

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**REGISTERED RSH NO.L0461**

# WALTHAM FOREST HOUSING ASSOCIATION LIMITED

## CONTENTS

|   | Page Number |
|---|-------------|
| Board Membership and Advisors               | 2           |
| Board Report                                | 3 - 8       |
| Independent Auditor's Report to the Members | 9 - 10      |
| Statement of Comprehensive Income           | 11          |
| Balance Sheet                               | 12          |
| Statement of Changes in Equity              | 13          |
| Statement of Cash Flows                     | 14 -15      |
| Notes to the Financial Statements           | 16 - 37     |

## WALTHAM FOREST HOUSING ASSOCIATION LIMITED

### BOARD MEMBERSHIP AND ADVISORS

|  |  |
|--|--|
| <b>Board</b>   | Duncan Howard (Chair)<br>Joe Mensah-Dankwah (Vice - Chair)<br>Emma Brett<br>Julia Andrews<br>Nevil Osborne<br>Marina Robertson (Co-opted 19 March 2019)<br>Richard F Sanders (Co-opted September 2018)<br>Dale Walker (Co-opted November 2018) |
| <b>Chief Executive</b>                                       | Shahron Shah   |
| <b>Secretary</b>   | Michael Jarrett  |
| <b>Registered Office</b>                                     | Energy Centre<br>31 Church Hill<br>London<br>E17 3RU   |
| <b>Bankers</b>   | Lloyds Bank plc<br>39 Threadneedle Street,<br>London, EC2R 8AU   |
| <b>Auditors</b>  | Nexia Smith & Williamson<br>Chartered Accountants<br>25 Moorgate<br>London<br>EC2R 6AY   |
| <b>Regulator of Social Housing<br/>Registered Number</b>     | L0461  |
| <b>Co-operative and Community<br/>Benefit Society Number</b> | 21186R   |

# **WALTHAM FOREST HOUSING ASSOCIATION LIMITED**

## **BOARD REPORT**

**FOR THE YEAR ENDED 31 MARCH 2019**

### **1. Principal activity**

The Association's principal activity is to provide housing and services to the community. Currently we operate within the boundary of the London Borough of Waltham Forest.

We own 331 homes, 6 of which are leased to other Registered Providers. Approximately half of our homes form sheltered housing for those aged 55 plus. We provide a small number of homes for people with learning disabilities and autism in partnership with specialist support providers Outward Housing and Outlook Care.

### **2. Performance and drivers for change**

In 2018/19 the Association achieved a surplus of £203,882 (2017/18 - £289,097). This was a reduction of £40,000 to that anticipated in the budget for the year, largely through additional spend on electrical safety works.

### **3. Board effectiveness**

As a result of our triennial Governance review in the July/ August 2018, a revised governance manual and Board appraisal process was introduced. Individual Board member appraisals will be undertaken in 2020.

### **4. Health and Safety**

The health and safety of tenants and staff is paramount to the Association. In 2018/9 we completed 271 actions as recommended by our fire risk assessments. In addition to works associated with electrical safety testing, we also completed 163 Landlord Gas Safety checks and associated works. 18 percent of dwellings and 100 percent of communal areas were surveyed for asbestos. All communal water outlets were tested regularly for water hygiene and lightning protection was tested and maintained on the properties that have it.

### **5. Tenant involvement**

During 2018/19 the Association's Tenant Scrutiny Panel met on six occasions. Their planned work related to estate scrutiny inspections and voids and lettings processes.

### **6. Value for Money**

#### **6.1 Our Value for Money Strategy**

Our Value for Money Strategy and Action Plan for 2018/19 is mapped to our Business Plan for 2018/20. Actions include outputs and targets to deliver improved value for money through ensuring economy, efficiency, effectiveness and equity.

Our improvement approach is two-fold; deliver our Development Strategy, which commits us to increasing our homes by 23% over the next 4 years, and therefore produces economies of scale, and find efficiency savings.

In terms of development, we are making progress. During the year we became a partner with LB Waltham Forest in bringing ex-local authority stock back in to social housing. During the year we also became a development partner with London & Quadrant (L&Q) under the Build London Partnership programme. L&Q are considering how we might develop on our own land and are also identifying opportunities for us, including Section 106 properties. In addition, we are seeking finance to enable us to meet our development aspirations and expect funds to be available in late 2019.



**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**BOARD REPORT (continued)**

**FOR THE YEAR ENDED 31 MARCH 2019**

In terms of efficiency savings, we had several targets in 2018/19 which included reducing our headline cost per unit (see 6.3 Metric 5).

In addition, our Value for Money Action Plan includes targets against the Regulator's Value for Money metrics - see below.

Benchmark data is based upon the Regulator's Value for Money Summary Report (September 2018).

**6.2 The Value for Money Standard**

In April 2018, the Regulator of Social Housing (RSH) published a new Value for Money Standard. Our compliance with the Standard is shown below:

|   | <b>We are required to</b>  | <b>Compliance achieved by</b>   |
|---|--|---|
| 1 | Clearly articulate our strategic objectives  | Business Plan 2018/20   |
| 2 | Have an approach, agreed by our Board, to achieving value for money in meeting these objectives and demonstrate their delivery and value for money to stakeholders | Value for Money Strategy 2018/20, Value for Money Action Plan 2018/19   |
| 3 | Through our strategic objectives, articulate our strategy for delivering homes that meet a range of needs  | Business Plan 2018/20 and Asset Management Strategy 2018/22   |
| 4 | Ensure that optimal benefit is derived from resources and assets, and optimise economy, efficiency and effectiveness in the delivery of our strategic objectives   | Business Plan 2018/20, Asset Management Strategy 2018/22 and assessment against a new suite of 7 metrics set by the RSH (see 6.3) |

**6.3 Assessment against the RSH suite of seven Value for Money metrics**

**Metric 1 - Reinvestment %**

This metric looks at investment in properties (existing stock as well as new supply) as a percentage of the value of the total of properties held:

|                | <b>Achieved<br/>2018/19</b> | <b>Benchmark<br/>2018/19</b> | <b>Target<br/>2018/19</b> | <b>Achieved<br/>2017/18</b> | <b>Target<br/>2019/20</b> |
|----------------|-----------------------------|------------------------------|---------------------------|-----------------------------|---------------------------|
| Reinvestment % | 3.9%                        | 5.8%                         | 4%                        | 4.0%                        | 4.0%                      |

Delivery of our development programme hasn't been as swift as we would like. As stated previously, we are seeking finance to enable us to meet our development aspirations and expect funds to be available in late 2019.

