

WALTHAM FOREST HOUSING ASSOCIATION LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

REGISTERED RSH NO. L0461

WALTHAM FOREST HOUSING ASSOCIATION LIMITED

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WALTHAM FOREST HOUSING ASSOCIATION LIMITED

BOARD MEMBERSHIP AND ADVISORS

Board	Duncan Howard (Chair) Marina Robertson (Vice - Chair) Emma Brett (Treasurer) Nevil Osborne Ben Hutton Richard F Sanders Dale Walker Maggie McCann (Co-opted to Board Sept'21) Josie Parsons (Co-opted to Board Sept'21)
Chief Executive	Shahron Shah
Secretary	Michael Pughsley
Registered Office	Energy Centre 31 Church Hill London E17 3RU
Bankers	Lloyds Bank plc 39 Threadneedle Street, London, EC2R 8AU
Auditors	CLA Evelyn Partners Limited Chartered Accountants 45 Gresham Street London EC2V 7BG
Regulator of Social Housing Registered Number	L0461
Co-operative and Community Benefit Society Number	21186R

**WALTHAM FOREST HOUSING ASSOCIATION LIMITED
BOARD REPORT**

FOR THE YEAR ENDED 31 MARCH 2022

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 330 homes, 6 of which are leased to other providers as supported accommodation. Approximately half of our homes are sheltered housing flats 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

In 2021/22 the Association achieved a surplus of £118,725 (2020/21 - restated surplus of £7,472). The increase on last year is primarily due to decrease in management costs and routine maintenance costs, offset by the increase planned maintenance and major repairs costs.

3. Board effectiveness

During the year, Board effectiveness was reviewed, and Board member appraisals were undertaken. The results provided assurance that the Board is well placed to govern the Association and a development plan is in place.

4. Coronavirus pandemic

The health and safety of tenants and staff is paramount to the Association, and in early 2020 we invoked our Business Continuity Plan in response to the coronavirus pandemic which was extended to 2021. We were able to continue to deliver essential services, ensure the welfare needs of tenants were met and maintain 100% compliance with landlord health and safety requirements, including fire, gas and electrical safety.

5. Tenant involvement

During 2021/22 the Association's Tenant Scrutiny Panel met on four occasions. Their planned work included oversight of our Tenant Service Standards and lead on our Tenant Newsletters.

6. Value for Money

6.1 Our Value for Money Strategy

Our Value for Money Strategy, which commits us to delivering economy, efficiency, effectiveness and equity, is mapped to our Business Plan for 2021/24.

Our improvement approach is two-fold; deliver our Development Strategy, which commits us to increasing our homes by 23% over the next 3 years, therefore producing economies of scale, and find efficiency savings.

In terms of development, we are making some progress. During the year we continued our partnership with LB Waltham Forest in bringing one ex-local authority home back into social housing. During the year we also developed our partnership with London & Quadrant (L&Q) under the Build London Partnership programme. During the coming year, we expect to seek planning permission for development of new homes on our land.

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

FOR THE YEAR ENDED 31 MARCH 2022

In terms of efficiency savings, our key target for 2021/22 was to reduce our headline cost per unit - see 6.3 (Metric 5).

Benchmark data is based on the Regulator's Value for Money Summary Report (February 2022).

6.2 The Value for Money Standard

Our compliance with the Regulator of Social Housing (RSH) Value for Money Standard is shown below:

	We are required to	Compliance achieved by
1	Clearly articulate our strategic objectives	Business Plan 2021/24
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 2021/22, Value for Money Action Plan 2021/24
3	Through our strategic objectives, articulate our strategy for delivering homes that meet a range of needs	Business Plan 2021/24 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 2021/24, Asset Management Strategy 2018/22 and assessment against RSH metrics and benchmarks

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:

	Achieved 2020/21	Achieved 2021/22	Target 2021/22	Benchmark 2021/22	Target 2022/23
Reinvestment %	3.43%	5.64%	5.0%	4.4%	5%

We had hoped to add to our stock in 2021/22 but due to several factors including continuing impact of Covid-19 this did not happen.

