



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015



Wellingborough Homes will work successfully with its customers and communities to provide great services and high quality living environments.

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CHAIRMAN'S STATEMENT

This year we have continued to improve and develop our services to our customers to enhance Value for Money. We have also experienced changes in the leadership of the Association with Jo Savage being appointed as Chief Executive in November last year. Mandy Meanwell (Director of Housing and Support Services) and Denise Lewis (Director of Asset and Development) have also joined the Executive Management Team. Michael Heekin remains as Finance and Performance Director.

I am pleased to be able to report that we have been able to continue to develop new homes for rent and low cost home ownership. During the year we completed work on our site at 12 Gold Street within the town and were able to deliver 26 homes for rent. We also started work on building 48 new flats at Mitchell Court, we expect the first of these flats to be completed by December 2015. The overall expenditure on these flats is expected to be £4m, we have received £1.2m of grant funding from the Homes and Communities Agency (HCA) as part of their 2015-18 Affordable Homes programme. We wish to build on our relationship with the HCA as we continue to develop new properties. We are also on site and building at Bourton Way in Wellingborough, and Compton Way in Earls Barton which will provide a total of 40 units across the 2 sites. We are also due to complete 12 new homes on former garage sites in the Queensway neighbourhood which previously were largely unused and detrimental to the surrounding areas.

Our new Corporate Plan approved in February 2015 sets a target to build four hundred new homes over the next four years. The Board have set this target as a clear statement of its ambition to invest in our communities in the Borough of Wellingborough. To achieve this objective we shall shortly finalise a new loan agreement with Barclays Bank. This will allow a further £38m of loan finance to invest in new properties.

We shall also continue to improve and upgrade our existing properties. Two major refurbishment programmes at Diana and Sylvanus House were completed recently. This involved a substantial remodelling and upgrading of these blocks and has given a new lease of life to these blocks and improved the local neighbourhood. We have carried out extensive improvements to our flats in our enveloping programme, improving cladding, internal and external communal areas to enhance these properties. Moving forward, we shall also consult with our customers to agree investment in the communal areas in their neighbourhoods.

We continue to support our tenants in a number of ways. Our investment in the FISH (Free Impartial Support and Help) shop, where multi-agency services offer advice on budgeting, debt management and benefit entitlement has brought real benefits. Working with partners we have dealt with debt and benefit enquiries of £8.8m. I am pleased that the work of all those at the FISH shop was recognised this year winning another award at the Chartered Institute of Housing Midlands Awards for Transforming Customer Services.

This has been a year of change with a number of senior staff leaving and new staff joining. Through this period all staff have worked hard to maintain excellent service to customers. I am pleased to report that we have maintained our Viability and Governance ratings from our regulator, the HCA, as V1 and G1 grades, the highest grades achievable.

We are focused on maintaining a strong business whilst working with our customers to improve services. The forthcoming year will see Wellingborough Homes launch a new Customer and Community Investment Strategy. This strategy has had wide consultation in its development to ensure that we include all of our customers in aiming to improve our services. We have also agreed a new Value for Money Strategy which will aim to ensure that each pound we spend is focused on delivering our mission statement that:

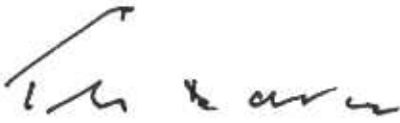
"Wellingborough Homes will work successfully with its customers and communities to provide great services and high quality living environments"

During the year we have continued to offer training and learning opportunities to tenants with over 525 people taking advantage of training sessions at our Thompson Court office and a further 3,000 people using our online facilities to carry out job searches, home options and many more. We have also secured £300,000 funding from the Big Lottery Fund over the next three years to help build resilience within our communities through good neighbours schemes and to give advice to help avoid fuel poverty.

I look forward with optimism for the forthcoming year; working with our partners including the Borough Council of Wellingborough (BCW) we are confident that we can improve services and opportunities for all our customers.

CHAIRMAN'S STATEMENT cont'd

Finally, I wish to thank all my fellow Board members, tenant volunteers, and members of staff for their continued hard work and support over the last year. We face challenges ahead but look forward with confidence and enthusiasm.

A handwritten signature in black ink, appearing to read 'Tim Davy', with a stylized flourish above the first name.

Tim Davy
Chairman
16th July 2015

REPORT OF THE BOARD OF MANAGEMENT– Incorporating the Operating and Financial Review

The operating and financial review has been prepared to comply with the Accounting Standard Board's Reporting Standard on preparing Operating and Financial Reviews.

About Wellingborough Homes Limited

Wellingborough Homes Limited (the Association) is a community-based association, created in 2007, when council tenants in and around Wellingborough voted to transfer their homes to a new independent organisation.

What we do

The principal activities of the Association include the provision of affordable housing and support services for people in housing need. Further, the Association provides services to shared ownership and leasehold customers and plays an active part in community development in the areas where it operates.

With around 4,500 homes in ownership, the Association is the largest and most influential local landlord managing more than eighty per cent of the social housing stock within Wellingborough and the nineteen surrounding villages.

Our mission statement is that **'Wellingborough Homes will work successfully with its customers and communities to provide great services and high quality living environments'** and this remains our primary driver.

Our Corporate Strategic Objectives

The Wellingborough Homes Board approved a new Corporate Plan in February 2015 which will cover the period from 2015-2019. The Corporate Plan is underpinned by six key objectives. The Corporate Strategic Objectives are to:

- Produce and use effective, high quality, accurate and timely data
- Establish an investment measure for social and financial return
- Ensure investments generate optimum social and financial value
- Reduce costs and drive efficiency
- Ensure operational performances is maintained at a high level
- Develop key strategies.

The six key strategies which will be put in place to underpin the mission and objectives are:

- Asset and Development Strategy – February 2015
- Treasury Management Strategy – April 2015
- Value for Money Strategy – May 2015
- Customer and Community Investment Strategy – May 2015
- Tenancy Management Strategy – September 2015
- Organisational Development Strategy – September 2015.

Working with others

We believe that we will have a greater impact on improving the communities in which we operate by working with others. Partnerships with councils, other Housing Associations, community groups, contractors, the HCA, Barclays Bank, local voluntary agencies, and of course our customers, are the key to making a big difference.

We are committed to working with BCW to meet its housing strategy priorities and contributing to the successful delivery and management of new homes within our area.

REPORT OF THE BOARD OF MANAGEMENT- Incorporating the Operating and Financial Review cont'd

Some of what we achieved during 2014/15

Over the last twelve months we have built on our previous achievements and improved services whilst introducing new ones. We have listed below some of our key achievements during the year:

- Completed work on a new housing development at 12 Gold Street to provide 26 one bed flats
- Completed Phase 2 of our Flat enveloping works to improve the communal areas and external environment surrounding these flats spending £2.6m during the year
- Completed works at the Gardeners View development in Hardingstone which provides 6 homes for Shared Ownership and 14 for rent
- Commenced works at Mitchell Court in the town centre which will provide 24 one bed and 24 two bed properties, this development has attracted £1.2m HCA funding
- Commenced works at Bourton Way, Compton Way and our ex Garage sites which will provide a total of 52 new homes for rent and sale
- Worked in partnership with over 30 locally based organisations to develop the Support Wellingborough Consortium. Through this body we have been able to set-up the Catch Team which delivers support in an integrated way to those in need in Wellingborough.
- A mobile working project has been established to ensure that staff can spend more time working directly with tenants. This project has been established for staff working in property services, neighbourhood services and support services
- Gained an award from CIH for transforming customer services for our work at the FISH shop
- Introduced an intensive management support scheme to provide housing and support to homeless families and individuals.

Managing Risk

The Board reviews the Strategic Risk Register every quarter and the risks are assessed in terms of their impact and probability together with a record of actions taken or controls in place to mitigate these risks. The Risk Register is then used to inform other work, for example our Internal Audit Plan. We have established a comprehensive risk management framework. The risks are identified from operational risk registers, corporate plan objectives, strategic review and the HCA sector risk profiles. A list of the key risks and controls that are in place in our Strategic Register is shown in the following table.

REPORT OF THE BOARD OF MANAGEMENT- Incorporating the Operating and Financial Review cont'd

Table 1 - Key Risks

Risk Areas	Examples of controls and actions
<p>Welfare Reform</p> <p>Welfare reform changes leading to a loss of income through increased arrears and bad debt and to increased costs through the need for extra tenancy support and benefit advice services and increased income collection and tenancy failure costs.</p>	<ul style="list-style-type: none"> • Welfare reform action plan in place and reported to Board covering such matters as resources, communication, partnership working, changes to internal procedures • Provision of advice and support through third party agencies • Increased provision for bad debts in the Business Plan
<p>Asset Management</p> <p>Failure to have a fully functioning Asset and Liability register in place and inadequate understanding of our contractual obligations</p>	<ul style="list-style-type: none"> • Asset and Development strategy identifies establishment of a fully compliant asset and liabilities register as a key task • Work to review all key contracts is also planned • Updated contracts register to be established
<p>Right-to-Buy (RTB)</p> <p>Increase in RTB</p>	<ul style="list-style-type: none"> • Stress test of business plan has been undertaken on the effects of increased RTB • Information paper has been researched and written on potential impacts • New funding arrangements allow for cancellation of undrawn loans if RTB sales make further development unachievable
<p>Value For Money</p> <p>Cost base not being controlled leading to inability to service debt and grow the business</p>	<ul style="list-style-type: none"> • Value for Money strategy contains targets for the reduction of cost base • Benchmarking to improve performance • Annual action plan • 3% cost reduction target approved
<p>Income</p> <p>Risk of rent loss through slow re let time on voids. Demand for some properties lower than in previous years</p>	<ul style="list-style-type: none"> • Voids process has been reviewed and improved • Demand for property types is being monitored no significant difficult – to-let areas
<p>Governance</p> <p>Failure to comply with housing law leads to legal action and reputational damage</p>	<ul style="list-style-type: none"> • Review of governance framework • Assurance review • Training of key staff
<p>Business Continuity</p> <p>Lack of testing of business continuity plan leading to our inability to respond successfully to an incident or system failure</p>	<ul style="list-style-type: none"> • Plan being updated • Test planned for 2015/16 • Refreshed out of hours cover

REPORT OF THE BOARD OF MANAGEMENT– Incorporating the Operating and Financial Review cont'd

Value For Money (VFM) Statement

Our commitment to Value For Money (VFM) as one of our key corporate strategies includes being transparent and giving meaningful information on our plans and progress in this area. There is also a regulatory expectation that we will make full information available to our stakeholders at least annually. The contents of our VFM statement are set out below:

1. What does VFM mean for the Association?
2. Cost of services and comparison
3. Performance of our services
4. Customer satisfaction
5. Key financial data
6. How our assets are performing
7. Social and environmental impact
8. What we have achieved
9. Future plans

1. What does VFM mean for the Association?

The Board approved a new Value for Money Strategy in February 2015 with a plan that covers the period 2015-19. This is a key part of the Corporate Plan. It also aims to demonstrate to our key stakeholders that we are fully complying with the HCA's Governance Standard. There have been six strategy objectives identified for this plan. These are:

- Understanding costs better
- Delivering improved services to customers and cost savings
- Effective use of assets
- Improving procurement
- Involving customers, staff, Board and stakeholders
- Demonstrating improvements.