**Metric 2 - New supply delivered %**

This metric looks at the number of units delivered in the year:

|                        | <b>Achieved<br/>2018/19</b> | <b>Benchmark<br/>2018/19</b> | <b>Target<br/>2018/19</b> | <b>Achieved<br/>2017/18</b> | <b>Target<br/>2019/20</b> |
|------------------------|-----------------------------|------------------------------|---------------------------|-----------------------------|---------------------------|
| New supply delivered % | 0%                          | 0.7%                         | 0.6%                      | 0%                          | 0.7%                      |

Although no new supply was delivered during 2017/18 or 2018/19 the Association has been working on a new development strategy that will start to deliver new supply during 2019/20 and future years.

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**BOARD REPORT (continued)**

**FOR THE YEAR ENDED 31 MARCH 2019**

**Metric 3 - Gearing %**

This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on finance debt:

|           | Achieved<br>2018/19 | Benchmark<br>2018/19 | Target<br>2018/19 | Achieved<br>2017/18 | Target<br>2019/20 |
|-----------|---------------------|----------------------|-------------------|---------------------|-------------------|
| Gearing % | (6.1)%              | 32.2%                | 12.0%             | (9.0)%              | 12.0%             |

The Association has low levels of historic debt finance and significant balance sheet capacity in order to leverage future development plans. We expect to finalise arrangements for development finance by the end of 2019, which will result in us acquiring / seeking planning permission for 20 new homes in 2019/20.

**Metric 4 - Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) interest cover %**

This metric is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a provider generates compared to interest payable:

|                                | Achieved<br>2018/19 | Benchmark<br>2018/19 | Target<br>2018/19 | Achieved<br>2017/18 | Target<br>2019/20 |
|--------------------------------|---------------------|----------------------|-------------------|---------------------|-------------------|
| EBITDA MRI<br>interest cover % | 774%                | 268%                 | 888%              | 972%                | 600%              |

We expect to finalise arrangements for development finance by the end of 2019.

**Metric 5 - Headline social housing cost per unit**

This metric assesses the costs of managing each property:

|   | Achieved<br>2018/19 | Benchmark<br>2018/19 | Target<br>2018/19 | Achieved<br>2017/18 | Target<br>2019/20 |
|---|---------------------|----------------------|-------------------|---------------------|-------------------|
| Headline social<br>housing cost per<br>unit | £5,707*             | £6,065               | £5,821            | £5,892              | £5,600            |

Our benchmark for 2018/19 and our targets for 2018/19 and 2019/20 are informed by the Regulator's Value for Money Summary Report (September 2018), which demonstrates that costs are driven by location and service type.

Approximately half of our stock is Housing for Older People (HOP). This, together with our location, significantly influences our headline cost per unit. RSH Value for Money Metric data (Sept 2018), shows that HOP provision incurs an additional £1,400 per unit, and, a London location incurs an additional £1,900 per unit.

A key focus for us in 2018/19 was reduction of management costs and our headline cost per unit. Compared with 2017/18, we reduced our management costs by more than 5%, and our headline cost per unit by more than 3%. This is despite a reduction of 17 units due to housing management of a sheltered housing scheme returning to a new care and support arm of the landlord, a larger registered provider.

As described in 6.1, delivery of our Development Strategy and increasing our units in ownership / management is key to further improving our headline cost per unit.

We are pleased with our progress, however, reducing costs further is an area of continued focus for the Association.



**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**BOARD REPORT (continued)**

**FOR THE YEAR ENDED 31 MARCH 2019**

\*excludes depreciation (£322,518), bad debts (£25,360) and costs related to a tenure neutral floating support service (£148,777)

**Metric 6 - Operating margin %**

The operating margin demonstrates the profitability of operating assets before exceptional expenses are taken in to account:

|  | Achieved<br>2018/19 | Benchmark<br>2018/19 | Target<br>2018/19 | Achieved<br>2017/18 | Target<br>2019/20 |
|--|---------------------|----------------------|-------------------|---------------------|-------------------|
| Operating margin % (social housing lettings) | 8.3%                | 22.6%                | 12%               | 13%                 | 12.0%             |
| Operating margin % (overall)                 | 7.66%               | 18.1%                | 9%                | 11%                 | 10.0%             |

RSH benchmarking data shows that associations with large proportions of Supported Housing or Housing for Older People (such as WFHA) tended to record lower operating margins (by around 10 percentage points), compared to those with smaller proportions or none at all. We are working towards improving our overall operating margin by 1% in 2019/20.

**Metric 7 - Return On Capital Employed (ROCE) %**

This metric compares operating surplus to total assets less current liabilities and is a common measure on the commercial sector to assess the efficient investment of capital resources. The ROCE metric supports providers with a wide range of capital investment programmes.

|                                     | Achieved<br>2018/19 | Benchmark<br>2018/19 | Target<br>2018/19 | Achieved<br>2017/18 | Target<br>2019/20 |
|-------------------------------------|---------------------|----------------------|-------------------|---------------------|-------------------|
| Return On Capital Employed (ROCE) % | 1.6%                | 4.3%                 | 1.8%              | 2.0%                | 2.0%              |

Please see previous comments regarding investment and our expectation that finance will be available in late 2019.

**6.4 Other Value for Money activities**

In addition to the initiatives noted above, cost saving initiatives in 2018/19 included reducing service charge costs to tenants. We improved the quality of tenants' lives by installing new photo reactive LED lighting throughout our scheme at Heathcote Grove. This directly reduces service charge costs to tenants. We also invested in various energy saving improvements in our tenants' homes including:

- £107,684 on new windows and doors in a number of schemes
- £75,910 in plumbing and heating replacements
- £138,939 on electrical testing, repairs and upgrades
- £38,419 on gas safety testing and repairs

**7. Compliance with the Regulatory Framework and Code of Governance**

The Association is compliant with the Governance and Financial Viability Standard as set out by the Regulator of Social Housing.

