we fulfil all our landlord duties. Our partnerships with London and Quadrant and Southern Housing Group continue to work well.

#### Accreditations and Funding

WFHA's Supporting People funding accreditation and funding continued throughout 2015 with an end date of September 2016. We have been advised that the contract will be extended to the end of March 2017, with further information expected later in the year.

WFHA achieved a three star accreditation with Centre for Housing with Support Code of Practice Service Excellence Standards, which is the highest rating for our Support Services. Staff and tenants worked extremely hard to achieve this accreditation

WFHA was audited by L&Q, as per their managing agent agreement for Millennium House and we maintained our excellent results.

WFHA maintained the CIH Equality Charter.

#### Dementia

During 2015/16 the Association continued its work locally to increase the awareness of people living with Dementia, with the aspiration to become a dementia-friendly organisation. We continue to progress our Dementia Action Plan, which is regularly reviewed. With all of our staff and Board now trained as Dementia Friends, we felt that it was important for our main contractors and those involved in our Dementia Friendly Cyclical Works programme to be trained, which has subsequently been achieved. The cyclical works in communal areas of two of our sheltered schemes have been improved to dementia friendly standards and are part of a wider aim for our borough to become a dementia friendly community. We worked in conjunction with the Alzheimer's society, the contractor, K&M and suppliers, Dulux.

Throughout 2015/16, the Sunshine Group delivered specific events and activities, on a monthly basis, which have included:

- WW1 VE celebrations
- Reminiscence - looking at old equipment and items to stimulate memories and conversation
- Arts and Crafts
- Quizzes
- Raffle
- Reminiscence dance class
- Exercise class
- Black History reminiscence
- Festive celebrations
- Music session

The Sunshine club was shortlisted for the Erosh Innovation and Good Practice awards.

Our Chief Executive continues to chair the local Dementia Action Alliance for Waltham Forest (DAA) and the group's membership continues to grow. See:

[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).

We are delighted that we have also contributed towards London Borough of Waltham Forests' successful registration for the recognition process for a Dementia Friendly Community. Housing and Arts and Leisure were the two topics that were chosen to start the process. To engage other housing providers in providing Dementia Friendly Schemes economically, our Chief Executive worked with Alzheimer's Society to host a workshop for all local housing providers evidencing how this could be achieved.

## **WALTHAM FOREST HOUSING ASSOCIATION LIMITED BOARD REPORT (CONTD.)**

### **FOR THE YEAR ENDED 31 MARCH 2016**

Both the Chief Executive and the Support Services Manager have delivered presentations at major conferences during the year, highlighting our work. Our Chief Executive was also invited to join the Housing and Dementia Working Group, originally set up by the National Housing Federation but is now facilitated by Sitra.

#### Erosh

The Chief Executive after 20 years of service as an erosh trustee stepped down and was thanked in a ceremony for her contribution to her service. The Support Services Manager was elected as a Trustee to provide continuity for WFHA and other small providers, nationally.

The Support Services Manager contributed to the production of A Sensitive Contractors Guide which has now been published.

#### Safeguarding

As well as providing annual in house training, the Support Services Manager was invited to present as a main speaker at Capitas Safeguarding Adult's Conference, delivering a session on the changing role of housing and safeguarding.

#### Asset Management

2015/16 saw us ready to implement the objectives from our Asset Management Strategy which was approved by the Board the previous year.

Gas Safety is an important part of our statutory duty and has huge Health and Safety implications if not managed and carried out properly. In 2015 we tendered for a new 3 year contract and the successful contractors, Purdy Contracts Ltd started in September. As well as gas safety tests and repairs we are also gathering condition information on our boilers to enable us to move away from replacing boilers on an ad hoc basis when they break down to a planned boiler replacement programme.

A Decent Homes Package, consisting of replacement kitchens and bathrooms, windows and roofs was completed to a selection of our schemes. The benefits for tenants include more modern kitchens, more efficient bathrooms with showering facilities and better insulation and warmth with new high energy double glazing and new roofs.

We completed phases 2 & 3 of our flat roof replacement at Libro Court. Again the new roofs have additional insulation which improves the environmental performance of the building.

We also carried out our first energy efficiency programme at Libro Court which consisted of internal wall insulation, electrical heating upgrades and improved ventilation. These works helped to increase the energy efficiency rating of the properties from E to D. We are monitoring energy bills as part of these works and anticipate the potential savings on energy (based on the average energy performance certificate) to be approximately £100 per year and a real and tangible action on fuel poverty.

Various other improvements across the remainder of our schemes included a new laundry room for Kevan Court and new fencing at Heathcote Grove and The Ridgeway. We also invested in improved ventilation at some of our general needs properties where tenants were reporting condensation problems.

We developed a good working relationship with K&M Decorating Ltd and Dulux to carry out dementia friendly cyclical decorating to Kevan Court and Electric House (see Support Services). Colour was used to differentiate between different floor levels and accessible areas as well as improved signage and flooring. Tenants were consulted and involved in helping to choose colour schemes.

## WALTHAM FOREST HOUSING ASSOCIATION LIMITED BOARD REPORT (CONTD.)

### FOR THE YEAR ENDED 31 MARCH 2016

#### DEVELOPMENT

There were a number of development opportunities that arose during the year. These were both service delivery and new scheme opportunities. Progress had been made on the potential schemes utilising WFHA land but this was halted following the Chancellors announcement of the rent reduction of 1%. A new feasibility had to be assessed and whilst some progress has been made it has been slower than anticipated.

WFHA have also been approached by other organisations to work in partnership on various schemes but discussions are at a very early stage.

We were also invited to work in Partnership with the London Borough of Waltham Forest and Outlook Care to provide Housing Management to a new Department of Health funded scheme for 6 adults with Learning Disabilities. The scheme was completed in the autumn but the first tenants were not identified by London Borough of Waltham Forest until March 16.

#### COMMUNICATION

The Association continues to review how we engage with our tenants and other stakeholders. This was a major section of our Tenants Survey. From this a number of tenants expressed an interest in becoming more involved with us and a large number providing email addresses. We continue to utilise Social media for disseminating information.

The website improvement was tendered and work is currently underway to improve its appearance and enhance its capacity to provide information to stakeholders, tenants and other interested parties. This will provide tenants with the ability to report a repair directly from the website and provide a link to Allpay to pay their rent. We continue to look at other forms of communication such as text.

WFHA encourage our tenants to become digitally included, especially at events such as the Silver Surfers event mentioned previously. To ensure that our tenants can extend their own digital knowledge, as well as the provision of PCs (which includes software tailored to improve access) we have also installed Wi-Fi throughout WFHA's larger sheltered schemes for tenant's personal use.

The Association continues to circulate the quarterly newsletter, *Reflections*, with information on our activities and a range of useful information for tenants on health, finances and local resources. We positively encourage input from our tenants.

We have started our enhancement programme of housing management and finance software which will enable us to work towards a more efficient use of its full potential. This will include the use of a dashboard system that will allow us to monitor real time performance and KPI's as well as planned maintenance and voids modules.

#### 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 (see Support Services). We continue to work closely with local police and staff are members of local safer neighbourhood Panels and also regularly attend the local forum on Anti-Social Behaviour (ASBRAC). We continue to attend local forums for Housing Associations, including specialist groups on Development and Housing Management (including Welfare Reform). WFHA have also been invited to join a new group, during the coming year, tackling Violence against Women and Girls. WFHA continue to be the only RP representative on the local authority's Sheltered Housing Panel, which allocates sheltered housing to applicants on the council's waiting list. Our involvement in the Waltham Forest Dementia Action Alliance and Dementia and Housing Working Group is detailed above.

## **WALTHAM FOREST HOUSING ASSOCIATION LIMITED BOARD REPORT (CONTD.)**

### **FOR THE YEAR ENDED 31 MARCH 2016**

WFHA has always had good contacts with local politicians and this year was no exception with visits from Rt Hon Iain Duncan Smith and Cllr Limbajee (Housing Lead Councillor). We were also pleased to host several visits from members of the National Housing Federation to talk about our work and visit our schemes.