Metric 2 - New supply delivered %

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

	Achieved 2020/21	Achieved 2021/22	Target 2021/22	Benchmark 2021/22	Target 2022/23
New supply delivered %	0.00%	0.00%	0.00%	0.7%	0%

Please see the commentary provided against Metric 1.

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
BOARD REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2022

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 2020/21	Achieved 2021/22	Target 2021/22	Benchmark 2021/22	Target 2022/23
Gearing %	(2.46%)	1.89%	< 5.00%	40.5%	5.2%

The Association has low levels of historic debt finance and significant balance sheet capacity in order to leverage finance to deliver future development plans. We have a facility of £5m from Handelsbanken of which we have drawn down £500,000 to date.

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 2020/21	Achieved 2021/22	Target 2021/22	Benchmark 2021/22	Target 2022/23
EBITDA MRI interest cover %	649%	903%	672%	118%	223%

The improvement reflects decrease in expenditure compared to 2020/21.

Metric 5 - Headline social housing cost per unit

This metric assesses the costs of managing each property:

Headline social housing cost per unit	Achieved 2020/21	Achieved 2021/22	Target 2021/22	Benchmark 2021/22	Target 2022/23
	£6,271	£6,008	£6,467	£6,200	£5,500

Our VfM benchmarks and targets are informed by the Regulator's Value for Money Summary Report (February 2022).

Over the past year, the sector's weighted average Headline Social Housing Cost per unit fell by 2.3% which was largely driven by lower maintenance and major repairs expenditure due to restrictions around planned works

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, shows that HOP provision incurs a higher cost per unit. The RSH Value for Money Metric data also highlighted a drop in cost compared to the prior year

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.

WALTHAM FOREST HOUSING ASSOCIATION LIMITED

BOARD REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2022

Metric 6 - Operating margin %

The operating margin demonstrates the profitability of operating assets, before exceptional expenses are taken into account:

	Achieved 2020/21	Achieved 2021/22	Target 2021/22	Benchmark 2021/22	Target 2022/23
Operating margin % (social housing lettings)	0.78%	5.68%	9.7%	23.7%	9.18%
Operating margin % (overall)	3.46%	7.8%	9.94%	19.40%	8.95%

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 of HOP or none at all - our targets for 2022/23 were set accordingly.

We are disappointed with our results but acknowledge that the reduction in rent impacted on the results for the year. There is further work for us to do in improving the profitability of our social housing assets with plans in place to reduce our operating costs with the investment of a new accounting and housing management software package and to reduce the costs of our senior management team.

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 2020/21	Achieved 2021/22	Target 2021/22	Benchmark 2021/22	Target 2022/23
Return On Capital Employed (ROCE) %	0.49%	1.22%	0.79%	2.1%	2.93%

Please see the commentary provided against Metric 6.

7. Compliance with the Regulatory Framework and Code of Governance

Overall, the Association is compliant with the Governance and Financial Viability Standard as set out by the Regulator of Social Housing. However, we commissioned an independent review of our implementation of the Rent Standard and found some instances of over and under charging. Rent overpayments are being refunded to tenants. We notified the Regulator of Social Housing and have been working with them to address the matter and ensure that rents are correctly charged going forward.

The Association has elected to adopt the principles of the new National Housing Federation's Code of Governance (2020) and was compliant by 31 March 2022.

FOR THE YEAR ENDED 31 MARCH 2022

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, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

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

The Board has reviewed the effectiveness of the system of internal control over the past year and satisfied that internal controls are effective.

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
BOARD REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2022

10. Risk management

The executive team regularly update the risk register which, in the form of a risk map, is reviewed by the Finance Audit and Risk Committee (FARC) and formally approved by the Board annually. New and emerging risks are reported at each meeting of FARC.