REPORT OF THE BOARD OF MANAGEMENT- Incorporating the Operating and Financial Review cont'd

Value For Money (VFM) Statement (cont'd)

To ensure that the VFM Strategy goals link closely to our overall Corporate Strategic Objectives we have mapped the Corporate Strategic Objectives and the VFM Strategy Goals.

Table 2 - VFM Strategy Goals Linked to the Corporate Strategy

Corporate Strategic Objectives	VFM Strategy Specific Goals
Produce and use effective, high quality, accurate and timely data	<ul style="list-style-type: none"> • Understanding costs better • Involving customers, staff, Board and stakeholders • Effective use of assets • Demonstrating improvements
Establish an investment measure for social and financial return	<ul style="list-style-type: none"> • Involving customers, staff, Board and stakeholders • Demonstrating improvements • Improving procurement
Ensure investments generate optimum social and financial value	<ul style="list-style-type: none"> • Effective use of assets • Improving procurement
Reduce costs and drive efficiency	<ul style="list-style-type: none"> • Delivering improved services to customers and cost savings • Improved procurement
Ensure operational performance is maintained at a high level	<ul style="list-style-type: none"> • Involving customers, staff, Board and stakeholders • Demonstrating improvements • Delivery of improved services to customers and cost savings

Diagram 1 - What does VFM mean for the Association?



REPORT OF THE BOARD OF MANAGEMENT- Incorporating the Operating and Financial Review cont'd

Value For Money (VFM) Statement (cont'd)

The diagram on the previous page shows the interlinked themes that need to be delivered if VFM is to be achieved.

Cost – the Association must ensure that it is obtaining the best price for its service delivery – this is the input element.

Effective resources are the way in which the inputs are being used to maximise their benefit.

The **Customer satisfaction** element ensures that Wellingborough Homes is meeting customers' expectations.

The **Performance** element means that Wellingborough Homes needs to set clear targets for improvement and to benchmark with other organisations. The diagram is circular emphasising the need to continually review and reassess our performance internally, with customers and with peers.

The Association's definition of VFM

There is no one universally accepted definition of VFM. The National Audit Office uses the definition:

"Good value for money is the optimal use of resources to achieve the intended outcomes."

It is important that each organisation defines their VFM objectives in a way which is meaningful to them and their customers.

To help frame this we use a measure of the 3 E's:

Economy: is minimising the costs to obtain the inputs required i.e. a measure of good value.
Efficiency: is obtaining the best outputs given the inputs i.e. a measure of productivity.
Effectiveness: is maximising the outcomes both in terms of quality and quantity from the outputs i.e. a measure of impact.

Our business planning process includes a clear link to our overall objectives and a fully costed 30 year plan. Budgets are linked to budget holders who are responsible for delivering targets. Using Housemark benchmarking data the Board has agreed that improving the performance, cost and satisfaction ratings are a key priority for the forthcoming 4 years.

Our aim is to expand the number of new build properties over the forthcoming four years; being able to deliver improvements in VFM is key to achieving this goal.

We use the Housemark benchmarking system to compare our costs and performance with other Housing Associations within the Eastern Region reporting the results to our Board. Each quarter the Board receives performance reports which chart progress against targets and a comparison against the top performing benchmark.

2. Cost of services and comparison

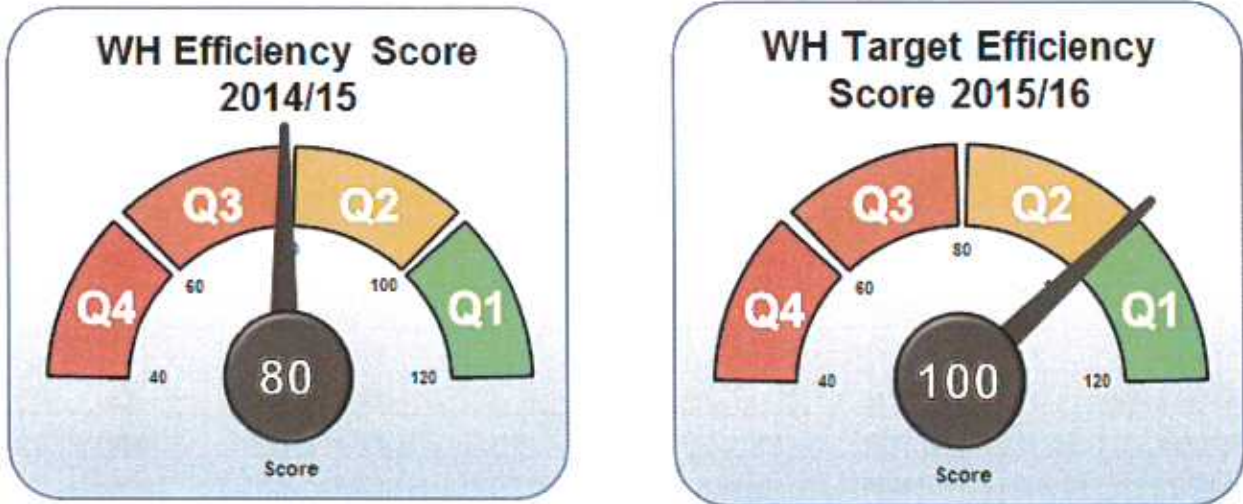
Wellingborough Homes has used the Quality Assured Housing Consultancy (QAHC) efficiency model (Social housing efficiency tool), which provides a total efficiency score using cost, performance, satisfaction and financial indicators. The scoring is based on quartile performance for each measure indicated. Over 30 points would represent top quartile performance and 10 for bottom quartile.

The Association has used Housemark data for 2014/15. Due to the peer group cost information for 2014/15 being unavailable at this time, the 2013/14 peer group costs figures have been used with an uplift for inflation to compare against our 2014/15 costs. Although this method is basic it does allow comparisons to be drawn.

REPORT OF THE BOARD OF MANAGEMENT- Incorporating the Operating and Financial Review cont'd

Value For Money (VFM) Statement (cont'd)

Diagram 2 - Efficiency Score



The overall efficiency score shows Wellingborough Homes just below Quartile 2 with an overall score of 80 against the QAHC index. The efficiency score for 2015/16 has been set as a minimum target of 100. This would see the Association move towards the top of Quartile 2 and represents a significant move forward.

The overall make-up of our efficiency score is shown below.

Table 3 - Overall Efficiency Measure

Efficiency Measure	WH Results 2014/15	Peer Median 2014/15	Quartile	Score
Total cost per unit	£4,353	£2,928	●	10
Total Performance Score	200	210	●	20
Operating Margin	32%	27%	●	30
Satisfaction Score	100	110	●	20
Total Efficiency Score	80	80	●	80

Key to Quartile Scores

Quartile Key	
Upper Quartile	●
Mid-Upper Quartile	●
Median	●
Mid-Lower Quartile	●
Lower Quartile	●

REPORT OF THE BOARD OF MANAGEMENT– Incorporating the Operating and Financial Review cont'd

Value For Money (VFM) Statement (cont'd)

Total Cost per Unit

The summary above shows that Wellingborough Homes total cost per unit is relatively high when compared to our peer group. The main reasons for this are analysed in our costs per unit comparisons which are shown in the table below.

Table 4 - Costs per Service Area

Service Area	WH Cost Per Unit 2014/15	WH Cost Per Unit 2013/14	Peer Median Cost per Unit 2014/15	Quartile
Major Repairs	£2,309	£2,576	£1,209	
Routine Repairs	£819	£840	£664	
Planned Repairs	£263	£292	£260	
Housing Management	£314	£289	£252	
Estate Services	£128	£103	£113	
Overheads	£520	£506	£534	
Total CPU	£4,353	£4,606	£2,928	

Major Repairs

This table clearly shows that by far the highest area of expenditure is in major repairs with our costs being almost double that of our peer group. This is due largely to the completion during 2014/15 of two major projects. Firstly, a major refurbishment project at Diana & Sylvanus House where we spent £4.5m during the year. This project involved completely taking back the two blocks to their basic structure and completely redesigning them. This has meant that previously unpopular blocks will now have an expected life of more than thirty years and it has helped to improve the surrounding areas. The second major project substantially completed in year was our flat enveloping programme. During 2014/15 we spent £2.6m on flat enveloping. Total spend on major repairs was £9.2m. For 2015/16 our budgeted costs are £3.8m and we would expect to be below peer group spend on this measure with an anticipated per unit cost of £1,035 which is below the current peer group median.

Routine Repairs

Our routine repairs are also comparatively high when compared to our peer group. However, we have been able to record a year on year reduction on per unit cost in this area and are working with our contractor to reduce costs further whilst improving service and customer satisfaction.

Planned Repairs

This area covers gas servicing, asbestos checks, electrical checks and cyclical repairs. Our costs have reduced from last year and are close to our peer group median.

Housing Management

Our housing management service is currently under review, we are consulting on changes which will allow us to meet the challenges of welfare reform for our customers. We are mindful that we must balance expenditure in this area with the need to support tenants through welfare reform and to resource this area so that we can meet the challenges of universal credit. We have been supporting tenants with options to deal with under occupancy and there are now 100 fewer households under-occupying than at April 2013.

Estates Services

Our estate services costs are broadly in line with our peer average. We have been working with BCW to improve efficiencies through joint working. Targets have been established in this service to improve efficiencies and costs.