We continue to contribute to discussions and promotion of issues relating to smaller Housing Associations by membership of the G320 group.

#### **TENANT INVOLVEMENT**

Following recent reviews of Governance and Tenant Involvement, a decision was taken to phase out the current Focus Group and introduce a Scrutiny Panel. November saw the last Focus group meeting and WFHA would like to thank members for their time and input over the years.

The new Scrutiny Panel will meet four times a year. Below outlines the objectives, membership and benefits.

#### **Objectives of the Panel**

- To promote accountability of Waltham Forest HA to its tenants
- To provide a route for communication between tenants and Waltham Forest HA
- To monitor services and performance including key performance indicators
- To ensure Waltham Forest HA is a well-run landlord
- To promote good service delivery and procurement
- To ensure transparency of Waltham Forest HA

Following a competitive round of interviews in February, WFHA were very pleased to have appointed 6 successful candidates. They are a diverse group of members from different schemes. We also have an extensive list of tenants who wish to be involved with WFHA in specific projects. (See communication).

WFHA have carried out a satisfaction survey for all tenants and the results of this will feed back into Group as well as assisting us to review the Tenants Charter and Tenants handbook. The Housing Services Manager reported to the Board on the results of the survey and the recommendations will draw into an implementation plan of action, from which our Tenant Involvement Strategy will be produced.

#### **VALUE FOR MONEY (VFM)**

The Board of Management approved our latest VFM Strategy in March 2016. The VfM Statement, to be approved by the Board in July 16 for the year 2015/16, sets out how we have delivered, monitored and maintained the concept of VFM within all the work that WFHA does. It outlines the achievements, not just in financial terms but also benefits and improvements to the organisation, its tenants and others in real terms.

#### **STAFF AND BOARD**

Following the intensive staff recruitment programme last year, our Asset and Housing Service Managers took up their permanent posts. This meant that we now only had to appoint to the Customer Services Post and we would have completed our full recruitment programme. This was completed but at the end of the year our long standing Finance Officer left us. So in the course of 15 months we had a completely new Finance Team.

The Association maintained its commitment to staff training. There are a number of annual training requirements and incorporated our Value for Money strategy by offering some of the training to external partners too. This included training on various aspects of new legislation; Lowering language Barriers; Deaf Awareness; Data Protection; various IT and Software and DSE. We have also contributed to a number of NHF workshops relating to the future of Supported and Sheltered Housing Funding. Staff also attended conferences on Small Providers; Development and Finance.

## **WALTHAM FOREST HOUSING ASSOCIATION LIMITED BOARD REPORT (CONTD.)**

### **FOR THE YEAR ENDED 31 MARCH 2016**

The Board and senior officers attended an away-day event that included team building; an update on the recent legislative proposals; the regulatory framework and working in partnership.

#### **GOVERNANCE**

A major review of Governance took place taking into consideration the Regulatory Reforms and the compliance with the Code of Governance. The objectives for the project were:

1. To support the check of the NHF Code of Governance 2015 and ensure that WFHA is fully compliant.
2. To prepare, implement and report on a Board Appraisal process
3. To review the current arrangements for the Tenant Focus Group, compliance with regulatory requirements on tenant scrutiny, co-regulation and consumer standards.
4. To review the arrangements between the Board and Tenant Focus Group, including the nomination route to the Board and the relationship more widely of the Board and the Group.
5. To carry out a full Compliance Check.

#### **COMPLIANCE WITH THE REGULATORY FRAMEWORK AND NHF CODE OF GOVERNANCE**

The recommendations from the Governance Review covering the current Regulatory Framework and NHF Code of Governance were reported on during the course of the year with regular updates and progress reports.

There was an action plan of points to ensure compliance and these have now been completed, or are in the process of completion or are timetabled in for a future date if not due at present.

The work included; updating a number of policies and manuals; review of role of Tenant Focus Group and managing its 'phasing out'; development of a Tenant Scrutiny Panel; setting up of a Remuneration Committee and associated HR recommendations; full Board Appraisal resulting in identifying skills gaps and training plans(see below); risk (approach, appetite and review of strategic and operational plans); reviewed recruitment process for sub groups to be in line with full board recruitment process(see below); declaration of interests and introduction of DBS (Disclosure and Barring Service) checks for members.

With the exception of the following items which are in progress, WFHA are fully compliant with all aspects of the Regulatory Framework and the NHF Code of Governance:

- Two DBS checks outstanding for existing Members - to be completed in July 16. (New Members have their checks carried out within their first 6 months as part of their induction)
- Regulation Training completed for all existing Board members except one who will receive this training with new board members in July 16.
- FARC and Remuneration committee recruitment processes in place and completed except for one applicant to be interviewed in July for FARC and one existing member of FARC who will be making their application in July.

#### **BOARD RECRUITMENT AND TRAINING**

As part of the Governance Review we completed a Board Skills Audit and found two areas where skills were needed, Finance and Housing Management. A recruitment plan was put into place with a focus on Finance initially. We successfully filled this position with a new member with Finance expertise recruited to the Board and Finance, Audit and Risk Committee. Recruitment continues to be a focus for early 2016/17.

From the skills audit we also highlighted areas of training needs for our current Board Members and a training plan was devised. This training will mainly be completed in house and continues into 2016/17 and covers HR, H&S, Governance, Support, Housing Management, Asset Management and Finance. Board Members have agreed to their individual essential training needs but each session is open to all Members to attend.

## **WALTHAM FOREST HOUSING ASSOCIATION LIMITED BOARD REPORT (CONTD.)**

### **FOR THE YEAR ENDED 31 MARCH 2016**

All new members will receive Induction Training including Governance and Regulation Training. Induction Training is a day of meeting staff and officers and a tour of properties. Governance and Regulation Training is completed by our Governance Consultant, Phil Morgan.

### **POST BALANCE SHEET EVENTS**

There are no material events occurring after the balance sheet date.

### **VALUE FOR MONEY (VFM) STATEMENT**

#### WHAT VFM MEANS TO US

Our regulator, the HCA, expects us to have a Value for Money (VfM) strategy 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 and reviewed in June 2016. 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.

External comparisons are drawn from the 2016 year-end summary provided by Acuity (formally Skills and Projects)

#### HOW ARE WE DOING?

##### Understanding our stock

We own 329 units and provide housing management and support, and support only, to schemes owned by other Landlords. We currently focus on providing social housing in the LBWF and our core services are based around social rents, supporting older people, providing supported accommodation in partnership with other agencies and providing support and housing management to older people in sheltered accommodation owned by other Registered Providers.

Based on stock condition surveys we plan to spend well over £11 million over the next 30 years 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.

## WALTHAM FOREST HOUSING ASSOCIATION LIMITED BOARD REPORT (CONTD.)

### FOR THE YEAR ENDED 31 MARCH 2016

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.

#### 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.

This is the third year that we have calculated this return and comparative figures for the previous year. The slight improvement in 2014/15 is partly due to savings from a lease extension in one of our housing schemes and procurement savings.

| Property Type                   | 2015/16 | 2014/15 |
|---------------------------------|---------|---------|
| General Needs                   | 6.3%    | 6.2%    |
| Sheltered and Supported Housing | 4.16%   | 4.1%    |

#### Rental Income

We do not set rent levels within the Affordable Rents regime, but maintain the generally lower rents specified within the government's regulatory guidance. 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.

#### Improving Rent Collection

During the year we continued to improve our procedures for working with tenants with high arrears despite the challenging regulatory welfare reforms; we also engage in preventive work with tenants with low arrears to minimise their arrears and prevent individual debt levels rising.

Improvements in collection are being progressed: at March 2016 the average quarterly figure for Rent & Service Charges collected as a % of rent due was 101.0% in comparison to our peer benchmark of 100.7% collected. We are slightly down on rent collection last year which 103.4%

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED  
BOARD REPORT (CONTD.)**

**FOR THE YEAR ENDED 31 MARCH 2016**

**VALUE FOR MONEY (VFM) STATEMENT (continued)**

Voids losses

Rent losses through Voids increased, to £39,594 from £35,031 at March 2015 (see Note 4), compared to the increase in Rent and Service Charge income by over 2%. This was a challenging year as we had higher than expected void losses partly due to decanting and scheme improvements.