Going concern

At 31 March 2022, the Association has a strong positive balance sheet with cash of £902,523 (2021: £1,181,319) and net current assets of £823,801 (2021: £841,028). The Association's medium-term cash flow is regularly reviewed by the Board and has been tested in order to determine its durability to anticipated increases in rental arrears and void periods as a result of the current economic climate. These demonstrate that the Association will be able to operate within its available resources and will be in compliance with all current loan covenants.

As such, the Board has a reasonable expectation that the Association has adequate resources to continue in operation for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements. Therefore, the Association continues to adopt the going concern basis in preparing the financial statements.

11. 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 unaware; 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

E Brett

E Brett (Nov 24, 2022 18:35 GMT)

Emma Brett
Board member and Treasurer

Date: 24/11/2022

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 2022 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 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 2022 and of its income and expenditure 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 requirements of 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 2019.

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

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

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 contained within the Report and Accounts. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

Matters on which we are required to report by exception

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained a general understanding of the association's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the entity's policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of the association's industry and regulation.

We understand that the association complies with the framework through:

- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change;
- A programme of internal audit performed by an independent firm of internal auditors;
- A risk assessment framework and register that includes regular review and scrutiny by the Board; Finance, Audit & Risk; Asset Management & Development; and Human Resources, Remuneration & Governance Sub-Committees;
- An annual assessment of compliance with regulatory standards as applied to Registered Providers and enforced by the Regulator of Social Housing; and
- The Board's close oversight through regular board meetings and compliance reporting.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the association's ability to conduct operations and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the association:

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

- FRS 102, the requirements of 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 2019, in respect of the preparation and presentation of the financial statements;
- Health and safety regulations, including building and fire safety; and
- Regulatory standards as applied to Registered Providers and enforced by the Regulator of Social Housing.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Performed a review of Board, Finance, Audit & Risk, Asset Management & Development, and Human Resources, Remuneration & Governance sub-committees minutes to identify any indicators of known or suspected non-compliance with significant laws and regulations
- Performed a review of internal audit reports; and
- Reviewed correspondence between the Regulator of Social Housing and the association.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the association's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were with regard to the manipulation of the financial statements through manual journal entries and incorrect recognition of revenue.

The procedures carried out to gain evidence in the above areas included:

- Testing of a sample of manual journal entries, selected through applying specific risk assessments applied based on the association's processes and controls surrounding manual journal entries;
- Reviewing and challenging estimates made by management; and
- Substantive work on revenue transactions.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our 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.

CLA Evelyn Partners Limited

CLA Evelyn Partners Limited (Nov 24, 2022 18:55 GMT)

CLA Evelyn Partners Limited*
Statutory Auditor
Chartered Accountants

45 Gresham Street
London
EC2V 7BG

**Formerly Nexia Smith & Williamson*

24/11/2022

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	Restated 2021 £
Turnover		2,571,824	2,599,771
Operating costs		(2,391,533)	(2,529,400)
Operating surplus		180,291	70,371
Interest receivable	7	604	426
Interest payable	8	(62,170)	(63,325)
Surplus for the year	6	118,725	7,472
Other comprehensive income			
Actuarial gain/(loss) on defined benefit pension plan for the year	18	80,000	(266,000)
Total comprehensive income/(loss) for the year		198,725	(258,528)

All amounts relate to continuing activities.

The notes on pages 17 to 35 form part of these financial statements.

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	Restated 2021 £
Fixed assets			
Housing properties	9	13,837,224	13,477,669
Other fixed assets	11	159,593	192,045
		<hr/>	<hr/>
		13,996,817	13,669,714
Current assets			
Debtors	12	656,351	339,859
Cash and cash equivalents		902,523	1,181,319
		<hr/>	<hr/>
		1,558,874	1,521,178
Creditors			
Amounts falling due within one year	13	(735,073)	(680,150)
		<hr/>	<hr/>
Net current assets		823,801	841,028
		<hr/>	<hr/>
Total assets less current liabilities		14,820,618	14,510,742
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	13	7,303,148	7,061,997
Provisions for liabilities	15, 18	144,000	274,000
		<hr/>	<hr/>
		7,447,148	7,335,997
Capital and reserves			
Called-up share capital	16	19	19
Revenue reserves	17	7,373,451	7,174,726
		<hr/>	<hr/>
		14,820,618	14,510,742
		<hr/>	<hr/>

