

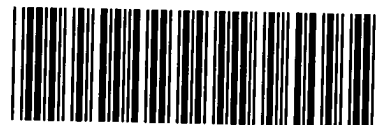
Registered Company No. 4948519
Registered Charity No. 1107623

WAKEFIELD AND DISTRICT HOUSING LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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Wakefield and District Housing Limited (WDH) Board Members, Executive Directors, Advisors and Bankers

Board Members

Chair	Andrew Wright	
Vice Chairs	Colleen Adamson Denise Jeffery	Termination date 16 July 2014
Other Members	David Spedding Jacqueline Williams Harry Ellis Ann Cuthbert Stephen Green William Clift MBE Kathryn Harness Peter Loosemore Elaine Rank David Bailey Jack Hemmingway	Termination date 5 January 2015 Termination date 16 July 2014 Appointed 26 February 2015 Appointed 16 July 2014 Appointed 16 July 2014 Appointed 25 September 2014
Company Secretary	Juliet Craven	Appointed 1 December 2014

Executive Directors

Chief Executive	Kevin Dodd	
Executive Director of Resources and Company Secretary	Lee Sugden	Resigned 30 November 2014
Managing Director Operations	Steve Rawson	
Director of Resources	John Morrison	Appointed 1 December 2014
Director of Investment	Martyn Gorton	Appointed 15 September 2014

Registered office	Merefield House Whistler Drive Castleford West Yorkshire WF10 5HX
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Registered number	Registered as a Charitable Social Landlord, No 1107623 Registered under the Companies Act 2006, No 4948519 Registered by the Homes and Communities Agency (HCA), No L4441
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WDH Board Members, Executive Directors, Advisors and Bankers (continued)

Auditors

Grant Thornton UK LLP
No 1 Whitehall Riverside
Leeds
LS1 4BN

Solicitors

Trowers and Hamlins
Heron House
Albert Square
Manchester
M2 5HD

Bankers

The Royal Bank of Scotland
Leeds Customer Centre
1 Victoria Place
Holbeck
Leeds
LS11 5AN

Report of the Board

The Board presents its report and the audited Financial Statements for the year ended 31 March 2015.

Principal Activities

Wakefield and District Housing Limited (WDH) is a registered provider incorporated under the Companies Act 2006 as a private limited company limited by guarantee. WDH is registered as a charity in accordance with the Charities Act 2011. WDH is a not for profit registered provider administered by a voluntary Board. The other members of the Group are WDH Solutions Limited (WDHS) a wholly owned subsidiary company incorporated under the Companies Act 2006 and limited by guarantee, and Northern Shared Services Limited (NSS), a subsidiary company with a 51% holding incorporated under the Companies Act 2006 as a private company that is limited by shares.

During the year Bridge Homes (Yorkshire) LLP, a partnership incorporated under the Companies Act 2006 as a Limited Liability Partnership was formed, of which WDH has a 50% interest and Wakefield Council has a 50% interest. The joint venture has been established to build homes for outright sale.

The Group's principal activity is the improvement, management and development of affordable housing, and the delivery of social added value.

Business Review

Details of the Group's performance for the year and future plans are set out in the Operating and Financial Review and Strategic Report that follows.

Board Members and Executive Directors

The Board Members and the Executive Directors of WDH who held office during the year, and since the year end, are set out on page one. At the year end, WDH had eleven Board members. All Board members are ordinary members, who are drawn from a wide background bringing together professional, commercial and local experience.

The Executive Directors are the Chief Executive; the Managing Director of Operations; the Director of Resources and the Director of Investment. The Executive Directors hold no interest in the Group and act as executives within the authority delegated by the Board. The Group's insurance policies indemnify Board Members and officers against liability when acting on behalf of WDH.

Service Contracts

The Chief Executive and other Directors are employed on similar terms as other employees. Their notice periods, however, are either a minimum of three months or a minimum of two months.