The Association has adopted the National Housing Federation's Code of Governance and is compliant with it.

FOR THE YEAR ENDED 31 MARCH 2019

## 8. Statement of Board responsibilities in respect of the accounts

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

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, 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 of the Association for that period.

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

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

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

The Board is responsible for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

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

## 9. Internal controls

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

In addition, a new Risk Management Strategy was implemented in May 2018.

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

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED**  
**BOARD REPORT (continued)**

**FOR THE YEAR ENDED 31 MARCH 2019**

**10. Going concern**

The Board has a reasonable expectation that Waltham Forest Housing Association has adequate resources to continue in operation for the foreseeable future. For this reason, the Board continues to adopt the going concern basis in preparing the financial statements.

**11. Appointment of external auditor**

Nexia Smith & Williamson were awarded the contract as external auditors to Waltham Forest Housing Association in the year. A resolution to confirm their appointment will be proposed at the Annual General Meeting to be held on 26 September 2019.

**12. Disclosure of information to the auditor**

In the case of each person who was a Board member at the time this report was approved, so far as each member is aware:

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

By order of the Board



Michael Jarrett  
Secretary

Dated: 26/9/19



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

### **Opinion**

We have audited the financial statements of Waltham Forest Housing Association (the 'Association') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2019 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the Report and Accounts, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters 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.

### **Responsibilities of the Board**

As explained more fully in the Statement of the Board's Responsibilities set out on page 7, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal controls as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of this report**

This report is made solely to the Association's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association'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.

*Nexia Smith & Williamson*

Nexia Smith & Williamson  
Statutory Auditor  
Chartered Accountants

25 Moorgate  
London  
EC2R 6AY

Date: 26/9/19



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

**FOR THE YEAR ENDED 31 MARCH 2019**

|  | Notes | 2019<br>£      | 2018<br>£      |
|--|-------|----------------|----------------|
| Turnover   | 3     | 2,620,528      | 2,709,217      |
| Operating costs  | 3     | (2,385,803)    | (2,381,910)    |
| <b>Operating surplus</b>   | 3     | <b>234,725</b> | <b>327,307</b> |
| Surplus on disposal of fixed assets  | 7     | 34,052         | 28,728         |
| Interest receivable  | 8     | 6,131          | 2,168          |
| Interest payable   | 9     | (71,026)       | (69,106)       |
| <b>Surplus for the year</b>  | 7     | <b>203,882</b> | <b>289,097</b> |
| Actuarial loss on defined benefit pension plan for the year                  | 20    | (144,000)      | -              |
| Actuarial loss on defined benefit pension for change in accounting treatment | 20    | (56,000)       | -              |
| <b>Total comprehensive income for the year</b>                               |       | <b>3,882</b>   | <b>289,097</b> |

All amounts relate to continuing activities.

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

**AS AT 31 MARCH 2019**

|  | Notes  | 2019<br>£  | 2018<br>£  |
|--|--------|------------|------------|
| <b>Fixed assets</b>  |        |            |            |
| Housing properties   | 10     | 13,070,300 | 12,882,671 |
| Other fixed assets   | 12     | 285,214    | 295,203    |
|  |        | <hr/>      | <hr/>      |
|  |        | 13,355,514 | 13,177,874 |
| <b>Current assets</b>  |        |            |            |
| Debtors  | 13     | 264,347    | 265,342    |
| Cash and cash equivalents                                      |        | 1,779,494  | 2,209,485  |
|  |        | <hr/>      | <hr/>      |
|  |        | 2,043,841  | 2,474,827  |
| <b>Creditors</b>   |        |            |            |
| Amounts falling due within one year                            | 14     | (532,338)  | (848,683)  |
|  |        | <hr/>      | <hr/>      |
| <b>Net current assets</b>                                      |        | 1,511,503  | 1,626,144  |
|  |        | <hr/>      | <hr/>      |
| <b>Total assets less current liabilities</b>                   |        | 14,867,017 | 14,804,018 |
|  |        | <hr/>      | <hr/>      |
| <b>Creditors: amounts falling due after more than one year</b> | 14     | 7,293,495  | 7,714,562  |
| <b>Provisions for liabilities</b>                              | 16, 20 | 480,185    | -          |
|  |        | <hr/>      | <hr/>      |
|  |        | 7,773,680  | 7,714,562  |
| <b>Capital and reserves</b>                                    |        |            |            |
| Called-up share capital  | 17     | 19         | 20         |
| Revenue reserves   | 18     | 7,093,318  | 7,089,436  |
|  |        | <hr/>      | <hr/>      |
|  |        | 14,867,017 | 14,804,018 |
|  |        | <hr/>      | <hr/>      |

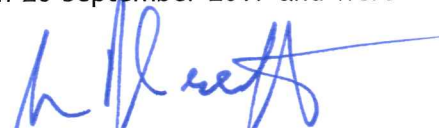
The financial statements were approved by the Board of Management on 26 September 2019 and were signed on its behalf by:



Duncan Howard  
Board Member



Emma Brett  
Treasurer



Michael Jarrett  
Secretary

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

**FOR THE YEAR ENDED 31 MARCH 2019**

|   | Share Capital<br>£ | Revenue<br>Reserves<br>£ | Total<br>£ |
|---|--------------------|--------------------------|------------|
| At 1 April 2018                         | 20                 | 7,089,436                | 7,089,456  |
| Cancelled during the year               | (1)                | -                        | (1)        |
| Total comprehensive income for the year | -                  | 3,882                    | 3,882      |
| At 31 March 2019                        | 19                 | 7,093,318                | 7,093,337  |

|   | Share Capital<br>£ | Revenue<br>Reserves<br>£ | Total<br>£ |
|---|--------------------|--------------------------|------------|
| At 1 April 2017                         | 19                 | 6,800,339                | 6,800,358  |
| Shares issued during the year           | 1                  | -                        | 1          |
| Total comprehensive income for the year | -                  | 289,097                  | 289,097    |
| At 31 March 2018                        | 20                 | 7,089,436                | 7,089,456  |