The financial statements were approved by the Board of Management on 24 November 2022 and were signed on its behalf by:

Duncan Howard
Duncan Howard
Board Member

E Brett
E Brett (Nov 24, 2022 18:35 GMT)
Emma Brett
Treasurer

Michael Pughsley
Michael Pughsley (Nov 24, 2022 18:37 GMT)
Michael Pughsley
Secretary

The notes on pages 17 to 35 form part of these financial statements.

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Share Capital £	Revenue Reserves £	Total £
Balances at 1 April 2021 as originally stated	19	7,303,297	7,303,316
Prior year adjustment (note 22)	-	(128,571)	(128,571)
Balances at 1 April 2021 as restated	19	7,174,726	7,174,745
Total comprehensive income for the year	-	198,725	198,725
Balances at 31 March 2022	19	7,373,451	7,373,470

	Share Capital £	Revenue Reserves £	Total £
Balances at 1 April 2020 as originally stated	19	7,518,802	7,518,821
Prior year adjustment (note 22)	-	(85,548)	(85,548)
Balances at 1 April 2020 restated	19	7,433,254	7,433,273
Total comprehensive loss for the year restated (note 22)	-	(258,528)	(258,528)
Balances at 31 March 2021 as restated	19	7,174,726	7,174,745

The notes on pages 17 to 35 form part of these financial statements.

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	Restated 2021 £
Net cash generated from operating activities	A	192,541	612,478
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Cash flow from investing activities			
Interest received		604	426
Purchase of tangible fixed assets		(731,571)	(490,406)
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Net cash used in investing activities		(730,967)	(489,980)
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Cash flow from financing activities			
Interest paid		(56,170)	(62,325)
New bank loan		500,000	-
Repayment of borrowings		(184,200)	(69,920)
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Net cash used in financing activities		259,630	(132,245)
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Net decrease in cash and cash equivalents		(278,796)	(9,747)
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Cash and cash equivalents at beginning of year		1,181,319	1,191,066
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Cash and cash equivalents at end of year	B	902,523	1,181,319
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WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

A. Reconciliation of operating surplus to cash generated by operations

	2022	Restated
	£	2021
		£
Surplus for the year	118,725	7,473
Loss on write-off of assets no longer in use	20,286	19,558
Interest receivable	(604)	(426)
Interest payable	62,170	63,325
Depreciation charge on tangible fixed assets	447,627	406,375
(Increase)/Decrease in debtors	(316,492)	80,558
Increase/(Decrease) in creditors	4,227	184,563
Net employer contribution after administration costs	(56,000)	(63,000)
Amortisation of government grant	(87,398)	(85,948)
	<hr/>	<hr/>
Net cash generated from operating activities	192,541	612,478
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B. Reconciliation of net debt

	At 1 April	Cashflows	Other non-	At 31
	2021		cash	March 2022
	£	£	changes	£
			£	
Cash at bank and in hand	1,181,319	(278,796)	-	902,523
Borrowings due within 1 year	(77,210)	77,210	(63,736)	(63,736)
Borrowings due in more than 1 year	(771,914)	(393,010)	63,736	(1,101,188)
	<hr/>	<hr/>	<hr/>	<hr/>
	332,195	(594,596)	-	(262,401)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1. PRINCIPAL ACCOUNTING POLICIES

1.1 General Information

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

A description of the nature of the Association's 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 2018 "Statement of Recommended Practice for registered social housing providers 2018" ("the SORP") and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

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

At 31 March 2022, the Association has cash of £902,523 (2021: £1,181,319) and net current assets of £823,801 (2021: £841,028). The Association's medium-term cash flow is regularly reviewed by the Board and has been tested in order to determine its durability to anticipated increases in rental arrears and void periods as a result of the ongoing economic crisis. These demonstrate that the Association will be able to operate within its available resources and will be in compliance with all current loan covenants.