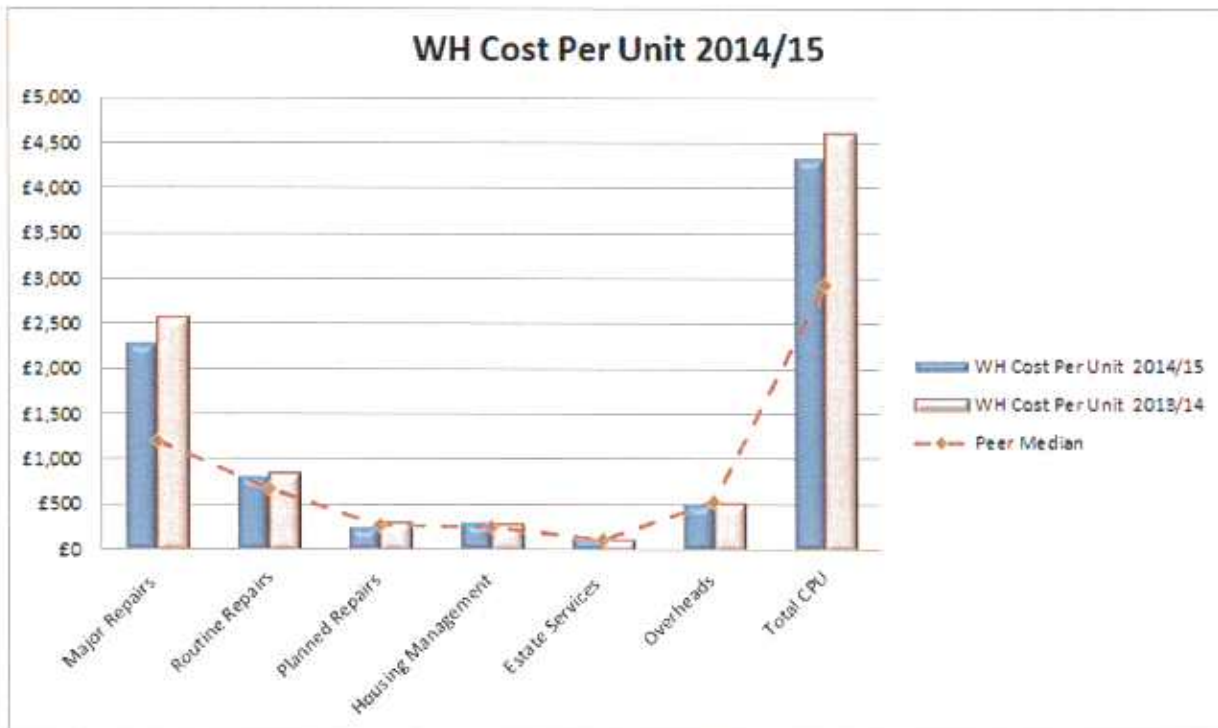
REPORT OF THE BOARD OF MANAGEMENT- Incorporating the Operating and Financial Review cont'd

Value For Money (VFM) Statement (cont'd)

Overheads

Our overheads compare favourably with our peer group; however this is an area that has been identified as a target for additional savings within our VFM Strategy with a 3% reduction being set by the Board. This will be an area of focus in the forthcoming year.

Diagram 3 – Peer Group comparison on costs per service



Areas of variance are flagged by the cost per unit graph above with major repairs spend flagged as the main area of variance in terms of monetary spend and variance from our peer median. This area's expenditure is budgeted to fall sharply in the forthcoming year.

Operating Margin

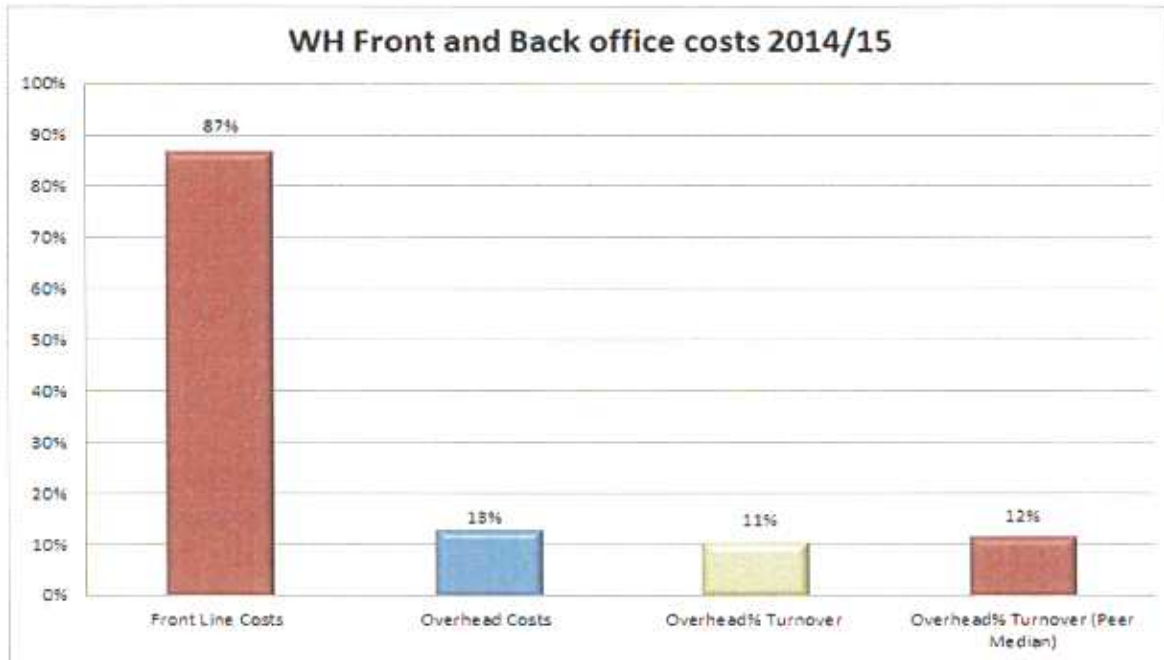
Our operating margin has improved through being able to reduce repairs and controlling costs whilst increasing our income.

REPORT OF THE BOARD OF MANAGEMENT- Incorporating the Operating and Financial Review cont'd

Value For Money (VFM) Statement (cont'd)

Understanding Our Costs

Diagram 4 – Comparison of Front Line and Overhead Costs



Our split of front line and overhead costs is shown above. We compare favourably against peers in terms of the amount of turnover which is spent on overhead as a percentage of our total turnover.

REPORT OF THE BOARD OF MANAGEMENT- Incorporating the Operating and Financial Review cont'd

Value For Money (VFM) Statement (cont'd)

3. Performance of our Services

We report Key Performance Indicators (KPI's) to our Board on a quarterly basis with performance against target and year-on year performance being examined. A selection of Key Performance Indicators calculated through the Housemark system is shown below:

Table 5 – Wellingborough Homes KPIs

Wellingborough Homes KPI	2014/15	2013/14	Peer Median	Quartile	Trend	Target 2015/16
Rent collected current/former tenants (inc arrears b/f)	96.02%	96.14%	97.20%			96.00%
Current tenant arrears (excluding voids)	3.53%	3.14%	2.69%			3.50%
Former tenant arrears (excluding voids)	0.62%	1.12%	0.95%			0.99%
Rent loss due to voids	0.91%	1.03%	0.91%			-1.00%
Average days to complete repairs	13.59	9.59	8.98			n/a
Repairs complete on the first visit	91.19%	90.37%	93.25%			85.00%
Percentage of dwellings non-decent	0.00%	0.00%	0.00%		n/a	0.00%
Average relet time (days)	35.24	34.61	27.53			28.00
Gas safety certificate %	99.93%	99.93%	100.00%		n/a	100.00%
Tenancy turnover	9.03%	9.01%	8.66%			n/a
ASB cases successfully resolved	97.87%	98.87%	95.15%			97.00%
Percentage of complaints resolved at first contact	74.34%	77.61%	74.32%		n/a	75.00%

The Board approved targets were set before 2014/15 performance had been assessed and the targets have been adjusted where necessary to match Housemark definitions.

An analysis of key messages from the Key Performance Indicators is shown below:

Rent collected - score has remained similar to last year. The proposed changes to our housing team will allow for more resources to be focussed on rent collection, training of officers is also planned. We will establish a dedicated income recovery team under our restructure proposals.

Current tenant arrears - this has dipped slightly from last year, re-organisation of the team and additional training has been identified to improve performance.

Former tenant arrears (FTA) - new processes are being put in place to manage FTA's along with a dedicated role in the proposed new structure which should allow for pro-active management of and regular write offs of debt.

Repairs completed on first visit - repairs performance has improved recently with a higher percentage being completed at first visit.

Percentage dwellings non-decent - our decent homes programme has been completed successfully.

Average re-let time - new voids process has been established at the end of the financial year, we would expect to report an improvement for 2015-16, latest performance is showing relet time of 28 days.

Gas safety - a key measure for us and we take every possible step to ensure that we gain entry to properties to carry out checks. We employ an in-house Gas Manager to ensure the highest standards are maintained.

Tenancy turnover - our performance is comparable with last year slightly above peer median.

ASB cases successfully resolved - good performance maintained in the year.

Percentage of complaints resolved at first contact - we are performing well against peer median with a slight dip in performance from previous year.

REPORT OF THE BOARD OF MANAGEMENT- Incorporating the Operating and Financial Review cont'd

Value For Money (VFM) Statement (cont'd)

4. Customer Satisfaction

Customer satisfaction is a key element in delivering VFM to ensure that we are delivering what is important to our customers. The analysis below is based on STAR survey 2013 data.

Diagram 5

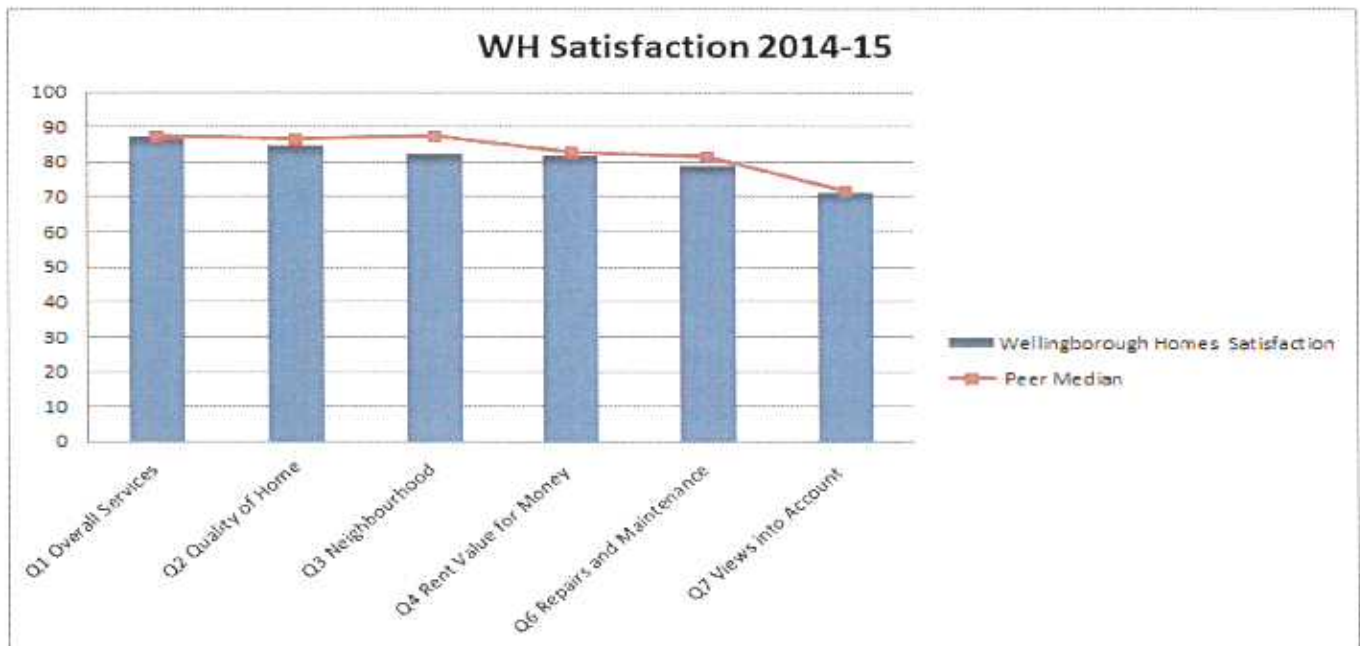


Table 6 - Satisfaction per Service Area

Question	Wellingborough Homes Satisfaction	Peer Median
Q1 Overall Services	87	88
Q2 Quality of Home	85	87
Q3 Neighbourhood	82	88
Q4 Rent Value for Money	82	83
Q6 Repairs and Maintenance	79	82
Q7 Views into Account	71	72

Our satisfaction scores are close to our Peer Group Median on all main measures above. They are based on a STAR survey. We plan to carry out a new STAR survey of our tenants to gain a better insight into the satisfaction levels and priorities of our tenants during 2015/16. Improving our information held on tenant profiles is another key area for the forthcoming year so that we will be able to target services to individual tenants and to concentrate on areas where there is most need.