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

**FOR THE YEAR ENDED 31 MARCH 2019**

|  | Notes | 2019<br>£ | 2018<br>£ |
|--|-------|-----------|-----------|
| Net cash generated from operating activities         | A     | 149,324   | 791,421   |
| Cash flow from investing activities                  |       |           |           |
| Interest received                                    |       | 6,131     | 2,168     |
| Sale of tangible fixed asset                         |       | 34,052    | 28,728    |
| Purchase of tangible fixed assets                    |       | (499,770) | (705,948) |
| Net cash generated from investing activities         |       | (459,587) | (675,052) |
| Cash flow from financing activities                  |       |           |           |
| Interest paid  |       | (62,026)  | (39,978)  |
| Repayment of borrowings                              |       | (57,702)  | (50,582)  |
| Issue of ordinary shares                             |       | -         | 1         |
| Net cash used in financing activities                |       | (119,728) | (90,559)  |
| Net (decrease)/increase in cash and cash equivalents |       | (429,991) | 25,810    |
| Cash and cash equivalents at beginning of year       |       | 2,209,485 | 2,183,675 |
| Cash and cash equivalents at end of year             | B     | 1,779,494 | 2,209,485 |

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

**FOR THE YEAR ENDED 31 MARCH 2019**

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

|  | 2019<br>£ | 2018<br>£ |
|--|-----------|-----------|
| Operating surplus for the year               | 234,725   | 327,307   |
| Depreciation charge on tangible fixed assets | 387,812   | 371,308   |
| Decrease / (increase) in debtors             | 995       | (69,127)  |
| (Decrease) / increase in creditors           | (336,907) | 302,341   |
| Movement in pension liabilities              | (51,354)  | (54,461)  |
| Amortisation of government grant             | (85,947)  | (85,947)  |
|  | <hr/>     | <hr/>     |
| Net cash inflow from operating activities    | 149,324   | 791,421   |
|  | <hr/>     | <hr/>     |

**B Cash and cash equivalents**

|                          | At 1 April<br>2018<br>£ | Cash flow<br>£ | At 31 March<br>2019<br>£ |
|--------------------------|-------------------------|----------------|--------------------------|
| Cash at bank and in hand | 2,209,485               | (429,991)      | 1,779,494                |
|                          | <hr/>                   | <hr/>          | <hr/>                    |
| Net funds                | 2,209,485               | (429,991)      | 1,779,494                |
|                          | <hr/>                   | <hr/>          | <hr/>                    |

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

**FOR THE YEAR ENDED 31 MARCH 2019**

**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**

The accounts are 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.

**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.

**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.

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

The Association operates a fixed service charge arrangement on all its properties 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.

**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.



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

**FOR THE YEAR ENDED 31 MARCH 2019**

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

On transition to FRS 102, the Association applied the exemption in Section 35.10(p) to 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.

**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 a 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*

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        |



WALTHAM FOREST HOUSING ASSOCIATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1. PRINCIPAL ACCOUNTING POLICIES (continued)

*Capitalisation of Staff 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.

*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 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.

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

**FOR THE YEAR ENDED 31 MARCH 2019**

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

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.

**1.10 Grant**

*Government grants*

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 2019**

**1. PRINCIPAL ACCOUNTING POLICIES (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 by The Pensions Trust. In the previous year, insufficient information was available for the Association to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As a result, the expected liability for the contributions payable that arise from the deficit funding agreement, discounted using market yield at the reporting date on high quality corporate bonds, with a currency and period consistent with the future payments, was recognised as a creditor in the Statement of Finance Position. The charge to the Statement of Comprehensive Income represents the net movement in the liability.

In the current year, sufficient information is available for the Association to account for its obligations on a defined benefit basis. The Association recognises in its statement of financial position the present value of its defined benefit obligations less the fair value of plan assets. The current service cost is charged against operating profit. Interest on the scheme liabilities

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

**FOR THE YEAR ENDED 31 MARCH 2019**

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

net of the expected return on scheme assets is included in the finance costs.

The defined benefit obligation is calculated at each period end by independent actuaries using the projected unit credit method. The present value of the obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and which have terms to maturity approximating to the terms of the related pension liabilities. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are reflected in the statement of comprehensive income in the period in which they arise.

The change in accounting treatment from deferred contribution to defined benefit scheme accounting has been reflected in comprehensive income in the current year.

*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.

*Employee termination benefits*

Where the Association has committed to pay employee termination benefits before the year end, those benefits are accrued in the current year.

**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.



FOR THE YEAR ENDED 31 MARCH 2019

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

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 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 2019 was £Nil. (2018: £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 2019 was £471,691 for other fixed assets and £3,429,412 for Housing properties.

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. The Association has not recognised any impairment to date.

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

**FOR THE YEAR ENDED 31 MARCH 2019**

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

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. See note 15 for carrying amounts.

Bad debt provision

The rent arrears balance of £253,595 comprises a number of small balances. The financial statements have been predicated on the assumption that the overall bad debt provision is insufficient to cover the outstanding debts which, ultimately may prove to be uncollectible. There is a possibility that the provision maybe inadequate. See note 13 for carrying amounts.

Multi-employer pension obligation

Various estimates are used in the calculation of the defined pension liability, such as discount rate, inflation and mortality rates. In determining the appropriate discount rate, consideration is made to the interest rates of corporate bonds with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Inflation is set by considering market expectations, for example taking the difference between yields available on long-dated fixed-interest and index-linked gilts. Mortality rates are set in line with SAPS tables S2, adjusted to allow for any expectation of higher or lower life expectancy of scheme members due to geographic, socio-economic or demographic factors. At 31 March 2019, a liability of £480,185 for pensions is recorded in the Statement of Financial Position.