As such, the Board has a reasonable expectation that the Association has adequate resources to continue in operation for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements. Therefore, the Association continues to adopt the going concern basis in preparing the financial statements.

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.

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.

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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.

1.7 Taxation

The Association has charitable status and is therefore not subject to Corporation tax on the 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 land 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 Balance Sheet as a liability.

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 2022

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 2022

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 Homes England, 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 Balance Sheet.

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 Homes England'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, Homes England 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 Balance Sheet.

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 2022

1. PRINCIPAL ACCOUNTING POLICIES (continued)

All financial assets and financial liabilities are initially measured at transaction price (including transaction costs) unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing 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 Balance Sheet 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 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. The Association recognises in its Balance Sheet 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 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.

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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 and has been carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

1.13 Provisions

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

2. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The preparation of financial statements 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 Association's 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.

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 2022 was £555,124 (2021: £507,469) for other fixed assets and £4,229,425 (2021: £3,848,095) for housing properties.

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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 14 for carrying amounts.

Bad debt provision

The rent arrears balance comprises a number of small balances. The financial statements have been predicated on the assumption that the overall bad debt provision is sufficient to cover the outstanding debts which, ultimately may prove to be uncollectible. There is a possibility that the provision maybe inadequate. See note 12 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 2022, a liability of £144,000 (2021: £274,000) for pensions is recorded in the Balance Sheet.

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

3. SOCIAL HOUSING TURNOVER AND COSTS

	2022	Restated
	£	2021
		£
Income		
Rent receivable net of identifiable service charges	1,804,207	1,792,228
Service charge income	610,012	604,062
Amortisation of government grant	87,398	85,948
	<hr/>	<hr/>
Turnover from Social Housing Lettings	2,501,617	2,482,238
Operating expenditure on Social Housing Lettings	(2,359,554)	(2,462,941)
	<hr/>	<hr/>
Operating surplus from social housing activity	142,063	19,297
	<hr/>	<hr/>
Net surplus/(loss) from social housing activity	154,320	(5,742)
	<hr/>	<hr/>
Rent losses from voids	(43,558)	(37,801)
	<hr/>	<hr/>

4. EMPLOYEE INFORMATION

	2022	2021
	Number	Number
The average monthly number of persons (including the Chief Executive) employed during the year was: (full time equivalents calculated on a 35 hour week).	15	17
	<hr/>	<hr/>
Staff costs (for the above persons)		
	£	£
Wages and salaries	578,687	603,191
National Insurance contributions	47,931	61,904
Pension costs	55,857	60,083
	<hr/>	<hr/>
	682,475	725,178
	<hr/>	<hr/>

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

4. EMPLOYEE INFORMATION (continued)

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 as follows:

	2022 Number	2021 Number
£50,000 - £59,999	-	1
£60,000 - £69,999	2	1
£70,000 - £79,999	-	-
£80,000 - £89,999	1	1
	<hr/>	<hr/>

5. DIRECTORS' EMOLUMENTS

	2022 £	2021 £
The aggregate emoluments paid to or receivable by Directors, including pension contributions	207,271	250,581
	<hr/>	<hr/>
The emoluments paid to the highest paid Director of the Association excluding pension contributions:	75,022	76,786
	<hr/> <hr/>	<hr/> <hr/>

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

6. SURPLUS FOR THE YEAR

	2022 £	2021 £
Is stated after charging:-		
Auditor's remuneration (excluding VAT)		
In their capacity as auditors	31,990	25,810
Depreciation-owned assets		
- housing properties	399,972	360,263
- office building	3,566	3,566
- other fixed assets	44,089	42,546
Operating lease rentals - plant and machinery	2,680	2,382
Loss on write-off of assets on disposal of assets	20,286	19,558
	<hr/> <hr/>	<hr/> <hr/>

7. INTEREST RECEIVABLE

	2022 £	2021 £
Bank interest	604	426
	<hr/> <hr/>	<hr/> <hr/>

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

8. INTEREST PAYABLE

	2022 £	2021 £
Interest payable	56,170	62,325
Net interest costs on pension	6,000	1,000
	<hr/>	<hr/>
	62,170	63,325
	<hr/> <hr/>	<hr/> <hr/>

9. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

	Housing Properties Completed £	Housing Components £	Remodelled Flats £	Total £
COST				
At 1 April 2021	11,723,853	5,247,836	354,075	17,325,764
Additions	287,890	491,923	-	779,813
Write down of assets no longer in use	-	(38,928)	-	(38,928)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2022	12,011,743	5,700,831	354,075	18,066,649
	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION				
At 1 April 2021	1,811,032	1,922,977	114,086	3,848,095
Charge for year	158,639	234,252	7,081	399,972
Write down of assets no longer in use	-	(18,642)	-	(18,642)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2022	1,969,671	2,138,587	121,167	4,229,425
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE				
At 31 March 2022	10,042,072	3,562,244	232,908	13,837,224
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2021	9,912,821	3,324,859	239,989	13,477,669
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
			2022 £	2021 £
Housing properties comprise				
Freeholds			8,904,772	8,617,555
Long Leaseholds			3,106,971	3,106,971
Remodelled Units & Components			6,054,906	5,601,238
			<hr/>	<hr/>
			18,066,649	17,325,764
			<hr/> <hr/>	<hr/> <hr/>

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

FOR THE YEAR ENDED 31 MARCH 2022

10. UNITS AT END OF YEAR - SOCIAL HOUSING

	2022 Units	2021 Units
Owned & Managed Housing:		
Social rent, general needs housing	154	154
Supported housing and housing for older people	170	170
	<hr/>	<hr/>
	324	324
	<hr/>	<hr/>
Managed by others: Supported	6	6
	<hr/>	<hr/>
	330	330
	<hr/> <hr/>	<hr/> <hr/>

11. TANGIBLE FIXED ASSETS - OTHER

	Furniture and Equipment £	Leasehold Offices £	Total £
COST			
At 1 April 2021	556,862	142,652	699,514
Additions	15,203	-	15,203
	<hr/>	<hr/>	<hr/>
At 31 March 2022	572,065	142,652	714,717
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
At 1 April 2021	478,241	29,228	507,469
Charge for year	44,089	3,566	47,655
	<hr/>	<hr/>	<hr/>
At 31 March 2022	522,330	32,794	555,124
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 March 2022	49,735	109,858	159,593
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2021	78,621	113,424	192,045
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

12. DEBTORS

	2022 £	2021 £
Amounts falling due within one year		
Rent arrears	158,117	176,661
Less: Provision	(53,467)	(51,034)
	<hr/> 104,650	<hr/> 125,627
Prepayments and accrued income	482,180	196,502
Staff loans	7,513	11,696
Other debtors	62,008	6,034
	<hr/> 656,351	<hr/> 339,859

13. CREDITORS

	2022 £	Restated 2021 £
Amounts falling due within one year		
Rents received in advance	63,024	62,142
Housing loans	63,736	77,210
Trade creditors	223,682	164,678
Other creditors and accruals	297,926	275,688
Other taxation and social security	33	14,484
Government grant (note 14)	86,672	85,948
	<hr/> 735,073	<hr/> 680,150
Amounts falling due after more than one year		
Loans repayable by instalments: -		
- Between one and two years	70,289	85,678
- Between two and five years	720,299	311,145
- In five years or more	310,600	375,092
Government grant (note 14)	6,201,960	6,290,082
	<hr/> 7,303,148	<hr/> 7,061,997

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 2022

14. GOVERNMENT GRANT

	Held as deferred income £	Recognised in profit or loss £	Total 2022 £	Total 2021 £
At 1 April	6,376,030	-	6,376,030	6,461,978
Grant amortised in the year	-	(87,398)	(87,398)	(85,948)
At 31 March	6,376,030	(87,398)	6,288,632	6,376,030
Capital grant previously amortised to profit or loss	-	1,940,508	1,940,508	1,853,110
Total grant received as at 31 March	6,376,030	1,853,110	8,229,140	8,229,140

Social Housing Grants have been provided by Homes England to fund the development of Social Housing for rent. As at 31 March 2022 the total unamortised government grant is £6,288,632 split into due to be amortised over more than one year £6,201,960 and due to be amortised within one year £86,672.