**Void Losses as % of Income**

| 2016  | 2015  |  | Peer Group | Regional | Housemark |
|-------|-------|--|------------|----------|-----------|
| 1.75% | 1.56% |  | 0.81%      | 1.26%    | 0.77%     |

Planned Works

This year saw significant progress in our Planned Works programme with a total capital spend of £608,280. (2015 £511,263)

The year also saw the Association continue its investment in ensuring decent homes for all WFHA tenants through its commitment to planned, cyclical and capital works.

**Maintenance Costs**

|                                      | 2016<br>£ | 2015<br>£ | Difference |
|--------------------------------------|-----------|-----------|------------|
| Total Maintenance and Cyclical spend | 444,443   | 330,733   | 34.4%      |
| Total including Capital costs        | 1,052,723 | 841,996   | 25.9%      |

As a proportion of total maintenance costs, planned and cyclical spending also rose markedly (Note 4 refers). The increase reflects additional refurbishment works tenders during the year.

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

Service Delivery - comparative costs

Many qualitative 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**

|                                | 2016<br>£ | 2015<br>£ | Peer<br>Group<br>£ |
|--------------------------------|-----------|-----------|--------------------|
| Service Costs                  | 28.66     | 21.13     | n/a                |
| Responsive Maintenance         | 19.29     | 14.76     | 12.6               |
| Planned / Cyclical Maintenance | 5.19      | 3.51      | n/a                |
| Management                     | 43.69     | 36.20     | 28.33              |

## WALTHAM FOREST HOUSING ASSOCIATION LIMITED BOARD REPORT (CONTD.)

### FOR THE YEAR ENDED 31 MARCH 2016

As a smaller Housing Association with less than 500 units, our economies of scale benefits with regards to procurement decisions are limited and this needs to be factored into any benchmark comparisons. The higher costs per dwelling for the current year reflects the fact that while our maintenance and planned works costs have increased significantly in our drive to maintain the decent Homes standard, Housing stock levels, in comparison, have remained unchanged from last year.

#### Tenant Involvement

The strategy for involving Tenants in WFHA's activities has undergone some radical changes as detailed under the review of activities. Going forward, we will benefit from the wider involvement of Tenants in VfM under the new structure.

#### Other Achievements

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

- Interest Charges - we continue to benefit from low risk exposure to interest rate fluctuations as significant proportion of our longer term loans have now been fixed at comparative historically low rates of interests.
- Utility procurement - using an established Broker, significant savings have been achieved in comparison to the prior year prices following a 2 year forward fix of the Association's Gas and Electricity prices bringing significant benefits to WFHA Tenants via future service charge utility bills.
- Maintenance - extractor fans and ducting - purchased extractor fans and deducting in bulk direct from suppliers rather than getting contractors to purchase them individually saving £7,059.24.
- Solo Protect - £1200 savings from the ordering of lone working badges due to excellent relationship with the Supplier
- Maintenance efficiencies - recorded through savings of £15,000 approximately per annum from window replacement contract at our Briscoe and Ridgeway Schemes.
- Competitive tenders - completed in 2015-16 year for the Internal Audit function and planned refurbishment works and major repairs which are expected to secure long term VfM savings and efficiencies.

#### TAKING VFM FORWARD

##### Aims and Targets

The VfM Strategy has been reviewed as part of the governing process; Value for Money is now a basic component of all tender exercises. The tender programme for 2016 and 2017 includes: external audit and major planned works. All suppliers are asked to evidence "added value" - to the Association and/or its tenants, depending on the nature of the service offered.

With regards to the prior year VfM aims and objectives, a competitive tender exercise was completed for major repair works, heating insulation and condensation works for 1 of our larger schemes of 46 units Libro Court. The tender exercise was also completed for cyclical decorations of some of our existing schemes.

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED  
BOARD REPORT (CONTD.)**

**FOR THE YEAR ENDED 31 MARCH 2016**

**VALUE FOR MONEY (VFM) STATEMENT (continued)**

Maintenance

Building on the progress reported above, we will look, wherever possible, to combine works and achieve economies in the Planned Major Works Programme.

More Effective Monitoring

The Association regularly reviews its monitoring methods and required reports. A quarterly review of Key Performance Indicators (KPIs) is undertaken by the Board and Finance, Audit & Risk Committee.

The Board also aim to improve VfM reporting, both internally and externally and the internal audit programme for 2016/17 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.

**STATEMENT OF THE BOARD'S RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

The Board of Management is responsible for preparing the Report of the Board and the financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008 requires the Board to prepare financial statements for each financial year. Under that law the Board has elected to prepare the Association's financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that period. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008. They are 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.

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.

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED  
BOARD REPORT (CONTD.)**

**FOR THE YEAR ENDED 31 MARCH 2016**

**DISCLOSURE OF INFORMATION TO THE AUDITORS**

In the case of each person who was a member of the Board at the time this report was approved:

- so far as that member was aware there was no relevant audit information of which the Association's auditor was unaware; and
- that member had taken all steps that the member ought to have taken as a member to make himself or herself aware of any relevant audit information and to establish that the Association's auditor was aware of that information.

**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:  
Yusuf Kuti

Date: 29<sup>th</sup> September 2016

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

We have audited the financial statements of Waltham Forest Housing Association Limited for the year ended 31 March 2016 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Statement of Cash Flows and the 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) including FRS 102 "The Financial Reporting Standard applicable to the UK and Ireland".

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 13, 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 2016 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

**Matters on which we are required to report by exception**

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

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.



**Nexia Smith & Williamson**  
Statutory Auditor  
Chartered Accountants

25 Moorgate  
London  
EC2R 6AY

Date *30 September 2016*

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 MARCH 2016**

|                                                | Notes | 2016<br>£          | 2015<br>£          |
|------------------------------------------------|-------|--------------------|--------------------|
| Turnover                                       | 3     | 2,545,504          | 2,495,886          |
| Operating costs                                |       | (2,042,244)        | (1,784,915)        |
| Pension Scheme (SHPS) Liability                |       | (149,330)          | -                  |
| Total operating costs                          | 3     | <u>(2,191,574)</u> | <u>(1,784,915)</u> |
| <b>Operating surplus</b>                       |       | 353,930            | 710,971            |
| Interest receivable                            | 8     | 4,608              | 4,585              |
| Interest payable                               | 9     | (79,929)           | (79,711)           |
| <b>Surplus for the year</b>                    | 7     | <u>278,609</u>     | <u>635,845</u>     |
| Other comprehensive income                     |       | -                  | -                  |
| <b>Total comprehensive income for the year</b> |       | <u>278,609</u>     | <u>635,845</u>     |

All amounts relate to continuing activities.