WALTHAM FOREST HOUSING ASSOCIATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

3. TURNOVER, OPERATING EXPENDITURE AND OPERATING SURPLUS

|   | Note | 2019<br>Turnover<br>£ | 2019<br>Operating<br>Costs<br>£ | 2019<br>Operating<br>surplus<br>£ | 2018<br>Turnover<br>£ | 2018<br>Operating<br>Costs<br>£ | 2018<br>Operating<br>Surplus<br>£ |
|---|------|-----------------------|---------------------------------|-----------------------------------|-----------------------|---------------------------------|-----------------------------------|
| Social housing lettings                         | 4    | 2,438,621             | (2,237,026)                     | 201,595                           | 2,538,267             | (2,210,026)                     | 328,241                           |
| Other Social Housing Activities                 |      |                       |                                 |                                   |                       |                                 |                                   |
| Community support                               |      | 152,400               | (148,777)                       | 3,623                             | 148,763               | (171,884)                       | (23,121)                          |
|   |      | 2,591,021             | (2,385,803)                     | 205,218                           | 2,687,030             | (2,381,910)                     | 305,120                           |
| Activities other than Social Housing Activities |      |                       |                                 |                                   |                       |                                 |                                   |
| Other Income                                    |      | 29,507                | -                               | 29,507                            | 22,187                | -                               | 22,187                            |
| <b>TOTAL</b>                                    |      | <b>2,620,528</b>      | <b>(2,385,803)</b>              | <b>234,725</b>                    | <b>2,709,217</b>      | <b>(2,381,910)</b>              | <b>327,307</b>                    |



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

**FOR THE YEAR ENDED 31 MARCH 2019**

**4. PARTICULARS OF TURNOVER AND OPERATING EXPENDITURE FROM SOCIAL HOUSING LETTINGS**

|   | <b>2019</b>      | <b>2018</b>      |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| <b>Income</b>   |                  |                  |
| Rent receivable net of identifiable service charges     | 1,754,708        | 1,887,859        |
| Service charge income                                   | 597,235          | 564,461          |
| Amortisation of government grant                        | 85,947           | 85,947           |
| Other income  | 731              | -                |
|   | <hr/>            | <hr/>            |
| <b>Turnover from Social Housing Lettings</b>            | <b>2,438,621</b> | <b>2,538,267</b> |
|   | <hr/>            | <hr/>            |
| <b>Operating expenditure</b>                            |                  |                  |
| Service charge costs                                    | 452,647          | 497,284          |
| Management  | 1,093,741        | 1,155,119        |
| Routine maintenance                                     | 182,478          | 148,579          |
| Planned maintenance                                     | 109,243          | 50,598           |
| Major repairs expenditure                               | 51,039           | 31,974           |
| Bad debts   | 25,360           | 25,639           |
| Housing property depreciation                           | 322,518          | 305,833          |
| Pension re-measurement                                  | -                | (5,000)          |
|   | <hr/>            | <hr/>            |
| <b>Operating expenditure on Social Housing Lettings</b> | <b>2,237,026</b> | <b>2,210,026</b> |
|   | <hr/>            | <hr/>            |
| <b>OPERATING SURPLUS ON SOCIAL HOUSING LETTINGS</b>     | <b>201,595</b>   | <b>328,241</b>   |
|   | <hr/>            | <hr/>            |
| <b>MEMORANDUM</b>                                       |                  |                  |
| Rent losses from voids                                  | (48,101)         | (22,689)         |
|   | <hr/>            | <hr/>            |

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

**FOR THE YEAR ENDED 31 MARCH 2019**

**5. EMPLOYEE INFORMATION**

|   | 2019<br>Number | 2018<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). | 18             | 17             |

**Staff costs (for the above persons)**

|                                  | £       | £       |
|----------------------------------|---------|---------|
| Wages and salaries               | 617,937 | 617,627 |
| National Insurance contributions | 69,076  | 61,741  |
| Pension costs                    | 66,106  | 65,905  |
| Staff Redundancies               | 28,000  | 151,695 |
|                                  | 781,119 | 896,968 |

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 is payable in relation to the period of account fell within each band of £10,000 from £50,000 upwards is as follows:

|                   | 2019<br>Number | 2018<br>Number |
|-------------------|----------------|----------------|
| £50,000 - £59,999 | 2              | -              |
| £60,000 - £69,999 | 1              | -              |
| £70,000 - £79,999 | -              | 3              |

**6. DIRECTORS' EMOLUMENTS**

|  | 2019<br>£ | 2018<br>£ |
|--|-----------|-----------|
| The aggregate emoluments paid to or receivable by Directors, including pension contributions         | 224,379   | 237,062   |
| The emoluments paid to the highest paid Director of the Association excluding pension contributions: | 66,562    | 59,583    |

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

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

**FOR THE YEAR ENDED 31 MARCH 2019**

**7. SURPLUS FOR THE YEAR**

|   | <b>2019</b><br><b>£</b> | <b>2018</b><br><b>£</b> |
|---|-------------------------|-------------------------|
| Is stated after charging:-                    |                         |                         |
| Auditors remuneration (including VAT)         |                         |                         |
| In their capacity as auditors                 | 22,563                  | 13,210                  |
| Depreciation-owned assets                     |                         |                         |
| - housing properties                          | 322,518                 | 305,833                 |
| - office building                             | 3,978                   | 9,250                   |
| - other fixed assets                          | 61,316                  | 56,225                  |
| Operating lease rentals - plant and machinery | 13,015                  | 16,450                  |
| Profit on sale of assets - net proceeds       | 34,052                  | 28,728                  |

**8. INTEREST RECEIVABLE**

|               | <b>2019</b><br><b>£</b> | <b>2018</b><br><b>£</b> |
|---------------|-------------------------|-------------------------|
| Bank interest | 6,131                   | 2,168                   |

**9. INTEREST PAYABLE**

|                               | <b>2019</b><br><b>£</b> | <b>2018</b><br><b>£</b> |
|-------------------------------|-------------------------|-------------------------|
| Interest payable              | 62,026                  | 63,106                  |
| Net interest costs on pension | 9,000                   | 6,000                   |
| Total                         | 71,026                  | 69,106                  |

WALTHAM FOREST HOUSING ASSOCIATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

10. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

|                                    | Housing<br>Properties<br>Completed<br>£ | Housing<br>Components<br>£ | Remodelled<br>Flats<br>£ | Total<br>£        |
|------------------------------------|---|----------------------------|--------------------------|-------------------|
| <b>COST</b>                        |   |                            |                          |                   |
| At 1 April 2018                    | 11,315,798                              | 4,325,048                  | 354,075                  | 15,994,921        |
| Additions                          | 67,512                                  | -                          | -                        | 67,512            |
| Component replacement              | -                                       | 442,635                    | -                        | 442,635           |
| Disposals                          | (3,631)                                 | (1,725)                    | -                        | (5,356)           |
| <b>At 31 March 2019</b>            | <b>11,379,679</b>                       | <b>4,765,958</b>           | <b>354,075</b>           | <b>16,499,712</b> |
| <b>DEPRECIATION</b>                |   |                            |                          |                   |
| At 1 April 2018                    | 1,568,608                               | 1,450,801                  | 92,841                   | 3,112,250         |
| Charge for year                    | 113,983                                 | 201,453                    | 7,082                    | 322,518           |
| Disposals                          | (3,631)                                 | (1,725)                    | -                        | (5,356)           |
| <b>At 31 March 2019</b>            | <b>1,678,960</b>                        | <b>1,650,529</b>           | <b>99,923</b>            | <b>3,429,412</b>  |
| <b>NET BOOK VALUE</b>              |   |                            |                          |                   |
| <b>At 31 March 2019</b>            | <b>9,700,719</b>                        | <b>3,115,429</b>           | <b>254,152</b>           | <b>13,070,300</b> |
| At 31 March 2018                   | 9,747,190                               | 2,874,247                  | 261,234                  | 12,882,671        |
| <b>Housing properties comprise</b> |   |                            | <b>2019<br/>£</b>        | <b>2018<br/>£</b> |
| Freeholds                          |   |                            | 8,187,595                | 8,146,578         |
| Long Leaseholds                    |   |                            | 3,004,528                | 3,004,528         |
| Short Leaseholds                   |   |                            | 164,692                  | 164,692           |
| Remodelled Units & Components      |   |                            | 5,142,897                | 4,679,123         |
|                                    |   |                            | <b>16,499,712</b>        | <b>15,994,921</b> |

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

**FOR THE YEAR ENDED 31 MARCH 2019**

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

|  | 2019<br>Units | 2018<br>Units |
|--|---------------|---------------|
| Owned & Managed Housing                          |               |               |
| - Social rent, general needs housing             | 149           | 147           |
| - Supported housing and housing for older people | 182           | 184           |
|  | <hr/> 331     | <hr/> 331     |
| Managed on behalf of others                      |               |               |
| <i>For another Registered Provider</i>           |               |               |
| - General needs housing                          | -             | 1             |
| - Housing for older people                       | -             | 16            |
| Managed by others: Supported                     | <hr/> 6       | <hr/> -       |
|  | 6             | 17            |
|  | <hr/> 337     | <hr/> 348     |
|  | <hr/> <hr/>   | <hr/> <hr/>   |

**12. TANGIBLE FIXED ASSETS - OTHER**

|                         | Furniture<br>and<br>Equipment<br>£ | Leasehold<br>Offices<br>£ | Total<br>£          |
|-------------------------|------------------------------------|---------------------------|---------------------|
| <b>COST</b>             |                                    |                           |                     |
| At 1 April 2018         | 542,468                            | 159,132                   | 701,600             |
| Additions               | 55,305                             | -                         | 55,305              |
|                         | <hr/> 597,773                      | <hr/> 159,132             | <hr/> 756,905       |
| <b>At 31 March 2019</b> |                                    |                           |                     |
| <b>DEPRECIATION</b>     |                                    |                           |                     |
| At 1 April 2018         | 381,686                            | 24,711                    | 406,397             |
| Charge for year         | 61,316                             | 3,978                     | 65,294              |
|                         | <hr/> 443,002                      | <hr/> 28,689              | <hr/> 471,691       |
| <b>At 31 March 2019</b> |                                    |                           |                     |
| <b>NET BOOK VALUE</b>   |                                    |                           |                     |
| <b>At 31 March 2019</b> | <hr/> 154,771                      | <hr/> 130,443             | <hr/> 285,214       |
| <b>At 31 March 2018</b> | <hr/> <hr/> 160,782                | <hr/> <hr/> 134,421       | <hr/> <hr/> 295,203 |

WALTHAM FOREST HOUSING ASSOCIATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

13. DEBTORS

|                                     | 2019<br>£ | 2018<br>£ |
|-------------------------------------|-----------|-----------|
| Amounts falling due within one year |           |           |
| Rent arrears                        | 253,595   | 225,975   |
| Less: Provision                     | (77,775)  | (98,911)  |
|                                     | 175,820   | 127,064   |
| Prepayments and accrued income      | 41,540    | 96,395    |
| Staff loans                         | 20,633    | 10,165    |
| Other debtors                       | 26,354    | 31,718    |
|                                     | 264,347   | 265,342   |

14. CREDITORS

|   | 2019<br>£ | 2018<br>£ |
|---|-----------|-----------|
| <u>Amounts falling due within one year</u>          |           |           |
| Rents received in advance                           | 29,609    | 54,876    |
| Housing loans                                       | 63,582    | 57,702    |
| Trade creditors                                     | 31,794    | 293,651   |
| Other creditors and accruals                        | 321,406   | 305,507   |
| Government grant (note 15)                          | 85,947    | 85,947    |
| Pension liability (note 20)                         | -         | 51,000    |
|   | 532,338   | 848,683   |
| <u>Amounts falling due after more than one year</u> |           |           |
| Loans repayable by instalments: -                   |           |           |
| - Between one and two years                         | 70,061    | 63,582    |
| - Between two and five years                        | 256,077   | 232,359   |
| - In five years or more                             | 592,458   | 686,236   |
| Government grant (note 15)                          | 6,374,899 | 6,460,846 |
| Pension liability (note 20)                         | -         | 271,539   |
|   | 7,293,495 | 7,714,562 |

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%.



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

**FOR THE YEAR ENDED 31 MARCH 2019**

**15. GOVERNMENT GRANT**

|  | Held as<br>deferred<br>income<br>£ | Recognised<br>in profit or<br>loss<br>£ | Total<br>2019<br>£ | Total<br>2018<br>£ |
|--|------------------------------------|---|--------------------|--------------------|
| At 1 April   | 6,546,793                          | -                                       | 6,546,793          | 6,632,740          |
| Additions  |                                    |   |                    |                    |
| Grant amortised in the<br>year                             | -                                  | (85,947)                                | (85,947)           | (85,947)           |
| At 31 March  | 6,546,793                          | (85,947)                                | 6,460,846          | 6,546,793          |
| Capital grant<br>previously amortised<br>to profit or loss | -                                  | 1,681,214                               | 1,681,214          | 1,595,267          |
| Total grant received<br>as at 31 March                     | 6,546,793                          | 1,595,267                               | 8,142,060          | 8,142,060          |

Social Housing Grants have been provided by the Regulator of Social Housing to fund the development of Social Housing for rent. As at 31 March 2019 the total government grant is £6,460,846 split into amortised over more than one year £6,374,899 and amortised within one year £85,947.