15. PROVISIONS FOR LIABILITIES

	2022 £	2021 £
Pension scheme obligations (see note 18)	144,000	274,000

16. CALLED UP SHARE CAPITAL

	2022 £	2021 £
Allotted issued and fully paid shares of £1 each At start of the year	19	19
	19	19

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 2022

17. RESERVES

The revenue reserve represents the accumulated surpluses and deficits.

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

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

18. PENSION OBLIGATIONS

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

The Association currently contributes to one defined contribution pension scheme for certain employees. During the year, the Association recognised £55,857 (2021: £60,083) of pension costs in relation to the defined contribution scheme.

The Association has been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing, and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of the Scheme liabilities, but until the Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

Social Housing Pension Scheme

The Association participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

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 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

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.

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

18. PENSION OBLIGATIONS (continued)

Pension scheme liabilities recognised in the Statement of Financial Position

	2022	2021
	£	£
Pension obligations recognised as Defined Benefit schemes	144,000	274,000
	<hr/>	<hr/>
Total pension scheme liabilities	144,000	274,000
	<hr/> <hr/>	<hr/> <hr/>

Principal actuarial assumptions at the financial position date:

	2022	2021
	%	%
Discount rate	2.79	2.19
Inflation (RPI)	3.54	3.26
Inflation (CPI)	3.17	2.87
Salary growth	4.17	3.87
Allowance of commutation of pension for cash at retirement (% of maximum allowance)	75.0	75.0

The mortality assumptions applied at 31 March 2022 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2022	21.1
Female retiring in 2022	23.7
Male retiring in 2042	22.4
Female retiring in 2042	25.2

Amounts recognised in the Income Statement

	2022	2021
	£	£
Net interest expense	6,000	1,000
Current service costs	9,000	6,000
Expenses paid	3,000	4,000
	<hr/>	<hr/>
Total expenses	18,000	11,000
	<hr/> <hr/>	<hr/> <hr/>

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

18. PENSION OBLIGATIONS (continued)

Amounts recognised in Other Comprehensive Income

	2022	2021
	£	£
Experience on plan assets (excluding amounts included in net interest cost) - gain	20,000	79,000
Experience gains and losses arising on the plan liabilities - (loss)/gain	(58,000)	(72,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain/(loss)	20,000	(5,000)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain/(loss)	98,000	(268,000)
	<hr/>	<hr/>
Total actuarial gains and losses - gain/(loss)	80,000	(266,000)
	<hr/> <hr/>	<hr/> <hr/>

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

	2022	2021
	£	£
Fair value of plan assets	1,079,000	995,000
Present value of funded retirement benefit obligation	(1,223,000)	(1,269,000)
	<hr/>	<hr/>
Net liability	(144,000)	(274,000)
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of movements on the defined benefit obligation

	2022	2021
	£	£
Defined benefit obligation at the start of the year	1,269,000	918,000
Current service cost	9,000	6,000
Interest cost	28,000	22,000
Contribution by members	2,000	2,000
Actuarial losses/(gains) due to scheme experience	58,000	72,000
Actuarial (gains)/losses due to changes in demographic assumptions	(20,000)	5,000
Actuarial (gains)/losses due to changes in financial assumptions	(98,000)	268,000
Expenses	3,000	4,000
Benefits paid	(28,000)	(28,000)
	<hr/>	<hr/>
Defined benefit obligation at the end of the year	1,223,000	1,269,000
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WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

18. PENSION OBLIGATIONS (continued)

Reconciliation of movements on the fair value of plan assets

	2022	2021
	£	£
Fair value of the plan assets at the start of the year	995,000	848,000
Interest income	22,000	21,000
Experience on plan assets (excluding amounts included in net interest cost) - gain	20,000	79,000
Contributions by the employer	68,000	73,000
Contributions by plan participants	2,000	2,000
Benefits paid	(28,000)	(28,000)
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Fair value of the plan assets at the end of the year	1,079,000	995,000
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The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £42,000 (2021: £100,000).