Customer Involvement

The tenants' scrutiny panel carried out a review during 2014/15 of the way in which arrears are managed and made recommendations which have been agreed by the senior managers and the Board. They used benchmarking data and had access to all members of staff and information required. They also visited other Registered Providers (RPs) which have good arrears performance and incorporated best practice findings from these organisations into their report.

REPORT OF THE BOARD OF MANAGEMENT– Incorporating the Operating and Financial Review cont'd

Value For Money (VFM) Statement (cont'd)

The Customer and Community Investment Strategy which was approved in May 2015 gives an increased role for, and support to, the tenants scrutiny panel in order to ensure that our customers can have a strong voice in shaping and monitoring our VFM Strategy. We will employ the Housing Associations Charitable Trust (HACT) model to measure the impact of our investment in communities. The strategy will also focus on areas where our customers are clear beneficiaries.

5. Key Financial Data

In order to provide a comparison with the wider Housing Association sector we have analysed our performance for 2014/15 against the 2014 HCA published Global Accounts. Some of our key financial ratios are compared below. The HCA takes all Association accounts and analyses their performance to arrive at a sector wide set of accounts. From this notional set of accounts, sector wide average accounting ratios and costs per unit are produced. As such they may vary from benchmarking figures analysed elsewhere in the VFM Statement. No inflationary uplift has been applied to the 2013/14 Global Accounts figures for comparison with Wellingborough Homes figures. The HCA Global Accounts give a separate measure for Associations who have acquired the majority of their stock through Council Stock Transfers and this has been used in the analysis as the most appropriate measure.

Table 7 – Performance against 2013/14 Global Accounts

Measure	2012/13	2013/14	2014/15	HCA Global Accounts 2013-14 (LSVT)
	£ per unit or %	£ per unit or %	£ per unit or %	£ per unit or %
Operating margin as % of turnover	35.5%	20.4%	31.8%	27.2%
EBITDA interest cover	723.9%	657.2%	739.9%	137.7%
Growth in turnover	4.9%	6.3%	2.5%	4.3%
Gearing	24.7%	29.5%	35.2%	60.9%*
Debt per unit	£5,924	£7,514	£8,037	£17,238
Management cost per unit	£861	£988	£920	£936
Responsive and planned repairs per unit	£637	£995	£893	£1,035
Average property value	£22,999	£24,892	£25,166	N/A
Current tenant arrears	2.9%	3.4%	3.6%	4.1%

*Calculated from Global Accounts - Loans/Net Assets

How we compare

Care needs to be taken when comparing global accounts, however this can give us some useful insights into how we stand against other LSVTs. Commentary is given below on some of the key measures.

REPORT OF THE BOARD OF MANAGEMENT– Incorporating the Operating and Financial Review cont'd

Value For Money (VFM) Statement (cont'd)

Operating Margin – Our operating margin has improved on last year and compares well with other LSVT's.

EBITDA – Measures our ability to meet our interest payment commitments, we score well in this regard however this measure will reduce as we plan to take on additional debt to fund development.

Growth in Turnover – Our growth in turnover has slowed and is a feature of the relatively low rent increase applied in year linked to lower inflation rates.

Gearing – This measure is on our loan to net assets. The gearing measure will rise over the forthcoming year.

Debt per unit – Our debt per unit has increased as we have drawn down more finance to undertake our development programme.

Management Cost per unit – Our management costs per unit are in line with the LSVT average.

Responsive and planned repairs per unit – The overall LSVT costs are above Wellingborough Homes costs although from our peer benchmarking we have identified this as an area where there is a continued need for close contract management to ensure costs are contained.

Average property value – Our properties valued using the EUV-SH (Existing Use Value-Social Housing) methodology. The average property value has increased as we continue to invest. The rate of increase in value has slowed over the last three years. No direct comparison is given due to different valuation methodologies that are adopted by LSVTs.

Current rent arrears – Current arrears are slightly below LSVT average although we are conscious that this area will come under increasing strain as welfare reform continues.

Overall the analysis indicates that the Association can improve performance in costs in certain areas. The strong performance on EBITDA and gearing are consistent with our plans to increase our borrowing in order to build 400 new homes over the next four years.

6. How our Assets are performing

In February 2015 the Association's Board approved a new Asset and Development Strategy for the forthcoming four years. This strategy includes the commitment to expand our stock numbers with an emphasis of keeping this development largely within Wellingborough.

Working with Savills we have undertaken a major review of our assets and carried out a net present value (NPV) analysis across all our stock types. The results of this work showed that there were no asset classes which had a negative NPV. We will use this data to inform our investment and development decisions.

Table 8 – NPV Calculations of Stock September 2014

30Yr NPV per unit	Performance Description	No. of units	% units	Total 30 yr. NPV	30 yr. NPV per unit
Below £0	poor	0	0%	£-	£-
Between £0 - £10,000	marginal	331	7.38%	£2,656,771	£8,026
£10,000+	good	4,153	92.62%	£68,364,918	£16,462
Total		4,484	100%	£71,021,689	£15,839

REPORT OF THE BOARD OF MANAGEMENT- Incorporating the Operating and Financial Review cont'd

Value For Money (VFM) Statement (cont'd)

Using mobile technology we have established a programme to survey 20% of our properties each year. This will give us improved stock condition data and also help to plan our future investment with a greater degree of accuracy.

Our flat enveloping works have continued this year and will increase the long-term demand for these properties whilst offering improved energy efficiency. The extensive works to blocks of flats at Diana and Sylvanus House have been completed this year and have not only given these flats an extended life but given an uplift to the surrounding area.

Working in partnership with the BCW we have agreed a new initiative to provide homes for homeless and vulnerable families and individuals through use of our stock supported by Intensive Management Accommodation (IMA). This will meet an urgent need within the area and replaces the Private Sector Leasing (PSL) Scheme which was proving financially unsustainable. It also ensures that demand for the Association's stock is maintained. The business case analysis has shown that there is a positive return in comparison with letting for social rent.

We have begun negotiations to look at rationalising our land ownership on estates where BCW and ourselves own land so that overall maintenance costs can be more efficiently managed.

We do not have a significant proportion of our stock which is classed as non-traditional build, similarly we do not have significant numbers of homes which have a high market value or have very low demand. Our Asset and Development Strategy has not therefore planned for significant disposal of existing stock, this is however being kept under review especially in relation to our three bedroom properties. Each new let will be assessed to decide whether it should convert to affordable rent, remain as social rent, be used for another purpose or sold.

Investment in our stock through the decent homes programme has seen our average property values rise from £11,984 in 2011 to £25,166 in 2015. This increase in value coupled with our cash flow from operating activities will allow us to secure additional loan finance to continue to develop new housing units. We aim to add approximately one hundred units to our stock per year over the next four years.

7. Social and Environmental Impact

We have funded the FISH (Free Impartial Support and Help) shop, partnering with others to deliver services more effectively, for example our work with the Community Law Service who provides independent debt and benefits advice thereby enabling our tenants to better sustain their tenancies. We have, with partners helped 2,549 FISH customers with £8.8m worth of debt and benefits advice being managed during 2014/15. Advice was also delivered on benefit entitlements, career advice, housing and other support related issues.

We have, through a National Lottery funded programme given affordable warmth advice to over 300 people who have made savings averaging £224 per year on fuel bills.

Our sponsorship of the Catch team has resulted in people being helped by our partners in a co-ordinated approach which has addressed customers' problems at an early stage preventing and thereby saving costs to the public purse.

REPORT OF THE BOARD OF MANAGEMENT- Incorporating the Operating and Financial Review cont'd

Value For Money (VFM) Statement (cont'd)

8. What we have achieved

In last year's VFM Statement we set targets to be completed during 2014/15. Progress is given in Table 9 below:

Table 9 - Our targets from last year

We said we would	We did
Introduce a project for mobile working to allow front line staff to spend more time dealing directly with tenants.	We have completed mobile working for, housing, repairs and support staff and will continue to make improvements this year.
Review and evaluate our "supported living in your own home" product in order to determine the future of this product offer within the BCW area, and potentially within other neighbouring areas.	After evaluating the opportunities to extend this product it was decided to concentrate service on our existing customers.
Develop and embed service level agreements between back office services and service delivery teams with an emphasis on increasing efficiency.	Due to changes in the EMT this year and restructuring of departments this has not been completed. This will be started this year when restructuring is completed.
Review and evaluate existing, and new, potential new suppliers, through an invitation to tender process, for our stakeholder, external communications and PR activities.	Communications and PR tender has been successfully completed with savings of £45k per annum being anticipated.
Further develop our business performance assessment framework using the balanced scorecard at strategic, operational and tactical levels, to secure the best return on investment in the "Clearview desktop" product.	Clearview has been successfully established with our KPIs linked to the Corporate Plan being completely reviewed. We have also agreed to purchase the Strategy and Planning modules.
Refinance this year to allow us to continue to develop new housing and improve our existing stock.	We are finalising refinancing to increase our development programme.

Some of Our Other Successes to Date

We have secured a National Lottery grant of £300k over three years which will fund neighbourhood cohesion, advice on energy efficiency and help to build overall neighbourhood resilience. The social return from this project will have a positive impact on our tenants and others within the community.

We have made improvements to our management information reports to allow for a better response to the challenges posed by welfare reform.

We have secured grants for insulation which has allowed us to carry out works to the value of £159k and received £125k in grant funding.