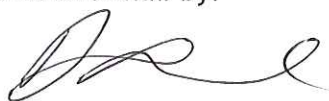
**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**BALANCE SHEET**

**AS AT 31 MARCH 2016**

|                                                                | Notes | 2016<br>£  | 2015<br>£  |
|----------------------------------------------------------------|-------|------------|------------|
| <b>Fixed assets</b>                                            |       |            |            |
| Housing properties                                             | 10    | 12,294,862 | 11,913,325 |
| Other fixed assets                                             | 12    | 350,932    | 329,310    |
|                                                                |       | <hr/>      | <hr/>      |
|                                                                |       | 12,645,794 | 12,242,635 |
| <b>Current assets</b>                                          |       |            |            |
| Debtors                                                        | 13    | 202,484    | 175,780    |
| Cash and cash equivalents                                      |       | 2,361,912  | 2,213,900  |
|                                                                |       | <hr/>      | <hr/>      |
|                                                                |       | 2,564,396  | 2,389,680  |
| <b>Creditors</b>                                               |       |            |            |
| Amounts falling due within one year                            | 14    | (688,309)  | (380,270)  |
|                                                                |       | <hr/>      | <hr/>      |
| <b>Net current assets</b>                                      |       | 1,876,087  | 2,009,410  |
|                                                                |       | <hr/>      | <hr/>      |
| <b>Total assets less current liabilities</b>                   |       | 14,521,881 | 14,252,045 |
|                                                                |       | <hr/>      | <hr/>      |
| <b>Creditors: amounts falling due after more than one year</b> |       |            |            |
| Housing loans (1 year or more)                                 |       | 1,092,251  | 1,139,781  |
| Government grant                                               | 15    | 6,632,740  | 6,718,686  |
| Pension liability                                              | 21    | 400,000    | 275,297    |
|                                                                |       | <hr/>      | <hr/>      |
|                                                                | 14    | 8,124,991  | 8,133,764  |
|                                                                |       | <hr/>      | <hr/>      |
| <b>Capital and reserves</b>                                    |       |            |            |
| Called-up share capital                                        |       | 19         | 19         |
| Revenue reserves                                               |       | 6,396,871  | 6,118,262  |
|                                                                |       | <hr/>      | <hr/>      |
|                                                                |       | 14,521,881 | 14,252,045 |
|                                                                |       | <hr/>      | <hr/>      |

The financial statements on pages 17 to 43 were approved by the Board of Management on 29th September 2016 and were signed on its behalf by:

  
 Ben Furr  
 Board Member

  
 Duncan Howard  
 Board Member

  
 Yusuf Kuti  
 Secretary

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 MARCH 2016**

|                                                   | Share Capital<br>£ | Revenue<br>Reserves<br>£ | Total<br>£ |
|---------------------------------------------------|--------------------|--------------------------|------------|
| At 1 April 2015                                   | 19                 | 6,118,262                | 6,118,281  |
| Surplus from Statement of Comprehensive<br>Income | -                  | 278,609                  | 278,609    |
| At 31 March 2016                                  | 19                 | 6,396,871                | 6,396,890  |

|                                                   | Share Capital<br>£ | Revenue<br>Reserves<br>£ | Total<br>£ |
|---------------------------------------------------|--------------------|--------------------------|------------|
| At 1 April 2014                                   | 19                 | 5,482,417                | 5,482,436  |
| Surplus from Statement of Comprehensive<br>Income | -                  | 635,845                  | 635,845    |
| At 31 March 2015                                  | 19                 | 6,118,262                | 6,118,281  |

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 MARCH 2016**

|                                                | Notes | 2016<br>£ | 2015<br>£ |
|------------------------------------------------|-------|-----------|-----------|
| Net cash generated from operating activities   | A     | 963,567   | 934,116   |
| Cash flow from investing activities            |       |           |           |
| Interest received                              |       | 4,608     | 4,585     |
| Purchase of tangible fixed assets              |       | (697,096) | (514,646) |
| Net cash generated from investing activities   |       | (692,488) | (510,061) |
| Cash flow from financing activities            |       |           |           |
| Interest paid                                  |       | (79,929)  | (79,711)  |
| Repayment of borrowings                        |       | (43,138)  | (39,726)  |
| Issue of ordinary shares                       |       | -         | 3         |
| Net cash used in financing activities          |       | (123,067) | (119,434) |
| Net increase in cash and cash equivalents      |       | 148,012   | 304,621   |
| Cash and cash equivalents at beginning of year |       | 2,213,900 | 1,909,279 |
| Cash and cash equivalents at end of year       | B     | 2,361,912 | 2,213,900 |

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 MARCH 2016**

**A Reconciliation of operating surplus to cash generated by operations**

|                                              | 2016<br>£ | 2015<br>£ |
|----------------------------------------------|-----------|-----------|
| Operating surplus for the year               | 353,930   | 710,971   |
| Depreciation charge on tangible fixed assets | 293,937   | 291,037   |
| (Increase) / decrease in debtors             | (26,704)  | 181,138   |
| Increase/ (decrease) in creditors            | 303,648   | (144,831) |
| Increase / (decrease) in pension liabilities | 120,702   | (18,252)  |
| Amortisation of government grant             | (85,947)  | (85,947)  |
|                                              | <hr/>     | <hr/>     |
| Net cash inflow from operating activities    | 963,566   | 934,116   |
|                                              | <hr/>     | <hr/>     |

**B Cash and cash equivalents**

|                          | At 1 April<br>2015<br>£ | Cash flow<br>£ | At 31 March<br>2016<br>£ |
|--------------------------|-------------------------|----------------|--------------------------|
| Money market investments | 2,114,997               | 214,409        | 2,329,406                |
| Short term deposits      | 98,903                  | (66,397)       | 32,506                   |
|                          | <hr/>                   | <hr/>          | <hr/>                    |
| Net funds                | 2,213,900               | 148,012        | 2,361,912                |
|                          | <hr/>                   | <hr/>          | <hr/>                    |

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

**1. PRINCIPAL ACCOUNTING POLICIES**

**1.1 General Information**

The Association is a Registered Provider of Social Housing registered with the Homes and Communities Agency and is incorporated under the Co-operative and Community Benefit Societies Act 2014.

A description of the nature of the Associations operations and its principal activity is disclosed in the Board Report on page 3.

The Association's registered office is Energy Centre, 31 Church Hill, London, E17 3RU.

**1.2 Basis of Accounting**

These accounts are the first annual Financial Statements of the Association prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Housing SORP 2014 "Statement of Recommended Practice for registered social housing providers 2014" ("the SORP") and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

In accordance with FRS 102 (3.3A), the Association is a public benefit entity that has applied the "PBE" prefixed paragraphs.

FRS 102 is mandatory for accounting periods beginning on or after 1 January 2015.

In accordance with FRS 102 the Association has:

- provided comparative information,
- applied the same accounting policies throughout all periods presented,
- retrospectively applied FRS102 as required, and
- applied certain optional exemptions and mandatory exceptions as applicable for first time adopters of FRS 102.

Further information about the transition and the impact of first-time adoption of FRS 102, is given in accounting policies and note 23.

The accounts have been prepared under the historical cost convention.

The financial statements are presented in Sterling (£).

**Exemptions under FRS 102**

The Association has taken advantage of the following exemption available under FRS 102:

Lease incentives - to recognise any residual benefit or cost associated with lease incentives on the same basis as that applied at the date of transition to FRS 102.

Arrangements containing a lease - to determine whether an arrangement existing at the date of transition to FRS 102 contains a lease on the basis of facts and circumstances existing at that date rather than when the arrangement was entered into.

**1.3 Going concern**

The Housing Associations remains a going concern and the Board do not envisage the Association will not remain a going concern in the foreseeable future in relation to its finances and liabilities.

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

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

**1.4 Turnover**

Turnover represents rental and service charge income, certain revenue grants, management fees and other income.

Rental income is recognised on the basis of the amount receivable for the year. Rental income received in advance is disclosed within creditors in the balance sheet.

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 Statement of Comprehensive Income has been evaluated in accordance with SP grant arrangements with specific local authorities and is accounted for under the performance model for grant accounting.

Other income is accounted for on the basis of the value of goods or services supplied during the period.

The Association operates both fixed and variable service charges on a scheme by scheme basis in full consultation with residents. Service charge and other income are accounted for on the basis of the value of goods or services supplied during the period. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered they are held as creditors or debtors in the balance sheet.

**1.5 Property managed by agents**

Where the Association carries the majority of the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the Statement of Comprehensive Income.

**1.6 Operating Leases**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease, including where payments are not required to be made on a straight line basis. Lease incentives are similarly spread on a straight line basis over the relevant lease terms.

The Association has applied the exemption in Section 35.10(p) and will continue to recognise any residual benefit or cost associated with lease incentives on the same basis as that applied at the date of transition to FRS 102.

**1.7 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.

WALTHAM FOREST HOUSING ASSOCIATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.8 Property, plant and equipment

*Housing properties*

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit.

Freehold and long leasehold housing properties are stated at cost less any provision for any diminution in value and depreciation. The cost of land is not depreciated.