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:

	2022	2021
	£	£
Absolute Return	43,000	55,000
Alternative risk premia	36,000	37,000
Cash	4,000	-
Corporate Bond Fund	72,000	59,000
Credit Relative Value	36,000	31,000
Currency hedging	(4,000)	-
Distressed Opportunities	39,000	29,000
Emerging Markets Debt	31,000	40,000
Global Equity	207,000	159,000
High Yield	9,000	30,000
Infrastructure	77,000	66,000
Insurance-Linked Securities	25,000	24,000
Liability Driven Investments	301,000	253,000
Liquid Credit	-	12,000
Long Lease Property	28,000	20,000
Net Current Assets	3,000	6,000
Opportunistic Credit	4,000	27,000
Opportunistic Illiquid Credit	36,000	25,000
Private Debt	28,000	24,000
Property	29,000	21,000
Risk Sharing	35,000	36,000
Secured Income	40,000	41,000
	<hr/>	<hr/>
Total Assets	1,079,000	995,000
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WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

19. CAPITAL COMMITMENTS

At the year-end there was no capital expenditure contracted for but not provided for in the financial statements (2021 - £nil); nor was there any capital expenditure authorised by the Board but not yet contracted for (2021 - £nil).

20. OPERATING LEASES

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

	2022 £	2021 £
Within one year	1,985	1,985
Within two to five years	158	2,143
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	2,143	4,128
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20. OPERATING LEASES (continued)

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:

	2022 £	2021 £
Within one year	21,442	21,022
Within two to five years	-	21,442
	<hr/>	<hr/>
	21,442	42,464
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21. RELATED PARTY TRANSACTIONS

There were no tenants of the Association, who served as Board members during the year (2021: none).

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.

At the year-end, the Association had a loan owed by a member of key management personnel of £2,842 (2021: £4,200). The loan is advanced under the Association's Car Loan scheme and is unsecured, interest-free and repayable over 48 months. During the year, £nil (2021: £3,000) was advanced and £1,358 (2021: £nil) amounts were repaid.

The total remuneration of key management personnel during the year inclusive of taxes was £229,626 (2021: £277,405).

WALTHAM FOREST HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

22. PRIOR YEAR RESTATEMENT

The Association enlisted a consultant to carry out a review of its rent calculations over previous years. The review highlighted that the setting of rents was not in line with the Rent Standard or the Welfare Reform and Work Act 2016 (WRWA 2016). This has resulted in a repayment to tenants and the public purse. A prior restatement reducing the revenue reserve in the prior year is as follows:

	As previously reported 2021 £	Prior year adjustments £	2021 Restated £
Impact on the Statement of Comprehensive Income			
Turnover	2,642,794	(43,023)	2,599,771
Operating costs	(2,529,400)	-	(2,529,400)
Operating surplus	113,394	(43,023)	70,371
Interest receivable	426	-	426
Interest payable	(63,325)	-	(63,325)
Surplus for the year	50,495	(43,023)	7,472
Impact on the Balance sheet			
Housing properties	13,477,669	-	13,477,669
Other fixed assets	192,045	-	192,045
Debtors	339,859	-	339,859
Cash and cash equivalents	1,181,319	-	1,181,319
Creditors: amounts falling due within one year	(551,579)	(128,571)	(680,150)
Creditors: amounts falling due after more than one year	(7,061,997)	-	(7,061,997)
Provisions for liabilities	(274,000)	-	(274,000)
	7,303,316	(128,571)	7,174,745
Capital and reserves:			
Called-up share capital	19	-	19
Revenue reserves	7,518,802	(85,548)	7,433,254
Net comprehensive loss for the year	(215,505)	(43,023)	(258,528)
	7,303,316	(128,571)	7,174,745