We have redesigned the way that we deal with the collection of waste material on our estates allowing us to reduce waste disposal charges by recycling more material with an overall saving of £6k so far. Recycled material can be used as compost to enhance our communal areas.

REPORT OF THE BOARD OF MANAGEMENT– Incorporating the Operating and Financial Review cont'd

Value For Money (VFM) Statement (cont'd)

We have secured £90k of grant funding for Support Wellingborough to develop a support model for the county and for Support Wellingborough to become an independent organisation.

We have reviewed our approach to community grants to ensure that they focus more closely on our customers.

We have introduced a new Income Management Policy to improve our performance in this area.

Reviewing our purchase of stationery suppliers resulted in a 40% cost saving with £14k per annum saved in this area.

We have redesigned our voids processes to ensure that vacant properties are re-let in as short a time as possible and repaired to our relet standards at lowest cost.

Restructured the finance team to improve flexibility within the team to prepare for welfare reform challenges.

Our new Redundancy Policy ensures that the statutory terms for redundancy are applied.

We have also introduced an Attendance Policy to improve staff absence rates and improve efficiencies.

We have introduced a performance appraisal system for all staff with achieving VFM targets a key measure for managers.

REPORT OF THE BOARD OF MANAGEMENT– Incorporating the Operating and Financial Review cont'd

Value For Money (VFM) Statement (cont'd)

9. Future Plans

The VFM Strategy contains six key strategy goals and actions against these goals have been agreed as part of the Action Plan for year 1. A full set of actions is contained within the VFM Strategy available online. Some of the key actions are shown below:

Table 10 – VFM Strategy -Year 1 Action Plan

VFM Strategy Goal	Key Objective	Deadline	Owner
Understanding costs better	Carry out budget setting for 2016-17 using zero base budgeting methodology	December 2015	Head of Finance
	All budget lines to be graded as mandatory or discretionary spend to establish organisational spend between the two areas	September 2015	Director of Finance and Performance
Delivering improved service to customers and costs savings	Present budget to the Board which includes overhead cost savings of 3%	February 2016	Director of Finance and Performance
	Produce register of cashable savings	December 2015	Head of Finance
Effective use of assets	100% of new investments achieve the agreed corporate hurdle rates	March 2016	Director of Assets and Development
	All relets will be assessed to determine whether they are relet at social or affordable rent, considered for alternative use or sold	March 2016	Head of Housing & Customer Service and Head of Finance
Improving procurement	Review procurement process	December 2015	Director of Finance and Performance
	Review procurement of key contracts	December 2015	Head of Finance
Involving customers, staff, board and stakeholders	100% of new initiatives measured against HACT methodology	March 2016	Community Investment Manager
	Ensure there is an effective method for customer involvement in monitoring service standards	March 2016	Community Investment Manager
Demonstrating improvements	STAR survey feedback on customer satisfaction on our services	March 2016	Head of Support and Community
	100% of existing work streams to be measured against HACT methodology	March 2016	Community Investment Manager

REPORT OF THE BOARD OF MANAGEMENT- Incorporating the Operating and Financial Review cont'd

Value For Money (VFM) Statement (contd.)

Planned Expenditure on our Properties

Investing in our assets remains a primary objective continuing the process started at transfer. During 2014/15 alone we invested £17.1m in new and existing properties. Information on investment undertaken and on our planned expenditure over the next 30 years is shown in the table below:

Table 11 - Planned Expenditure on our Properties

Type of Work	Years 1-5 Total £'000	Years 6-30 Total £'000	Years 1-30 Total £'000
Repairs & voids	15,660	77,500	93,160
Cyclical and gas servicing	5,500	27,500	33,000
External property works	96	127	223
Roofs	3,210	9,555	12,765
Environmental improvements	2,906	5,610	8,516
Diana & Sylvanus House	300	0	300
Aids and adaptations	2,000	10,000	12,000
Fees	720	3,750	4,470
Enveloping (Ext refurb of blocks of flats)	1,001	68	1,069
Planned internal component replacements	14,653	87,922	102,575
Total	46,046	222,032	268,078

We also intend to invest £47m in new build properties over the next four years. Our aim is to build 400 new properties predominately within Wellingborough.

Summary

Wellingborough Homes has prioritised VFM as one of its key strategies for 2015-19 within its Corporate Plan.

The objectives are to improve services and aim to lower costs whilst maintaining quality and customer satisfaction.

We will also refinance this year to allow us to continue to develop new housing and improve our existing stock. This will involve a continued emphasis on obtaining best value for money.

WELLINGBOROUGH HOMES LIMITED

REPORT OF THE BOARD OF MANAGEMENT– Incorporating the Operating and Financial Review cont'd

Wellingborough Homes Board and Committee Structure

The Rules of the Association allow for the appointment of Board members as follows:

- Two tenant members
- Four council members
- Six ordinary members

As at 31 March 2015, the Association had 11 Board members with one vacancy. The members who served from 1 April 2014 are listed in the table below:

Table 12 - Board Members

Name	Joined Board	Committee Membership	Left Board
Eileen Higgins	28 February 2007	Audit	21 May 2015
George Blackwell	25 January 2008		21 May 2015
Tim Davy (Chair)	6 November 2009	Audit, Policy	
Yvette Morgan (Vice Chair)	19 February 2010	Policy	
Mary Reeves	19 May 2011	Policy	
Daphne Simmons	19 May 2011	Audit	
Richard Coles	15 September 2011	Policy	
John Welch	24 January 2013	Audit	
John Bailey	13 March 2013		22 May 2014
John Lewis	22 May 2014		
Graham Lawman	11 September 2014	Audit	
Robert Gough	11 September 2014		June 2015
Barry Graves	3 April 2014		22 May 2014

Ordinary members of the Board hold one fully paid £1 share that is cancelled on cessation of membership. Tenant Board members may maintain their shareholding after they leave the Board. The Borough Council of Wellingborough holds a corporate share and nomination rights for four places on the Board. One share was issued from 1 April 2014 to 31 March 2015.

REPORT OF THE BOARD OF MANAGEMENT- Incorporating the Operating and Financial Review cont'd

Financial Review

Income

During the year the turnover of the Association was £21,997k, excluding interest and surplus on the sale of assets. The largest proportion of this income was from rents totalling £19,771k. Additional income includes a refund of VAT from our improvement programme works as part of our VAT shelter arrangement.

Expenditure

Total operating costs for the year were £14,993k. These costs included management expenses, repairs and routine maintenance.

Balance Sheet

As at 31 March 2015, the Association's stock was valued, using an Existing Use Valuation -Social Housing (EUV-SH), at £124,586k (this includes properties under construction). During the year the Association invested £6,736k on improvements to tenants' homes. The Association also purchased and developed £4,150k of new stock.

The Association participates in three pension schemes administered by two bodies: Local Government Pension scheme (LGPS) managed by Northamptonshire County Council and the Social Housing Pension Scheme (SHPS). SHPS is a multi-member scheme and the assets and liabilities of the scheme cannot be readily divided amongst the members.

Following a valuation of the LGPS scheme as at 31 March 2015, the Association's Pension Reserves position has a surplus of £173k.

At the year end the Association had a net current asset position of £8,774k. Total assets less current liabilities were £133,398k.

Cash Flows

As at 31 March 2015, the Association had cash and short-term deposits of £10,095k. Borrowings at 31 March 2015 were £47,000k. During the year the Association had drawn down an additional £13,000k together with its operating surplus for the year to meet the cost of acquisition and investment in its stock (£16,050k). The Association has an overdraft facility of £1m. The Board does not consider that there are any seasonal effects on the borrowing requirements. The main factor influencing the amount and timing of borrowings is the pace of the improvements and development programme and this does have a significant impact according to the timing of works and interim payments to contractors.

Capital Structure and Treasury Policy

The Association's funding requirements are reassessed at least annually based on an updated thirty year Business Plan. The main facility in place at 31st March 2015 is a long-term loan facility from Barclays bank which is due for final repayment in 2032. As at 31 March 2015, £47,000k of this facility had been drawn. £30,000k was drawn at long-term fixed interest rates and £17,000k at variable rates. The availability period for draw down of funds ended at 31 March 2015. The Association is in negotiations with Barclays Bank to agree an additional £38,000k of loan facilities. All contracted future commitments are fully funded from existing cash balances.

The Board approved a Treasury Management Strategy in February 2015. The Treasury Policy which sets out the agreed controls within which the strategy will operate was updated and approved in September 2014.

Policies are in place to manage interest rate risk through a mixture of fixed and variable rate loans. This policy is regularly reviewed to take account of changes within the market place.

REPORT OF THE BOARD OF MANAGEMENT- Incorporating the Operating and Financial Review cont'd

Each quarter the Board receives a Treasury Management update which details the debt, cash and interest received and paid. Investments and the performance of investments are also detailed. The Association has adopted a risk averse strategy to both loans and investments.

Political and Charitable Donations

The Association made no charitable or political donations during the period.

Employee Policies

The Association recognises that our staff are key to delivering a first class service to tenants.

The Association has established learning and development programmes for all staff to ensure that employees can develop to their full potential and deliver our key objectives.

The Association has a health and safety policy the delivery of which is overseen by the executive team, which is supported by a health and safety staff group.

The Association recognises the Unison Trade Union and engages in local collective negotiations with them.

The Association is committed to equality and diversity and to ensuring that no employee, tenant or user of our services, receives less favourable treatment on the grounds of gender, race, age, disability, gender identity, religion or belief, and sexual orientation.

Disclosure of Information of Auditors

The Board Members who held office at the date of approval of this Board report, confirm that so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; and each Board member has taken all the steps that ought to have been taken as a Board member to make themselves aware of any relevant audit information, and to establish that the Association's auditors are aware of that information.

Auditors

A resolution to re-appoint Beever and Struthers as the Association's Auditors will be proposed at the Annual General Meeting.

Code of Governance

The Association has adopted the National Housing Federation Code of Governance 2010. There were no areas of non-compliance within the year.

Statement on Internal Control

The Board has responsibility for ensuring that a system of internal control is maintained and reviewed.

Scope of Assurance

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risks. The system of controls has been designed to manage risk and to provide reasonable assurance that the key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

REPORT OF THE BOARD OF MANAGEMENT– Incorporating the Operating and Financial Review cont'd

Roles and Responsibilities

The Board has established a hierarchy of responsibility. The Board has overall responsibility for the system of internal control and management of risk, including the effectiveness of internal control. The examination of internal control has been delegated to the Audit Committee. The Association's managers are responsible for implementing the policies on risk and control. They are responsible for the design, operation and monitoring of these controls and risk management. All employees have some responsibility for internal control, in that all are accountable for achieving objectives and should also understand the risk implications of the activities they perform.