The cost of properties is the initial purchase price together with those costs that are directly attributable to acquisition and construction.

Where the Association receives a donation of loan and/or other asset or acquires land and/or other asset at below its market value from a government source this is considered to be in substance a non-monetary government grant. The difference between the fair value of the asset donated or acquired and the consideration paid for the asset is recognised as a government grant and included in the Statement of Financial Position as a Liability. The terms of the donation or acquisition are considered to be performance related conditions.

Where an asset comprises components with materially different useful economic lives, those assets are separately identified and depreciated over those individual lives.

Subsequent expenditure which relates to either the replacement of previously capitalised components or the enhancement of such components which results in incremental future benefit is capitalised and the carrying amount of any replaced component or part component is derecognised.

Depreciation is provided on a straight line basis over the periods shown below:

|                              |                 |
|------------------------------|-----------------|
| Freehold Land                | Infinite        |
| Freehold structure           | 50-120 years    |
| Leasehold land and structure | Period of lease |
| Roofs                        | 15-30 years     |
| Lifts                        | 30 years        |
| Doors and windows            | 30 years        |
| Wiring                       | 25 years        |
| Bathrooms                    | 25 years        |
| Central heating and boilers  | 20 years        |
| Kitchens                     | 15 years        |

*Capitalisation of administration costs*

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

*Capitalisation of interest*

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

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

**1.8 Property, plant and equipment**

*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:

|                                             |                                                           |
|---------------------------------------------|-----------------------------------------------------------|
| Improvements to offices                     | 40 years or remaining lease period, if less than 40 years |
| Office and Information Technology equipment | 3 years                                                   |
| Furniture, fixtures and equipment           | 6.67 years                                                |
| Housing furniture and equipment             | 3 to 7 years                                              |
| Housing Support equipment                   | 5 years                                                   |

**1.9 Impairment**

*Non-financial assets*

Non-financial assets comprise Property, plant and equipment.

Non-financial assets, other than those measured at fair value, are assessed for indications of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income as described below.

A non-financial asset is impaired where there is objective evidence that, as a result of one or more events after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of a non-financial asset is the higher of its fair value less costs to sell and its value in use.

Value in use for housing properties which are able to be let in their current condition and which are fulfilling the social purpose for which they were acquired is based on the depreciated replacement cost of the asset. For other schemes, value in use is defined as the net present value of the future cash flows before interest generated from the scheme.

*Financial assets*

Financial assets comprise trade and other debtors, cash and cash equivalents, trade and other payables, accruals and loans and overdrafts.

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

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

**1.10 Grant**

*Government grant*

Government grants include grants receivable from the Homes & Communities Agency (HCA), local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure (excluding land), on a pro rata basis under the accrual model of accounting.

The unamortised element of the government grant is recognised as deferred income in creditors due within one year or due after more than one year as appropriate in the Statement of Financial Position.

Where a component is replaced the amount of any unamortised government grant associated with this component is taken to income.

Government grant is repayable indefinitely unless formally abated or waived. On the occurrence of certain relevant events, primarily following the sale of property, the Government Grant repayable or to be recycled will be restricted to the net proceeds of sale where appropriate. In recognition of this, external lenders seek the subordination of the Home and Communities Agency's right to recover Government Grant to their own loans.

Government grant received in respect of revenue expenditure is recognised within income in the same period as the related expenditure, provided that the conditions for its receipt have been satisfied and there is reasonable assurance that the grant will be received using the performance model of grant accounting.

*Recycled capital grant fund*

Following certain relevant events, primarily the sale of dwellings, the Homes and Communities Agency can direct the Association to recycle capital grant or to repay the recoverable capital grant back to the Authority. Where the grant is recycled the recoverable capital grant is credited to a Recycled Capital Grant Fund which is included as a creditor due within one year or due after more than one year as appropriate.

*Other grants*

Grants received from non-government sources are recognised using the performance model. A grant which does not impose a specific future performance condition is recognised as revenue when the grant proceeds are receivable. A grant that imposes a specific future performance related conditions on the Association, is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is shown as a liability in the Statement of financial Position.

**1.11 Financial Instruments**

Financial assets and liabilities comprise trade and other debtors, cash and cash equivalents and trade and other payables.

Financial assets and financial liabilities are recognised when the Association becomes party to the contractual provisions of the financial instrument.

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

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

**1.11 Financial Instruments (continued)**

All financial assets and financial liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Statement of Comprehensive Income, which are initially measured at fair value (normally the transaction price less transaction costs), unless the arrangement constitutes a financial transaction. If an arrangement constitutes a financial transaction, the financial asset or financial liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Statement of Financial Position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Association intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions of Section 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are only derecognised when and only when:

- the contractual rights to the cash flows from the financial asset expire or are settled,
- the Association transfers to another party substantially all the risk and rewards of ownership of the financial asset, or,
- the Association, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

The Association does not use standalone derivative financial instruments to reduce exposure to interest rate movements.

*Cash and cash equivalents*

Cash and Cash Equivalents comprise cash in hand and at bank and short term deposits. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash without significant risk of change in value.

**1.12 Employee benefits**

*Multi-employer defined benefit pension scheme*

The Association is party to a multi-employer defined benefit (final salary) contributory pension scheme administered independently. The Charity is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

As there is a contractual agreement between the scheme and the Association that determines how the deficit will be funded, the contributions payable that arise from the agreement to the extent that they relate to the deficit is recognised as a liability in the Statement of Financial Position and the resulting expense in the Statement of Comprehensive Income.

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

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

**1.12 Employee benefits (continued)**

When the contributions are not expected to be settled within 12 months after the reporting period, the liability is measured at the present value of the contributions payable by using a discounted rate (discounted present value basis). The rate used is determined by reference to market yields at the reporting date on high quality bonds.

*Short term employee benefits*

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date, has been carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

**1.13 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.

**2. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS**

The preparation of Financial Statement requires the use of estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenses for the year. Although these estimates and associated assumptions are based on historical experience and the management's best knowledge of current events and actions, the actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

*Critical judgements in applying the Associations accounting policies*

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Board has made in the process of applying the Association's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Financial instruments classification

The classification of financial instruments as "basic" or "other" requires judgement as to whether all applicable conditions as basic are met. This includes consideration of the form of the instrument and its return.

Identification of cash generating units for impairment testing

For impairment purposes, as explained in the accounting policies, housing properties are grouped into schemes which reflects how the properties are managed.

Recoverable amounts are based on either future cash flows or, for assets held for their service potential, depreciated replacement cost. The assessment of whether an asset is held for its service potential is a matter of judgement and in making that judgement the Board considers the current use of the asset and the expected future use of the asset. If the asset is unable to be let in its current condition or is not being used for a social purpose, either now or in the foreseeable future, it is assessed as not being held for its service potential.

Recoverable amounts for assets held for their service potential is assessed as the depreciated replacement cost which is the lower of (a) the cost of purchasing an equivalent property on the open market; and (b) the land cost plus the rebuilding cost of the structure and components. The

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

**2. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS (continued)**

Association has no history of acquiring or selling properties from or to other registered providers and the Board considers that there is no active market. The accumulated impairment provision at 31 March 2016 was £nil.

Identification of housing property components

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. Judgement is used in allocating property costs between components (land, structure, kitchens, bathrooms etc) and in determining the useful economic lives of each component.

Housing property depreciation is calculated on a component by component basis. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge. The components selected are those which reflect how the major repairs to the property are managed.

*Key sources of estimation uncertainty*

The estimates and assumptions which have the most significant effect on amounts recognised in the financial statements are discussed below:

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to 'technological obsolescence' with regard to IT equipment/software and any changes to decent homes standard requiring frequent replacement of components. The accumulated depreciation at 31 March 2016 was £51,200 for IT Equipment and Software and £ 138,139 for Housing Components.

Impairments of social housing properties held for their service potential

The cost of purchasing an equivalent property on the open market is estimated based on the sale prices for similar properties in or near the same location. The rebuilding cost of structures and components is based on the current build costs, based on either current building contracts or market data (being primarily construction indices) applied to the relevant building size and type.