**16. PROVISIONS FOR LIABILITIES**

|  | 2019<br>£ | 2018<br>£ |
|--|-----------|-----------|
| Pension scheme obligations (see note 20) | 480,185   | -         |

**17. CALLED UP SHARE CAPITAL**

|  | 2019<br>£ | 2018<br>£ |
|--|-----------|-----------|
| Allotted issued and fully paid shares of £1 each |           |           |
| At start of the year                             | 20        | 19        |
| Issued during the                                | -         | 1         |
| Cancelled during the year                        | (1)       | -         |
|  | 19        | 20        |

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.



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

**FOR THE YEAR ENDED 31 MARCH 2019**

**18. 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.

**19. FINANCIAL INSTRUMENTS**

|  | 2019<br>£       | 2018<br>£       |
|--|-----------------|-----------------|
| Financial assets                                     |                 |                 |
| Trade and other debtors - measured at amortised cost | 222,807         | 265,342         |
| Cash and cash equivalents                            | 1,779,494       | 2,209,485       |
|  | <hr/> 2,002,301 | <hr/> 2,474,827 |
|  | <hr/> <hr/>     | <hr/> <hr/>     |
| Financial liabilities measured at amortised cost     |                 |                 |
| Trade and other creditors                            | 31,794          | 145,216         |
| Accruals   | 296,174         | 453,942         |
| Loans repayable within one year                      | 63,582          | 57,702          |
| Loans repayable after more than one year             | 918,596         | 982,178         |
|  | <hr/> 1,310,146 | <hr/> 1,639,038 |
|  | <hr/> <hr/>     | <hr/> <hr/>     |

Interest payable on financial liabilities at amortised costs is disclosed in note 9. Interest receivable on cash and cash equivalents is disclosed in note 8.

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

**FOR THE YEAR ENDED 31 MARCH 2019**

**20. PENSION OBLIGATIONS**

The Association's employees and past employees are deferred members or pensioners of the Social Housing Pension Scheme (SHPS).

With effect from 31 December 2014, all active membership of defined benefit pension schemes was ceased with the exception of one employee who is a member of Waltham Forest Housing Association Ltd Social Housing Pension Scheme.

The Association currently contributes to one defined contribution pension scheme for certain employees, the most significant of which is operated by TPT Retirement Solutions.

**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 subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK. The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

The scheme is classified as a 'last-man standing arrangement'. Therefore the Association 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.

Previously, the administrator of the scheme was unable to allocate the scheme assets to individual employers, and hence was unable to determine the deficit attributable to each employer. As a result, historically SHPS has been accounted for as a defined contribution scheme, with a liability being recognised in respect of the present value of the contributions payable to fund the deficit. This is consistent with the accounting treatment required by FRS 102 for all schemes of this nature. Although this treatment continues to apply for the other multi-employer schemes that exist, the accounting for SHPS has changed for the year ended 31 March 2019. The change has arisen as a result of a method of allocation being developed by the administrator that will allow each employer to recognise their share of assets and liabilities.

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

These financial statements present a period of transition, where the Association is moving from one basis of accounting to another. In March 2019 following completion of a consultation by the Financial Reporting Council (FRC) in the form of Financial Reporting Exposure Draft 71 (FRED 71), proposed changes to FRS 102 were issued in relation to this. These proposed changes have now been confirmed with an updated version of FRS 102, "Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland Multi-employer defined benefit plans May 2019" ("May 2019 FRS 102"), which the Association has chosen to adopt for the year ended 31 March 2019 in line with industry peers, and associated guidance issued by the National Housing Federation (NHF). Adopting FRED 71 results in no restatement of the comparatives and instead the change in accounting treatment being recorded as a separate movement through other comprehensive income.

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

**FOR THE YEAR ENDED 31 MARCH 2019**

**20. PENSION OBLIGATIONS (continued)**

**Pension scheme liabilities recognised in the Statement of Financial Position**

|  | <b>2019</b> | <b>2018</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |
| Pension obligations recognised as Defined Benefit schemes      | 480,185     | -           |
| Pension obligations recognised as Defined Contribution schemes | -           | 322,539     |
|  | <hr/>       | <hr/>       |
| Total pension scheme liabilities                               | 480,185     | 322,539     |
|  | <hr/>       | <hr/>       |

**Principal actuarial assumptions at the financial position date:**

|  | <b>2019</b> | <b>2018</b> |
|--|-------------|-------------|
|  | <b>%</b>    | <b>%</b>    |
| Discount rate  | 2.33        | 2.58        |
| Inflation (RPI)  | 3.28        | 3.18        |
| Inflation (CPI)  | 3.28        | 2.18        |
| Salary growth  | 3.28        | 3.18        |
| Allowance of commutation of pension for cash at retirement<br>(% of maximum allowance) | 75.0        | 75.0        |

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

|                         | <b>Life<br/>expectancy<br/>at age 65<br/>(years)</b> |
|-------------------------|--|
| Male retiring in 2019   | 21.8   |
| Female retiring in 2019 | 23.5   |
| Male retiring in 2039   | 23.2   |
| Female retiring in 2039 | 24.7   |

**Amounts recognised in the Income Statement**

|                       | <b>2019</b> |
|-----------------------|-------------|
|                       | <b>£</b>    |
| Net interest expense  | 9,000       |
| Current service costs | 5,000       |
| Expenses paid         | 3,000       |
|                       | <hr/>       |
| Total expenses        | 17,000      |
|                       | <hr/>       |