Key Elements of Internal Control

The Board, working with the Executive team, has established a framework of controls. The key elements of these are:

- Audit Committee - oversees all work by the internal and external auditors and receive regular reports. The work of the Committee is reported to the Board on a regular basis.
- Internal Audit – Mazars carried out reviews within the year and was able to provide an annual assurance report that the Association had in place an appropriate framework for identifying, evaluating and managing the significant risks faced by the Association.
- Policies on Fraud, Anti-money laundering, Anti-Bribery are in place.
- We are regulated by the HCA and have systems in place to comply with their regulatory standards, including an annual self assessment against the standards.
- Risk Management – regular reports and reviews are discussed by the Board on a quarterly basis. The SMT and EMT teams review risks on a quarterly basis. An enhanced Risk Management Strategy was approved by the Board in September 2014. The Audit Committee now examines corporate risk in more detail.
- Robust strategic and business planning processes, with detailed financial budgets and forecasts.
- Performance Management Framework ensures Board is aware of progress and any remedial actions needed to keep key objectives on track. The Board have agreed a comprehensive set of KPIs which are linked to the Corporate Plan.
- Enhanced manager training on managing performance and a full staff appraisal system.
- Recruitment and development of staff is designed to ensure staff are able to fully undertake their duties.
- Whistle Blowing policy, Grievance policy, Code of Conduct and Probity policy.
- Treasury Management policy which ensures that funding is available to complete projects and that investments are placed only with institutions with strong credit ratings.
- Feedback from tenants through the Tenants Advisory Panel and the complaints procedure enhance our delivery and bring about improvements in our service and controls.

REPORT OF THE BOARD OF MANAGEMENT- Incorporating the Operating and Financial Review cont'd

Statement of the Board's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus of the Association for that period. In preparing these financial statements the Board is required to:-

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and Housing Acts. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, by establishing and maintaining a satisfactory system of control over the Association's accounting records, cash holdings and all its receipts and remittances.

On behalf of the Board



**Tim Davy
Chairman
16th July 2015**

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF WELLINGBOROUGH HOMES LIMITED**

We have audited the financial statements which comprise the income and expenditure account, the statement of total recognised surpluses and deficits, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with 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.

Respective Responsibilities of the Board and the Auditor

As explained more fully in the Statement of Board's Responsibilities set out on page 28, the Board is responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council (FRC) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Board Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2015 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Private Registered Providers of Social Housing 2012.

Matters on which we are required to report by exception

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

Beever and Struthers

Beever and Struthers
Chartered Accountants and Statutory Auditors
St George's House
215 – 219 Chester Road
Manchester
M15 4JE

Date: 16 July 2015

WELLINGBOROUGH HOMES LIMITED**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015**

	Notes	2015 £'000	2014 £'000
Turnover	2	21,997	21,467
Operating costs	2	(14,993)	(17,092)
Operating surplus		7,004	4,375
Surplus on sale of housing properties	3	588	427
Interest receivable and similar income	4	128	90
Interest payable and similar charges	5	(1,275)	(1,073)
Surplus on ordinary activities for the year		6,445	3,819

All amounts relate to continuing activities.

The notes on pages 34 to 50 form part of these financial statements.

WELLINGBOROUGH HOMES LIMITED**STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 MARCH 2015**

	Notes	2015 £'000	2014 £'000
Surplus for the year		6,445	3,819
Actuarial loss	18	(458)	(551)
Unrealised deficit on revaluation	16	(870)	(4,237)
Total recognised surplus/ (deficit) for the year		5,117	(969)

**RECONCILIATION OF MOVEMENTS IN FUNDS
FOR THE YEAR ENDED 31 MARCH 2015**

	2015 £'000	2014 £'000
Surplus for the year	6,445	3,819
Other recognised gains and losses relating to the year	(1,328)	(4,788)
Net additions/ (reductions) to funds	5,117	(969)
Opening funds	81,202	82,171
Closing total funds	86,319	81,202

The notes on pages 34 to 50 form part of these financial statements.

WELLINGBOROUGH HOMES LIMITED

**BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2015**

	Notes	2015 £'000	2014 £'000
Fixed assets			
Housing properties at cost/valuation	9	124,756	112,763
Less depreciation		(170)	(127)
Net book value of housing properties		124,586	112,636
Other fixed assets	9	38	64
Total fixed assets		124,624	112,700
Current assets			
Debtors	10	1,539	1,464
Cash at bank and short term deposits	11	10,095	4,215
		11,634	5,679
Less Creditors			
Amounts falling due within one year	12	(3,033)	(3,699)
Net current assets excluding pension asset		8,601	1,980
Pension asset	14	173	563
Net current assets including pension asset		8,774	2,543
Total assets		133,398	115,243
Creditors			
Amounts falling due after more than one year	13	47,000	34,000
Provision for replacement of communal equipment	13	79	41
Capital and reserves			
Non equity share capital	15	-	-
Revaluation reserves	16	44,779	45,649
Pension reserves	16	173	563
Revenue reserves	16	41,367	34,990
		133,398	115,243

The notes on pages 34 to 50 form part of these financial statements.

The financial statements on pages 30 to 50 were approved by the Board of Management on 16th July 2015 were signed on its behalf by:

Chairman:

Secretary:

Board Member:

WELLINGBOROUGH HOMES LIMITED
**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015**

	Notes	2015 £'000	2014 £'000
Net cash flow from operating activities		8,680	7,529
Returns on investments and servicing of finance	19	(1,264)	(1,068)
Capital			
Acquisition and investment in housing properties	9	(16,050)	(15,175)
Shared ownership properties 1 st Tranche		(170)	(62)
Social Housing and other public grant received	9	623	383
Purchase of other fixed assets	9	(17)	(82)
Receipts from property sales	3	1,444	876
Payment to the Borough Council of Wellingborough (RTB)		(306)	(270)
Payment to the Borough Council of Wellingborough (Shared Ownership)		(45)	-
Cost of Sale		(15)	(15)
Net cash outflow before use of liquid resources and financing		(7,120)	(7,884)
Management of liquid resources			
Financing	19	13,000	7,000
Increase/ (decrease) in cash		5,880	(884)
Reconciliation of operating surpluses to net cash inflow from operating activities			
Operating surplus		7,004	4,375
Depreciation charges and charges to provision		2,482	2,712
Shared ownership sales costs		169	188
(Increase) in debtors	10	(75)	(469)
(Decrease)/increase in creditors	12	(949)	677
Charges to pension fund liability	18	49	46
Net cash inflow from operating activities		8,680	7,529
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the year	11	5,880	(884)
Change in loans	13	(13,000)	(7,000)
Change in net debt	19	(7,120)	(7,884)
Net debt at start		(29,785)	(21,901)
Net debt at end		(36,905)	(29,785)

The notes on pages 34 to 50 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

1. PRINCIPAL ACCOUNTING POLICIES

Wellingborough Homes Limited ("The Association") is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Homes & Communities Agency as a Registered Provider of social housing.

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and Statements of Recommended Practice. The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, the Accounting Direction for Registered Providers of Social Housing 2012 and the Statement of Recommended Practice: accounting by Registered Providers of Social Housing 2010. The accounts are prepared on the historical cost basis of accounting as modified by the revaluation of properties held for letting.

Turnover

Turnover represents rental income receivable, grants from local authorities and the Homes & Communities Agency, income from the first tranche sale of shared ownership and other properties developed for outright sale and other income.

Fixed Assets and Depreciation

Housing Properties are stated at their Existing Use Value – Social Housing (EUV-SH). The Market Rented properties are stated at Open Market Value. Other tangible fixed assets are stated at cost, less accumulated depreciation and capital grants. Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction.

Where a housing property comprises two or more major components with substantially different useful economic lives each component is accounted for separately and depreciated over its individual useful economic life. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Association depreciates freehold housing properties by component on a straight-line basis over the estimated useful economic lives of the component categories.

Useful economic lives for identified components are as follows:

	Years
Adaptations	10
Bathrooms	30
Boilers	15
Communal Equipment	5
Electrical Wiring	30
Enveloping	50
Heating – Systems	30
Kitchens	20
Lifts	25
Property	75
Roofs	60
Windows and Doors	20

Freehold land is not depreciated.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

1. PRINCIPAL ACCOUNTING POLICIES (cont'd)

The Association depreciates housing properties held on long leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which are as follows:

	Years
IT Equipment	3
Other Equipment	5

Housing properties

Donated land is included in cost at its valuation on donation, with the donation treated as a capital grant. In the case of section 106 agreements the valuation takes into account all planning conditions imposed by the Local Authority and its value in use to the Association.

Shared ownership properties

The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

Social Housing and Other Grants

Where developments have been financed wholly or partly by social housing and other grants, the cost of those developments has been reduced by the amount of the grant received.

When Social Housing Grant (SHG) in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG received for items of cost written off in the Income and Expenditure Account is matched against those costs as part of turnover.

SHG can be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Homes and Communities Agency. However, SHG may have to be repaid if certain conditions are not met.

In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

1. PRINCIPAL ACCOUNTING POLICIES (cont'd)

Capitalisation of interest and administration costs

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.

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 its intended use.

Retirement benefits

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services. The disclosures in the accounts follow the requirements of FRS 17.

Impairment

Reviews for impairment of housing properties are carried out on an annual basis and any impairment in an income generating unit is recognised by a charge to the income and expenditure account. Impairment is recognised where the carrying value of an income generating unit exceeds the higher of its net realisable value or its value in use. An income generating unit could be a single property, but it is normally a group of properties whose income and expenditure can be separately identified. Impairment reviews are carried out on assets whose useful economic lives are expected to exceed 50 years in accordance with Financial Reporting Standard 11.

Revaluation Reserve

The difference between the valuation of housing properties and the historical cost carrying value is transferred to the revaluation reserve.

Provisions

The Association only provides for contractual liabilities.

Value Added Tax

The Association is registered for VAT. A large portion of its income including rental income is exempt for VAT purposes, giving rise to a partial exemption calculation. Expenditure with recoverable VAT is shown net of VAT and expenditure with irrecoverable VAT is shown inclusive of VAT. VAT on refurbishment works included in the development works agreement with the Borough Council of Wellingborough is fully recoverable. Expenditure on these works is shown inclusive of VAT.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

Taxation

The Association has obtained Charitable Status with HMRC and is thus not liable for Corporation Tax on its charitable activities.

Service charges

The Association operates variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge.

Where periodic expenditure is required a provision may be built up over the years collected through service charges, in consultation with the residents. Until these costs are incurred this liability is held in the balance sheet within long term creditors. The Association has a sinking fund set aside for future liabilities.

Support Income and Costs Including Supporting People Income and Costs

Support charges included in the rent are included in the income and expenditure from social housing lettings note 2 and matched against the relevant costs.

Loan Finance Issue Costs

These are written off evenly over the life of the related loan. Loans are stated in the Balance Sheet at the amount of the net proceeds after issue.

Bad and Doubtful Debts

Provision is made against rent arrears of current and former tenants debts to the extent that they are considered potentially irrecoverable.