Amortisation of government grants

Government grants received for housing properties are recognised in income over the useful life (as identified for the depreciation charge) of the housing property (excluding land), on a pro rata basis under the accrual model.

Bad debt provision

The rent arrears balance of £158,295 comprises a relatively large number of small balances. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

**2. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS (continued)**

Multi-employer pension obligation

The Association has entered into a contractual agreement with the Social Housing Pension Scheme (SHPS) to determine how the deficit will be funded. Contributions not expected to be settled within 12 months after the reporting date are measured at the present value of the contributions payable by using a discounted rate (discounted present value basis). The rate used is determined by reference to market yields at the reporting date on high quality bonds. A liability of £400,000 is recorded the statement of financial position at 31 March 2016.

FOR THE YEAR ENDED 31 MARCH 2016

|                                                 | 2016          |                         | 2015                      |                           |
|-------------------------------------------------|---------------|-------------------------|---------------------------|---------------------------|
|                                                 | Turnover<br>£ | Operating<br>Costs<br>£ | Operating<br>surplus<br>£ | Turnover<br>£             |
|                                                 |               |                         | Costs<br>£                | Operating<br>surplus<br>£ |
| Social housing lettings                         | 2,348,017     | (2,012,542)             | 335,474                   | 2,307,032                 |
| Other Social Housing Activities                 |               |                         |                           |                           |
| Charges for support services                    | 144,571       | (179,032)               | (34,461)                  | 150,481                   |
|                                                 | 2,492,588     | (2,191,574)             | 301,013                   | 2,457,513                 |
| Activities other than Social Housing Activities |               |                         |                           |                           |
| Other Income                                    | 52,916        | -                       | 52,916                    | 38,373                    |
| TOTAL                                           | 2,545,504     | (2,191,574)             | 353,929                   | 2,495,886                 |
|                                                 |               |                         |                           | 38,373                    |
|                                                 |               |                         |                           | 672,598                   |
|                                                 |               |                         |                           | (21,682)                  |
|                                                 |               |                         |                           | 710,971                   |

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

|          |                                                                                       |                  |                  |
|----------|---------------------------------------------------------------------------------------|------------------|------------------|
| <b>4</b> | <b>PARTICULARS OF TURNOVER AND OPERATING EXPENDITURE FROM SOCIAL HOUSING LETTINGS</b> | <b>2016</b>      | <b>2015</b>      |
|          |                                                                                       | <b>£</b>         | <b>£</b>         |
|          | <b>Income</b>                                                                         |                  |                  |
|          | Rent receivable net of identifiable service charges                                   | 1,799,831        | 1,749,984        |
|          | Service charge income                                                                 | 462,239          | 471,101          |
|          | Amortisation of government grant                                                      | 85,947           | 85,947           |
|          |                                                                                       | <hr/>            | <hr/>            |
|          | <b>Turnover from Social Housing Lettings</b>                                          | <b>2,348,017</b> | <b>2,307,032</b> |
|          |                                                                                       | <hr/>            | <hr/>            |
|          | <b>Operating expenditure</b>                                                          |                  |                  |
|          | Service charge costs                                                                  | 520,194          | 395,379          |
|          | Management                                                                            | 779,163          | 636,566          |
|          | Routine maintenance                                                                   | 350,139          | 267,291          |
|          | Planned maintenance                                                                   | 90,492           | 47,914           |
|          | Major repairs expenditure                                                             | 3,812            | 14,162           |
|          | Bad debts                                                                             | 17,035           | 9,342            |
|          | Housing property depreciation                                                         | 251,708          | 242,098          |
|          |                                                                                       | <hr/>            | <hr/>            |
|          | <b>Operating expenditure on Social Housing Lettings</b>                               | <b>2,012,543</b> | <b>1,612,752</b> |
|          |                                                                                       | <hr/>            | <hr/>            |
|          | <b>OPERATING SURPLUS ON SOCIAL HOUSING LETTINGS</b>                                   | <b>335,474</b>   | <b>694,280</b>   |
|          |                                                                                       | <hr/>            | <hr/>            |
|          | <b>MEMORANDUM</b>                                                                     |                  |                  |
|          | Rent losses from voids                                                                | (39,594)         | (35,031)         |
|          |                                                                                       | <hr/>            | <hr/>            |

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

**5. EMPLOYEE INFORMATION**

|                                                                                                                                                           | 2016<br>Number | 2015<br>Number |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| The average monthly number of persons (including the Chief Executive) employed during the year was: (full time equivalents calculated on a 35 hour week). | 15             | 16             |
| <b>Staff costs (for the above persons)</b>                                                                                                                | <b>£</b>       | <b>£</b>       |
| Wages and salaries                                                                                                                                        | 548,952        | 494,122        |
| National Insurance contributions                                                                                                                          | 54,868         | 48,378         |
| Pension costs                                                                                                                                             | 36,885         | 34,336         |
|                                                                                                                                                           | <b>640,705</b> | <b>576,836</b> |

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.

The full time equivalent number of staff whose remuneration payable in relation to the period of account fell within each band of £10,000 from £60,000 upwards is as follows:

|                   | 2016<br>Number | 2015<br>Number |
|-------------------|----------------|----------------|
| £60,000 - £70,000 | 2              | 2              |
| £70,000 - £80,000 | 1              | 1              |

**6. DIRECTORS' EMOLUMENTS**

|                                                                                                      | 2016<br>£ | 2015<br>£ |
|------------------------------------------------------------------------------------------------------|-----------|-----------|
| The aggregate emoluments paid to or receivable by Directors, including pension contributions         | 222,317   | 208,744   |
| The emoluments paid to the highest paid Director of the Association excluding pension contributions: | 69,625    | 68,812    |

The Chief Executive is an ordinary member of the pension scheme. No enhanced or special terms apply. There are no additional pension arrangements.

**7. SURPLUS FOR THE YEAR**

|                                                | 2016<br>£ | 2015<br>£ |
|------------------------------------------------|-----------|-----------|
| Is stated after charging:-                     |           |           |
| Auditor's remuneration (excluding VAT)         |           |           |
| In their capacity as auditors                  | 15,000    | 11,757    |
| In respect of other services                   |           |           |
| Depreciation-owned assets - housing properties | 251,708   | 242,098   |
| - office building                              | 9,250     | 9,250     |
| - other fixed assets                           | 32,979    | 39,688    |
| Operating lease rentals - plant and machinery  | 13,604    | 14,578    |

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

|     |                                              |           |           |
|-----|----------------------------------------------|-----------|-----------|
| 8.  | INTEREST RECEIVABLE                          | 2016<br>£ | 2015<br>£ |
|     | Bank interest                                | 4,608     | 4,585     |
|     |                                              |           |           |
| 9.  | INTEREST PAYABLE                             | 2016<br>£ | 2015<br>£ |
|     | Interest payable                             | 66,508    | 65,388    |
|     | Pension liability: unwinding of the discount | 13,421    | 14,323    |
|     |                                              |           |           |
|     | Total                                        | 79,929    | 79,711    |
|     |                                              |           |           |
| 10. | TANGIBLE FIXED ASSETS - HOUSING PROPERTIES   |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |
|     |                                              |           |           |

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

**10. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES (continued)**

|                               | 2016<br>£        | 2015<br>£        |
|-------------------------------|------------------|------------------|
| Housing properties comprise   |                  |                  |
| Freeholds                     | 8,005,257        | 7,845,249        |
| Long Leaseholds               | 2,782,408        | 2,782,408        |
| Short Leaseholds              | 164,692          | 164,692          |
| Remodelled Units & Components | 3,868,222        | 3,394,987        |
|                               | <hr/> 14,820,579 | <hr/> 14,187,336 |
|                               | <hr/>            | <hr/>            |