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

**FOR THE YEAR ENDED 31 MARCH 2019**

**20. PENSION OBLIGATIONS (continued)**

**Amounts recognised in Other Comprehensive Income**

|   | <b>2019</b><br><b>£</b> |
|---|-------------------------|
| Experience on plan assets (excluding amounts included in net interest cost) - (loss)                                      | (38,000)                |
| Experience gains and losses arising on the plan liabilities - gain interest cost) - gain                                  | 12,000                  |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - (loss) | (5,000)                 |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - (loss)   | (113,000)               |
|   | <hr/>                   |
| Total actuarial gains and losses - (loss)   | (144,000)               |
| Adjustment arising on change in accounting treatment  | (56,000)                |
|   | <hr/>                   |
| Actuarial loss recognised   | (200,000)               |
|   | <hr/> <hr/>             |

**Present values of defined obligation, fair values of assets and defined benefit assets / (liabilities)**

|   | <b>2019</b><br><b>£</b> | <b>2018</b><br><b>£</b> |
|---|-------------------------|-------------------------|
| Fair value of plan assets                             | 1,234,815               | 1,205,000               |
| Present value of funded retirement benefit obligation | (1,715,000)             | (1,584,000)             |
|   | <hr/>                   | <hr/>                   |
| Net liability   | (480,185)               | (379,000)               |
|   | <hr/> <hr/>             | <hr/> <hr/>             |

**Reconciliation of movements on the defined benefit obligation**

|  | <b>2019</b><br><b>£</b> |
|--|-------------------------|
| Defined benefit obligation at the start of the year                | 1,584,000               |
| Current service cost   | 5,000                   |
| Interest cost  | 41,000                  |
| Contribution by members  | 3,000                   |
| Actuarial (gains)/losses due to scheme experience                  | (12,000)                |
| Actuarial (gains)/losses due to changes in demographic assumptions | 5,000                   |
| Actuarial losses/(gains) due to changes in financial assumptions   | 113,000                 |
| Expenses   | 3,000                   |
| Benefits paid  | (27,000)                |
|  | <hr/>                   |
| Defined benefit obligation at the end of the year                  | 1,715,000               |
|  | <hr/> <hr/>             |



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

**FOR THE YEAR ENDED 31 MARCH 2019**

**20. PENSION OBLIGATIONS (continued)**

**Reconciliation of movements on the fair value of plan assets**

|  | <b>2019</b><br><b>£</b> |
|--|-------------------------|
| Fair value of the plan assets at the start of the year                               | 1,205,000               |
| Interest income  | 32,000                  |
| Experience on plan assets (excluding amounts included in net interest cost) - (loss) | (38,000)                |
| Contributions by the employer  | 59,815                  |
| Contributions by plan participants   | 3,000                   |
| Benefits paid  | (27,000)                |
|  | <hr/>                   |
| Fair value of the plan assets at the end of the year                                 | 1,234,815               |
|  | <hr/>                   |

As permitted by section 28 of FRS 102, the group have not presented comparative information for either of the above two reconciliations.

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was (£6,000).

The fair values of each main class of assets held by the Fund are set out in the following table.

**Categories of plan assets as a percentage of the total plan assets are as follows:**

|                              | <b>2019</b><br><b>£</b> | <b>2018</b><br><b>£</b> |
|------------------------------|-------------------------|-------------------------|
| Absolute Return              | 107,000                 | 147,000                 |
| Alternative risk premia      | 71,000                  | 46,000                  |
| Corporate Bond Fund          | 58,000                  | 49,000                  |
| Credit Relative Value        | 23,000                  | -                       |
| Distressed Opportunities     | 22,000                  | 12,000                  |
| Emerging Markets Debt        | 43,000                  | 49,000                  |
| Fund of Hedge Funds          | 6,000                   | 40,000                  |
| Global Equity                | 208,000                 | 238,000                 |
| Infrastructure               | 65,000                  | 31,000                  |
| Insurance-Linked Securities  | 35,000                  | 32,000                  |
| Liability Driven Investments | 451,000                 | 438,000                 |
| Long Lease Property          | 18,000                  | -                       |
| Net Current Assets           | 1,815                   | 1,000                   |
| Private Debt                 | 17,000                  | 11,000                  |
| Property                     | 28,000                  | 55,000                  |
| Risk Sharing                 | 37,000                  | 11,000                  |
| Secured Income               | 44,000                  | 45,000                  |
|                              | <hr/>                   | <hr/>                   |
| Total Assets                 | 1,234,815               | 1,205,000               |
|                              | <hr/>                   | <hr/>                   |

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

**FOR THE YEAR ENDED 31 MARCH 2019**

**21. CAPITAL COMMITMENTS**

At the year-end there was no capital expenditure contracted for but not provided for in the financial statements (2018 - £nil); nor was there any capital expenditure authorised by the Board but not yet contracted for (2018 - £nil).

**22. OPERATING LEASES**

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

|                               | Land and<br>buildings<br>£ | 2019<br>Other<br>£ | Land and<br>buildings<br>£ | 2018<br>Other<br>£ |
|-------------------------------|----------------------------|--------------------|----------------------------|--------------------|
| For leases expiring:          |                            |                    |                            |                    |
| Within one year               | -                          | 11,076             | -                          | 16,450             |
| Between two and five<br>years | -                          | 1,940              | -                          | -                  |
| After five years              | 656                        | -                  | 656                        | -                  |
|                               | <hr/>                      | <hr/>              | <hr/>                      | <hr/>              |
|                               | 656                        | 13,016             | 656                        | 16,450             |
|                               | <hr/>                      | <hr/>              | <hr/>                      | <hr/>              |

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

|  | 2019<br>£ | 2018<br>£ |
|--|-----------|-----------|
| For leases expiring:                     |           |           |
| Later than one year but within five year | 20,346    | 20,346    |
|  | <hr/>     | <hr/>     |
|  | 20,346    | 20,346    |
|  | <hr/>     | <hr/>     |

**23. RELATED PARTY TRANSACTIONS**

There were no tenants of the Association, who served as Board members during the year (2018: one).

Rents received from the Board members are related party transactions and are under the same terms and conditions as applied to other tenants of the Association. During the year rent of £nil (2018: £3,329) were charged to tenant Board members. At the year-end £nil (2018: £nil) 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 personnel during the year inclusive of taxes was £248,513 (2018: £237,062).