Leased Assets

Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

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 Income and Expenditure Account.

Where the agency carries the majority of the financial risk, the Income and Expenditure Account includes only that income and expenditure which relates solely to the Association.

In both cases, the assets and associated liabilities are included in the Association's balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

2. INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	General Housing £'000	Supported Housing £'000	Shared Ownership £'000	Total Social Housing £'000	Garages £'000	Other Inc and Exp £000	2015 £'000	2014 £'000
INCOME								
Rents	18,246	970	172	19,388	383	-	19,771	18,958
Service charges	70	119	3	192	-	-	192	143
Charges for support services	1	168	-	169	-	-	169	254
Shared Ownership 1st Tranche sales	-	-	218	218	-	-	218	229
Net Rents receivable	18,317	1,257	393	19,967	383	-	20,350	19,584
VAT Shelter Income	-	-	-	-	-	1,483	1,483	1,826
Other sundry income	14	15	1	30	-	134	164	57
TOTAL INCOME	18,331	1,272	394	19,997	383	1,617	21,997	21,467
EXPENDITURE								
Services	613	198	-	811	-	-	811	812
Management	3,677	291	20	3,988	72	-	4,060	4,470
Support	-	255	-	255	-	-	255	255
Routine maintenance	2,995	107	-	3,102	35	15	3,152	3,276
Planned maintenance	895	40	-	935	-	-	935	1,227
Major repairs expenditure	1,162	-	-	1,162	-	-	1,162	2,308
Charges to bad debt provision	202	-	-	202	-	-	202	280
Depreciation of Housing Properties	2,177	304	-	2,481	-	-	2,481	2,603
Lease payments on managed stock	177	-	-	177	-	-	177	226
VAT shelter and other payments	-	-	-	-	-	1,571	1,571	1,436
Shared Ownership Cost of Sales	-	-	187	187	-	-	187	199
TOTAL EXPENDITURE FROM LETTINGS	11,898	1,195	207	13,300	107	1,586	14,993	17,092
OPERATING SURPLUS ON LETTINGS ACTIVITIES	6,433	77	187	6,697	276	31	7,004	4,375
Void Losses	208	18	6	232	224	-	456	430

WELLINGBOROUGH HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

3. SURPLUS ON SALE OF HOUSING PROPERTIES

Units Sold	2015 £'000	Units Sold	2014 £'000
------------	---------------	------------	---------------

Net receipt in accordance with right to buy ("RTB") and shared ownership sales agreement with the Borough Council of Wellingborough (BCW)

Houses	24	1,339	14	777
Shared Ownership 100% Completions	3	105	3	99
	<u>27</u>	<u>1,444</u>	<u>17</u>	<u>876</u>
Less cost of sales		(268)		(143)
Clawback Payable to BCW		(588)		(306)
Net surplus on Sale of properties		<u>588</u>		<u>427</u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

2015 £'000	2014 £'000
---------------	---------------

Interest	11	5
Expected return on pension assets	345	281
Interest costs of pension assets	(228)	(196)
Total	<u>128</u>	<u>90</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

2015 £'000	2014 £'000
---------------	---------------

On loans	1,275	1,073
Loan issue costs	24	24
Grant receivable towards financing costs	(24)	(24)
Total	<u>1,275</u>	<u>1,073</u>

6. SURPLUS FOR THE YEAR

2015 £'000	2014 £'000
---------------	---------------

Is stated after charging:-

Auditors - remuneration in their capacity as auditors	15	15
Auditors - other services	1	-
Operating lease payments	249	253
Increase in bad debt provision	49	38
Depreciation charge	2,422	2,677

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

7. DIRECTORS' EMOLUMENTS

The aggregate emoluments paid to or receivable by Executive Directors and former Directors.

2015 £'000	2014 £'000
---------------	---------------

471	546
-----	-----

Included above was £120k (including VAT) paid to an agency for the temporary services of two directors.

The emoluments paid to the highest paid Director excluding pension contributions:

113	192
-----	-----

The number of full time equivalent staff whose remuneration payable fell within bands of:

£60,000 to £69,999
£70,000 to £79,999
£80,000 to £89,999
£90,000 to £99,999
£110,000 to £119,999
£140,000 to £199,999

Number	Number
1	-
1	1
1	-
1	1
1	-
-	2

The Chief Executive is an ordinary member of the pension scheme. The Chief Executive's pension is a defined benefit scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by the Association of £5,265 part year (2014: £11,104) was paid in addition to the personal contributions of the Chief Executive.

In the year ended 31 March 2015, compensation for loss of office totalling £37K was paid to one Director. In 2013/14 £46k was paid to two Directors one of whom was the Chief Executive. Contractual payments in lieu of notice were also paid to one Director (2013/14: two). Directors are defined as the members of the Board, the Chief Executive and any other person who is a member of the Executive Management Team. Members of the Board received emoluments in the year ranging from £3,500 to £8,000. The total paid was £30,910. The highest being the Chairman paid £8k (2013/14 £Nil). No emoluments were paid in the prior year.

Board Members nominated by BCW do not receive any remuneration. Expenses reimbursed to Board Members during the year were £7.3k (2014 £4.9k)

8. EMPLOYEE INFORMATION

The average weekly full time equivalent number of persons employed during the year :

Office staff
Support staff, caretakers and cleaners

2015 Number	2014 Number
----------------	----------------

82	80
18	18
100	98

Staff costs (for the above persons)

Wages and salaries
Social Security Costs
Other pension costs

2015 £'000	2014 £'000
---------------	---------------

3,070	3,090
228	270
326	274
3,624	3,634

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

9 TANGIBLE FIXED ASSETS

	Property Completed	Market Rent Properties	Properties Under Construction	Shared Ownership	Furniture & Equipment	Total Housing	Office Equipment	2015 Total	2014 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost/Valuation									
At the start of the year	104,138	760	6,407	3,673	226	115,204	377	115,581	107,224
Addition to Housing Property /office equipment	1,940	27	4,150	160	5	6,282	17	6,299	6,181
Investment in Housing Properties	6,736	0	3,032	0	0	9,768	0	9,768	9,076
Disposals	(319)	(4)	0	(170)	0	(493)	0	(493)	(145)
Transfers to Completed Housing	5,305	3	(5,826)	518	0	0	0	0	0
Revaluation	(3,122)	14	0	(98)	0	(3,206)	0	(3,206)	(6,755)
At end of the year	114,678	800	7,763	4,083	231	127,555	394	127,949	115,581
Depreciation									
At the start of the year	0	0	0	0	(127)	(127)	(313)	(440)	(281)
Charge for the year	(2,325)	(11)	0	0	(43)	(2,379)	(43)	(2,422)	(2,677)
Revaluation	2,325	11	0	0	0	2,336	0	2,336	2,518
Disposals	0	0	0	0	0	0	0	0	0
At end of the year	0	0	0	0	(170)	(170)	(356)	(526)	(440)
Social Housing Grant									
At the start of the year	(1,811)	0	(265)	(306)	0	(2,382)	0	(2,382)	(1,999)
Addition	(358)	0	0	0	0	(358)	0	(358)	(383)
Transfers to Completed Housing	(265)	0	265	0	0	0	0	0	0
At end of the year	(2,434)	0	0	(306)	0	(2,740)	0	(2,740)	(2,382)
Other Capital Grants									
At the start of the year	(59)	0	0	0	0	(59)	0	(59)	(59)
Addition	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
At end of the year	(59)	0	0	0	0	(59)	0	(59)	(59)
Net Book Value at 31 March 2015	112,185	800	7,763	3,777	61	124,586	38	124,624	112,700
Net Book Value at 31 March 2014	102,268	760	6,142	3,367	99	112,636	64	112,700	104,885

WELLINGBOROUGH HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

9 TANGIBLE FIXED ASSETS (Cont'd)

The Association's social housing properties have been valued by professional valuer Savills. The Association's Market Rented Properties have been valued by professional valuer Martin Pendered. The valuation of the properties was undertaken in accordance with the Royal Institution of Chartered Surveyors valuation standards effective 1 January 2008 as recommended in the Statement of Recommended Practice.

Completed social housing properties were revalued at Existing Use Value for Social Housing on 31 March 2015. In valuing the housing properties, discounted cash flow methodology was adopted and key assumptions included:

	2015		2014
Discount Rate	6.00%		6.00%
Level of annual rent increase	CPI+ 1.00%	RPI+	0.50%

Social housing rent increases will be indexed annually to CPI instead of RPI from 2015 onwards.

	2015 £'000	2014 £'000
Housing properties comprise		
Freeholds	112,185	102,268
Shared ownership	3,777	3,367
Market rented	800	760
	<u>116,762</u>	<u>106,395</u>

If the housing properties had not been revalued, they would have been shown in the balance sheet at the following amounts:

	2015 £'000	2014 £'000
Cost of properties	94,409	78,852
Depreciation charge	(11,935)	(9,556)
Grants	(2,799)	(2,440)
	<u>79,675</u>	<u>66,856</u>

Expenditure on acquisition of new properties, housing properties under construction & works to existing properties

	2015 £'000	2014 £'000
Amounts capitalised	16,050	15,175
Amounts charged to revenue	1,162	2,308
	<u>17,212</u>	<u>17,483</u>

WELLINGBOROUGH HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

10. DEBTORS	2015 £'000	2014 £'000
Tenant arrears	1,143	909
Less: Provision for bad debts	(441)	(392)
	<u>702</u>	<u>517</u>
Prepayments and accrued income	837	947
	<u>1,539</u>	<u>1,464</u>
11. CASH AT BANK AND SHORT TERM DEPOSITS	2015 £'000	2014 £'000
Cash at bank	<u>10,095</u>	<u>4,215</u>
12. CREDITORS	2015 £'000	2014 £'000
Amounts falling due within one year :		
Rents in advance	290	340
Trade creditors	18	250
Taxation and social security payable	99	95
Accruals and deferred income	2,037	2,708
	<u>2,444</u>	<u>3,393</u>
Right to Buy Clawback due to BCW	589	306
	<u>3,033</u>	<u>3,699</u>
13. CREDITORS	2015 £'000	2014 £'000
Amounts falling due after more than one year :		
Between two and five years	5,000	5,000
After five years	42,000	29,000
Less: loan issue costs	(538)	(562)
Grant received in relation to the loan issue costs	538	562
	<u>47,000</u>	<u>34,000</u>
Provision for scheme equipment replacement	<u>79</u>	<u>41</u>

These loans are secured by specific charges on the Association's housing properties. £20m of these loans are fixed at long term rates between 4.50% and 4.99% (plus margins) and Mandatory Liquid Assets costs. The remaining £27m is at a variable rate. The loan is part of a wider loan facility of £57m from Barclays Bank PLC.