**11. UNITS AT END OF YEAR - SOCIAL HOUSING**

|                                                  | 2016<br>Units | 2015<br>Units |
|--------------------------------------------------|---------------|---------------|
| Owned & Managed                                  |               |               |
| Housing                                          |               |               |
| - Social rent, general needs housing             | 145           | 141           |
| - Supported housing and housing for older people | 184           | 188           |
|                                                  | <hr/> 329     | <hr/> 329     |
|                                                  | <hr/>         | <hr/>         |
| Managed on behalf of others                      | 20            | 20            |
| <i>For another Registered Provider</i>           |               |               |
| - General needs housing                          | 1             | 1             |
| - Housing for older people                       | 16            | 16            |
| <i>For local authority</i>                       |               |               |
| - Rented supported housing                       | 3             | 3             |
|                                                  | <hr/> 20      | <hr/> 20      |
|                                                  | <hr/>         | <hr/>         |
|                                                  | 349           | 349           |
|                                                  | <hr/>         | <hr/>         |

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

**12. TANGIBLE FIXED ASSETS - OTHER**

|                                     | <b>Furniture<br/>and<br/>Equipment<br/>£</b> | <b>Leasehold<br/>Offices<br/>£</b> | <b>Total<br/>£</b> |
|-------------------------------------|----------------------------------------------|------------------------------------|--------------------|
| <b>COST</b>                         |                                              |                                    |                    |
| At 1 April 2015                     | 331,638                                      | 369,990                            | 701,628            |
| Additions                           | 63,851                                       | -                                  | 63,851             |
| <b>At 31 March 2016</b>             | <b>395,489</b>                               | <b>369,990</b>                     | <b>765,479</b>     |
| <b>DEPRECIATION</b>                 |                                              |                                    |                    |
| At 1 April 2015                     | 256,188                                      | 116,130                            | 372,318            |
| Charge for year                     | 32,979                                       | 9,250                              | 42,229             |
| <b>At 31 March 2016</b>             | <b>289,167</b>                               | <b>125,380</b>                     | <b>414,547</b>     |
| <b>NET BOOK VALUE</b>               |                                              |                                    |                    |
| <b>At 31 March 2016</b>             | <b>106,322</b>                               | <b>244,610</b>                     | <b>350,932</b>     |
| At 31 March 2015                    | 75,450                                       | 253,860                            | 329,310            |
| <b>13. DEBTORS</b>                  |                                              | <b>2016<br/>£</b>                  | <b>2015<br/>£</b>  |
| Amounts falling due within one year |                                              |                                    |                    |
| Rent arrears                        |                                              | 158,295                            | 134,173            |
| Less: Provision                     |                                              | (61,549)                           | (56,485)           |
|                                     |                                              | <b>96,746</b>                      | <b>77,688</b>      |
| Prepayments and accrued income      |                                              | 58,054                             | 60,477             |
| Staff loans                         |                                              | 20,006                             | 10,679             |
| Other debtors                       |                                              | 27,678                             | 26,936             |
|                                     |                                              | <b>202,484</b>                     | <b>175,780</b>     |

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

**14. CREDITORS**

|                                                     | <b>2016</b>     | <b>2015</b>     |
|-----------------------------------------------------|-----------------|-----------------|
|                                                     | <b>£</b>        | <b>£</b>        |
| <u>Amounts falling due within one year</u>          |                 |                 |
| Rents received in advance                           | 49,617          | 44,130          |
| Housing loans                                       | 47,530          | 43,138          |
| Trade creditors                                     | 377,745         | 147,049         |
| Grants received in advance                          | 5,327           | 5,327           |
| Other creditors and accruals                        | 122,143         | 54,679          |
| Government Grant (note 15)                          | 85,947          | 85,947          |
|                                                     | <hr/> 688,309   | <hr/> 380,270   |
|                                                     | <hr/> <hr/>     | <hr/> <hr/>     |
| <u>Amounts falling due after more than one year</u> |                 |                 |
| Loans repayable by instalments: -                   |                 |                 |
| - Between one and two years                         | 52,190          | 47,530          |
| -Between two and five years                         | 232,686         | 173,655         |
| -In five years or more                              | 807,375         | 918,596         |
| Government grant (note 15)                          | 6,632,740       | 6,718,686       |
| Pension Liability (note 20)                         | 400,000         | 275,297         |
|                                                     | <hr/> 8,124,991 | <hr/> 8,133,764 |
|                                                     | <hr/> <hr/>     | <hr/> <hr/>     |

The housing 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%.

**15. GOVERNMENT GRANT**

|                                                      | <b>Held as<br/>deferred<br/>income<br/>£</b> | <b>Recognised<br/>in profit or<br/>loss<br/>£</b> | <b>Total<br/>2016<br/>£</b> | <b>Total<br/>2015<br/>£</b> |
|------------------------------------------------------|----------------------------------------------|---------------------------------------------------|-----------------------------|-----------------------------|
| At 1 April                                           | 6,804,633                                    | -                                                 | 6,804,633                   | 6,890,580                   |
| Additions                                            |                                              |                                                   |                             |                             |
| Grant amortised in the year                          | -                                            | (85,947)                                          | (85,947)                    | (85,947)                    |
|                                                      | <hr/> 6,804,633                              | <hr/> (85,947)                                    | <hr/> 6,718,686             | <hr/> 6,804,633             |
| At 31 March                                          |                                              |                                                   |                             |                             |
| Capital grant previously amortised to profit or loss | -                                            | 1,423,374                                         | 1,423,374                   | 1,337,427                   |
|                                                      | <hr/> 6,804,633                              | <hr/> 1,337,427                                   | <hr/> 8,142,060             | <hr/> 8,142,060             |
| Total grant received as at 31 March                  |                                              |                                                   |                             |                             |
|                                                      | <hr/> <hr/>                                  | <hr/> <hr/>                                       | <hr/> <hr/>                 | <hr/> <hr/>                 |

Social Housing Grants have been provided by the Homes and Communities Agency to fund the development of Social Housing for rent. As at 31<sup>st</sup> of March 2016 the total government grant is £6,718,686 split into amortised over more than one year £6,632,740 and amortised within one year £85,947

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

| <b>16. CALLED UP SHARE CAPITAL</b>               | <b>2016<br/>£</b> | <b>2015<br/>£</b> |
|--------------------------------------------------|-------------------|-------------------|
| Allotted issued and fully paid shares of £1 each |                   |                   |
| At start of the year                             | 19                | 16                |
| Issued during the year                           | -                 | 3                 |
|                                                  | <hr/>             | <hr/>             |
|                                                  | 19                | 19                |
|                                                  | <hr/>             | <hr/>             |

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.

**17. RESERVES**

The revenue reserve represents the accumulated surpluses and deficits.

Although under its rules the Association does not trade for profit, its financial affairs are planned so that each year income exceeds expenditure. The annual surplus is vital to enable the Association to meet its commitments to providers of private finance, continue to raise further private finance and have reserves to provide for unexpected situations.

In relation to its reserves, the Board of Waltham Forest Housing Association has set out its financial risk appetite to ensure its cash reserves do not fall below a minimum of 6 months' operating costs; this would cover salary, maintenance and all other operating commitments in the worst scenario.

| <b>18. FINANCIAL INSTRUMENTS</b>                 | <b>2016<br/>£</b> | <b>2015<br/>£</b> |
|--------------------------------------------------|-------------------|-------------------|
| Financial assets measured at amortised cost      |                   |                   |
| Trade and other debtors                          | 202,484           | 175,780           |
| Cash and cash equivalents                        | 2,361,912         | 2,213,900         |
|                                                  | <hr/>             | <hr/>             |
|                                                  | 2,564,396         | 2,389,680         |
|                                                  | <hr/>             | <hr/>             |
| Financial liabilities measured at amortised cost |                   |                   |
| Trade and other creditors                        | 432,689           | 196,506           |
| Accruals                                         | 122,143           | 54,679            |
| Loans repayable within one year                  | 47,530            | 43,138            |
| Loans repayable after more than one year         | 1,092,251         | 1,139,781         |
|                                                  | <hr/>             | <hr/>             |
|                                                  | 1,694,613         | 1,434,104         |
|                                                  | <hr/>             | <hr/>             |

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

**19. CAPITAL COMMITMENTS**

At the year end there was no capital expenditure contracted for but not provided for in the financial statements (2015 - £nil); nor was there any capital expenditure authorised by the Board but not yet contracted for (2015 - £nil).