WELLINGBOROUGH HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

14. PENSION ASSETS

	2015 £'000	2014 £'000
Pension fund at the start of the year	563	1,075
Pension fund decrease	(390)	(512)
At end of the year	<u>173</u>	<u>563</u>

15. NON-EQUITY SHARE CAPITAL

	2015 number	2014 number
Allotted issued and fully paid		
At start of the year	10	10
Issued during the year	1	-
At end of the year	<u>11</u>	<u>10</u>

16. RESERVES

	Revaluation Reserve £'000	Pension Reserve £'000	Revenue Reserve £'000	2015 £'000
At start of the year	45,649	563	34,990	81,202
Transfer for the year	0	68	(68)	0
Surplus for the year	0	0	6,445	6,445
Revaluation in the year	(870)	0	0	(870)
Pension actuarial loss	0	(458)	0	(458)
At end of the year	44,779	173	41,367	86,319

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.

The Board regularly reviews the Association's finances to determine the minimum amount of reserves required for day-to-day management and to provide for the future. Any amounts over and above this minimum are invested in the provision of social housing. The majority of the Association's reserves are not normally cash backed.

WELLINGBOROUGH HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

17. CAPITAL COMMITMENTS	2015 £'000	2014 £'000
Capital expenditure that has been contracted for but not provided for in the financial statements	Nil	Nil
Capital expenditure that has been authorised by the Board of the Association but has not yet been contracted for	14,312	21,426
The Association expects these commitments to be financed with committed loans facilities and rental income	14,312	21,426

The Association received the transfer of 4,548 properties from the Borough Council of Wellingborough on 10 December 2007. As part of the transfer, the Council has made a commitment to the Association to have the properties refurbished and modernised and brought into a good state of repair. Immediately prior to transfer, the Council contracted with the Association to carry out the refurbishment works on its behalf. The Council's obligation to carry out the works is in effect matched by the Association's obligations to bring the properties into a good state of repair. As a specific right to offset exists, a net basis has been adopted in respect of these obligations and neither the assets nor liabilities have been recognised.

18. PENSION OBLIGATIONS

The Association participates in three different Pension Schemes. The Local Government Pension Scheme (LGPS) membership is provided for all staff members who transferred from the Borough Council of Wellingborough at the time of the transfer under TUPE regulations. The Association does not offer this scheme to any new employees.

All new employees of the Association were originally offered a defined benefits pension scheme with the Pension Trust's Social Housing Pension Scheme. This is a defined benefit salary scheme based on one sixtieth of career average revalued earnings (CARE). The Association closed this option to all new employees from 1st April 2011. All new employees and existing employees (those that did not join the pension scheme) now have access to join the Social Housing Pension Scheme on a defined contributions basis. From 1st February 2013 the Association re-opened the one sixtieth CARE scheme to all employees as part of a wider resourcing, retention and succession planning initiative.

LGPS

The Association participates in the Northamptonshire County Council pension fund which is administered by Northamptonshire County Council. This is a defined benefit final salary scheme and applies to all members of this scheme at the time of transfer. Triennial actuarial valuations are performed by a qualified actuary using the projected unit method. This valuation revealed that the Fund's assets, which at 31 March 2013 were valued at £1,545 million, were sufficient to meet 71% of the liabilities (i.e. the present value of the promised retirement benefits) accrued up to that date. The resulting deficit at the 2013 valuation was £646 million. Total contributions paid for the year by the Association were £112k.

WELLINGBOROUGH HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

18. PENSION OBLIGATIONS (cont'd)

Listed below are the details of the valuation for the LGPS as per FRS17 as reported by Hymans Robertson LLP.

Assumptions

The major assumptions used by the Actuary in assessing the scheme liabilities on an FRS 17 were:

	2015 % per annum	2014 % per annum
Rate of increase in salaries	4.3	4.6
Rate of increase in pensions in payment	2.4	2.8
Discount rate	3.2	4.3
Expected return on assets	3.2	5.9

Fair value and expected return on assets

The fair value of the assets relating to Wellingborough Homes and the expected rates of return were:

	Fair value 31st March 2015 £'000	Expected return 31st March 2015 %	Fair value 31st March 2014 £'000	Expected return 31st March 2014 %
Equities	4,766	5.8	4,252	6.7
Bonds	1,191	3.5	1,107	3.5
Property bonds	530	4.8	350	4.8
Cash/Liquidity	132	3.7	117	3.7
	<u>6,619</u>		<u>5,826</u>	

Mortality

Life expectancy is based on the PFA92 and PMA92 year of birth tables with medium cohort improvements, for non pensioners and pensioners. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.3 years	24.3 years
Future Pensioner	24.0 years	26.6 years

	2015 £'000	2014 £'000
Fair value of the above assets relating to the Association	6,619	5,826
Value placed on liabilities relating to the Association	(6,446)	(5,263)
Net pension asset	<u>173</u>	<u>563</u>
Current service cost	(161)	(173)
Contributions	112	127
Total operating charge	<u>(49)</u>	<u>(46)</u>
Expected return on pension scheme assets	345	281
Interest on pension scheme liabilities	(228)	(196)
Total financing charge	<u>117</u>	<u>85</u>

WELLINGBOROUGH HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

18. PENSION OBLIGATIONS (cont'd)

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Analysis of amounts recognised in statement of total recognised surpluses and deficit (STRSD)	(458)	(551)	15	(234)	2,168
Analysis of amounts recognised in statement of total recognised surpluses and deficit (STRSD)	(458)	(551)	15	(234)	2,168
Movement in the year					
Association share scheme asset/ (liabilities) at beginning of year	563	1,075	978	1,135	(1,329)
Current service cost	(161)	(173)	(149)	(183)	(218)
Contributions	112	127	152	141	147
Net interest / returns on assets	117	85	79	119	(13)
LGPS past service gains	0	0	0	0	380
Actuarial (loss)/gain	(458)	(551)	15	(234)	2,168
Association share scheme asset	173	563	1,075	978	1,135

The Pension Trust Social Housing Pension Scheme ("SHPS")

1. Wellingborough Homes participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme.
2. It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.
3. The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.
4. The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67%.
5. The Scheme Actuary is currently finalising the 2014 valuation but key provisional results have been confirmed. As at 30 September 2014, the market value of the Scheme's assets was £3,123 million. There was a shortfall of assets compared with the value of liabilities of £1,323 million, equivalent to a past service funding level of 70%.

WELLINGBOROUGH HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

18. PENSION OBLIGATIONS (cont'd)

The Association has been notified by the Pension Trust of the estimated employer debt on withdrawal from the scheme, based on the financial position of the scheme as at 30 September 2014. At this date the estimated employer debt for the Association was £3,350k.

19. CASH FLOW STATEMENT NOTES

	2015 £'000	2014 £'000
Returns on investments and servicing of finance		
Interest received	11	5
Interest paid	(1,275)	(1,073)
	<u>(1,264)</u>	<u>(1,068)</u>
Return on pension assets	117	85
	<u>(1,147)</u>	<u>(983)</u>
Financing		
Loans received	13,000	7,000
	<u>13,000</u>	<u>7,000</u>

Analysis of net debt

Cash in hand, at bank
Debts due within 1 year
Debts due after 1 year

Total

Reconciliation of cash movements

Short term cash deposits
Total

	At start £'000	Cashflows £'000	At end £'000
	4,215	5,880	10,095
	-	-	-
	(34,000)	(13,000)	(47,000)
	<u>(29,785)</u>	<u>(7,120)</u>	<u>(36,905)</u>
	5,099	5,880	10,979
	<u>5,099</u>	<u>5,880</u>	<u>10,979</u>

WELLINGBOROUGH HOMES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

20. OPERATING LEASES	2015	2014
	£'000	£'000
Land and buildings which expire:-		
Leases expiring within 1 year	20	16
Leases expiring after 5 years	175	185
Others, which expire: -		
Within one year	0	0
Expiring in the second to fifth year	54	52
	<u>249</u>	<u>253</u>

21. TAXATION STATUS

The Association has charitable status and is thus exempt from Corporation Tax on its charitable activities.

22. UNITS/BEDSPACES

	2015	2014
	Number	Number
Social Housing		
Units owned	4,272	4,239
Units managed on behalf of others	18	38
Supported housing	248	248
Shared ownership accommodation	72	69
	<u>4,610</u>	<u>4,594</u>
Non Social Housing		
Market rent properties	<u>6</u>	<u>6</u>

WELLINGBOROUGH HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

23. CONTINGENT LIABILITIES

The Association had no contingent liabilities at 31 March 2015 other than as noted in Note 18.

24. RELATED PARTY TRANSACTIONS

As at 31 March 2015, the Association had 2 tenant Board Members. Each tenant member has a normal protected assured tenancy agreement and they were not able to use their position to obtain any advantage.

As at 31 March 2015, there were 4 Councillors who were Board Members of the Association. All the transactions with the Borough Council of Wellingborough and Northamptonshire County Council are made at arms length in normal commercial terms and they cannot use their position to their advantage.

WELLINGBOROUGH HOMES LIMITED

BOARD MEMBERS, EXECUTIVE DIRECTORS, ADVISORS AND BANKERS

Board Members during the year:

Chairman	Tim Davy
Vice Chairperson	Yvette Morgan (Vice Chair)
Other Board Members	Eileen Higgins (left May 2015) George Blackwell (left May 2015) John Welch Mary Reeves Daphne Simmons Richard Coles John Lewis Graham Lawman (joined September 2014) Robert Gough (joined September 2014, left June 2015) John Bailey (left May 2014) Barry Graves (left May 2014)

Executive Directors:

Chief Executive	Joanne Savage
Finance and Performance Director	Michael Heekin
Director of Housing and Support Services	Mandy Meanwell
Director of Asset and Development	Denise Lewis

Registered Office:

Wellingborough Homes Limited
12 Sheep Street
Wellingborough
Northants
NN8 1BL

Auditors:

Beever and Struthers
St George's House
215-219 Chester Road
Manchester
M15 4JE

Principal Solicitors:

Trowers and Hamblins
3 Bunhill Row
London
EC1Y 8YZ

Principal Funders and Bankers:

Barclays Bank PLC
Midlands Team
PO Box 3333
One Snowhill
Snowhill Queensway
Birmingham
B3 2WN

Corporate Finance

Advisors:
Capita Asset Services
17 Rochester Row
Westminster
London
SW1 P1JB

Valuers: (Social Housing)

Savills
37-39 Perrymount Road
Haywards Heath
RH16 3BN

Valuers: (Market Rent)

Martin Pendered & Co
2 Burystead Place
Wellingborough
NN8 1AH

Registered under the Co-operative and Community Benefit Societies Act 2014 (30097R)

Homes and Communities Agency Registration Number: L4509

Wellingborough Homes



Free Impartial Support & Help.

Wellingborough Homes Limited
Registered Office
12 Sheep Street
Wellingborough
Northamptonshire
NN8 1BL

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