**20. OPERATING LEASES**

The future minimum lease payments under non-cancellable leases are as follows:

|                               | Land and<br>buildings<br>£ | 2016<br>Other<br>£ | Land and<br>buildings<br>£ | 2015<br>Other<br>£ |
|-------------------------------|----------------------------|--------------------|----------------------------|--------------------|
| For leases expiring:          |                            |                    |                            |                    |
| Within one year               | -                          | 13,604             | -                          | 14,578             |
| Between two and five<br>years | -                          | -                  | -                          | -                  |
| After five years              | 457                        | -                  | 457                        | -                  |
|                               | <hr/>                      | <hr/>              | <hr/>                      | <hr/>              |
|                               | 457                        | 13,604             | 457                        | 14,578             |
|                               | <hr/>                      | <hr/>              | <hr/>                      | <hr/>              |

The Association leases out its certain of its properties under operating leases. The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

|                                          | 2016<br>£ | 2015<br>£ |
|------------------------------------------|-----------|-----------|
| <i>For leases expiring:</i>              |           |           |
| Later than one year but within five year | 55,800    | 55,800    |
|                                          | <hr/>     | <hr/>     |
|                                          | 55,800    | 55,800    |
|                                          | <hr/>     | <hr/>     |

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

**21. PENSION OBLIGATIONS**

**Social Housing Pension Scheme ("SHPS")**

The Association participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

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

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

**Deficit contributions**

|                                         |                                                                             |
|-----------------------------------------|-----------------------------------------------------------------------------|
| <b>Tier 1</b>                           | £40.6m per annum                                                            |
| From 1 April 2016 to 30 September 2020: | (payable monthly and increasing by 4.7% each year on 1 <sup>st</sup> April) |
| <b>Tier 2</b>                           | £28.6m per annum                                                            |
| From 1 April 2016 to 30 September 2023: | (payable monthly and increasing by 4.7% each year on 1 <sup>st</sup> April) |
| <b>Tier 3</b>                           | £32.7m per annum                                                            |
| From 1 April 2016 to 30 September 2026: | (payable monthly and increasing by 3.0% each year on 1 <sup>st</sup> April) |
| <b>Tier 4</b>                           | £31.7m per annum                                                            |
| From 1 April 2016 to 30 September 2026: | (payable monthly and increasing by 3.0% each year on 1 <sup>st</sup> April) |

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

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

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

**21. PENSION OBLIGATIONS (continued)**

Past service deficit reduction contributions of £34,000 (2015: £32,576) are payable by the Association annually until 2023 and 2026 respectively, increasing by 4.7% and 3% per annum.

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

| <b>Present value of provision</b>                         | <b>2016<br/>£</b>               | <b>2015<br/>£</b>               |
|-----------------------------------------------------------|---------------------------------|---------------------------------|
| As at 31 March                                            | 400,000                         | 275,297                         |
| <hr/>                                                     |                                 |                                 |
| <b>Reconciliation of opening and closing provisions</b>   | <b>2016<br/>£</b>               | <b>2015<br/>£</b>               |
| Provision as at 1 April                                   | 275,297                         | 293,550                         |
| Unwinding of the discount factor                          | 13,421                          | 14,323                          |
| Deficit contributions paid                                | (34,000)                        | (32,576)                        |
| Re-measurement - impact of changes in assumptions         | 18,282                          | -                               |
| Re-measurement - changes to the schedule of contributions | 127,000                         | -                               |
| As at 31 March                                            | 400,000                         | 275,297                         |
| <hr/>                                                     |                                 |                                 |
| <b>Income Statement impact</b>                            | <b>2016<br/>£</b>               | <b>2015<br/>£</b>               |
| Unwinding of discount factor                              | 13,421                          | 14,323                          |
| Impact of changes in assumptions                          | 18,282                          | -                               |
| Amendments to the contribution schedule                   | 127,000                         | -                               |
| As at 31 March 2015/16                                    | 158,703                         | 14,323                          |
| <hr/>                                                     |                                 |                                 |
| <b>Assumptions</b>                                        | <b>2016<br/>% per<br/>annum</b> | <b>2015<br/>% per<br/>annum</b> |
| Rate of discount                                          | 2.06%                           | 1.92%                           |

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

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

**21. PENSION OBLIGATIONS (continued)**

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 2016, 4 employees (2015 - 4) were members of SHPS. The annual pensionable payroll in respect of these members was £169,293 (2015 - £166,964).

The Association continues to offer membership of the Scheme to its employees however the Defined Benefit Scheme has been closed to new employees effective from the 31 December 2014 and replaced with the Defined Contribution Scheme.

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 2015. At this date the estimated employer debt for the Association was £2,040,955 (£1,607,229 at 30 September 2013). This has not been recognised within the financial statements as the Association has no plans to leave the scheme.

**22. RELATED PARTY TRANSACTIONS**

There were two Tenants of the Association, who served as Board members during the year.

Rents received from these Board members are related party transactions and were under the same terms and conditions as applied to other tenants of the Association. During the year rent of £14,768 (2015: 7,460) were charged to tenant Board members. At the year end £0(2015: £0) was outstanding/paid in advance.

Key management are the persons having authority and responsibility for planning, controlling and directing the activities of the Association. In the opinion of the Board, the key management are the senior management team.

The total remuneration of key management Staff during the year inclusive of taxes was £220,247

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

**23. FRS 102 TRANSITION**

These financial statements are the Association's first financial statements in compliance with FRS 102. The date of transition was 1 April 2014.

The transition to FRS 102 has resulted in some changes in accounting policies compared to those used previously. The following table describes the differences between the amounts presented previously under old UK GAAP and as restated to comply with FRS 102:

- in the statement of comprehensive income and statement of financial position for the year ended 31 March 2015 (i.e. comparative information); and
- in the opening balance sheet (i.e. at 1 April 2014, the date of transition).

**Reconciliation of capital and reserves**

|                                                                       | At 1 April<br>2014<br>£ | At 31 March<br>2015<br>£ |
|-----------------------------------------------------------------------|-------------------------|--------------------------|
| As previously reported                                                | 4,857,085               | 5,482,009                |
| Adjustments:                                                          |                         |                          |
| 1. Amortization of Social Housing Grant                               | 1,251,480               | 1,337,427                |
| 2. Increased depreciation against cost of Freehold Housing properties | (442,900)               | (479,142)                |
| 3. Increased depreciation against cost of Leasehold properties        | (183,233)               | (222,013)                |
| As restated                                                           | 5,482,432               | 6,118,281                |

**Reconciliation of the surplus on ordinary activities for the year ended 31 March 2015**

|                                                                       | £        |
|-----------------------------------------------------------------------|----------|
| As previously reported                                                | 624,921  |
| Adjustments:                                                          |          |
| 1. Amortization of Social Housing Grant                               | 85,947   |
| 2. Increased depreciation against cost of Freehold Housing properties | (36,243) |
| 3. Increased depreciation against cost of Leasehold properties        | (38,780) |
| As restated                                                           | 635,845  |

WALTHAM FOREST HOUSING ASSOCIATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

23. FRS 102 TRANSITION (continued)

Notes:

1. Previously government grant was deducted from the gross cost of the property. Under FRS 102 government grant is included within creditors and amortised over the life of the structure.
- 2 and 3. Previously depreciation was calculated on the net cost of the property, cost less grant. Under FRS 102 depreciation is calculated on the gross cost.

In addition to the above depreciation change the Association has also changed its estimate of the split of the property cost between land and structure. FRS 102 and old UK GAAP requires that changes to estimates are reflected prospectively. However the Association has accounted for this adjustment retrospectively and is reflected in the above depreciation adjustment on transition. The change in estimate is not considered to be material and accounts for £5,433 of the movement in depreciation.