Pensions

The Executive Directors are members of the West Yorkshire Pension Fund, Local Government Pension Scheme (LGPS), a defined benefit career average pension scheme. They participate in the scheme on the same terms as all other eligible employees. WDH contributes to the scheme on behalf of its employees who are members.

Report of the Board (continued)

Other Benefits

The Executive Directors are entitled to other benefits such as the provision of a car and health care, although not all are taken. Details of their remuneration packages are included in note 10 to the Financial Statements.

Employees

The strength of the Group lies in the quality of all its employees. In particular, the ability to meet its objectives and commitments to tenants in an efficient and effective, manner depends on their valuable contribution.

The Group shares information about its strategic objectives, performance progress and operational activities through regular meetings involving the senior management team, employees, and employee representatives.

Donations

The Group made donations of £5,883 (2014: £14,545) through Neighbourhood Panels in support of Community initiatives and activities. Eleven Community Grants were made for local schemes, none of which exceeded £1,000.

The Group made no political donations (2014: £nil).

Financial Risk Management Objectives and Policies

The Group uses various financial instruments, including loans and cash, and other items such as rental prepayments and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The existence of these financial instruments exposes the Group to a number of financial risks. The main risks arising from the Group's financial instruments are considered by the directors to be interest rate risk, liquidity risk and credit risk. The Board review and agree policies for managing each of these risks, summarised below.

Interest Rate Risk

The Group finances its operations through a mixture of retained surpluses and bank borrowings. The Group's exposure to interest fluctuations on its borrowings is managed through the use of both fixed and variable rate instruments to hedge against potential adverse movements in the markets. Scenario planning is undertaken on the potential impact of this risk to the Business, a prudent approach is adopted and stress testing is utilised to identify the sensitivity of the Business Plan to this key external variable.

Liquidity Risk

The Group mitigates this financial risk by ensuring sufficient cash and loan capacity are available to meet foreseeable needs and that invested cash assets are secure. In addition to drawn borrowings as at 31 March 2015, the Group has £85m of undrawn committed facilities. Scenario planning is undertaken on the potential impact of this risk to the business, a prudent approach is adopted and stress testing is utilised to identify the sensitivity of the Business Plan to this key variable.

Report of the Board (continued)

Credit Risk

The Group's principal credit risk relates to tenant arrears. This risk is mitigated by providing appropriate support to eligible tenants for the receipt of their entitlement to Housing Benefits and by providing timely support to self-funding tenants. Existing and future potential Welfare Reform, and resulting changes to the benefits system, compounds this risk. Further scenario planning is being undertaken on the potential impact of this significantly increased risk to the business. Prudent assumptions are adopted in the Business Plan.

Going Concern

The Group has strong positive operational cash flows and has in place long-term debt facilities (including £85m undrawn facilities at 31 March 2015), which provide adequate resources to finance committed investment and development programmes, along with the Group's day to day operations. The Group also has a long-term Business Plan which shows that it is able to service these debt facilities whilst continuing to comply with the lenders' covenants.

After making enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the Report and Financial Statements are signed. For this reason, it continues to adopt the going concern basis in the Financial Statements.

Internal Controls Assurance

The Board has overall responsibility for establishing and maintaining the whole system of internal control across the Group, and for reviewing its effectiveness.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Audit Committee to regularly review the effectiveness of the system of internal control.

Our system of internal control is designed to manage, rather than eliminate, the risk of the failure to achieve our objectives and to provide reasonable assurance against material misstatement or loss. It can, therefore, only provide reasonable and not absolute assurance of effectiveness.

Report of the Board (continued)

The process for identifying, evaluating and managing our significant risks is ongoing and has been in place throughout the period commencing 1 April 2014, up to the date of approval of the Report and Financial Statements.

Key elements of our control framework include:

- Board approved Standing Orders and terms of reference, and delegated authorities for the Audit Committee, Operational and Investment Committees.
- A formal Risk Management Policy with a Board approved Risk Appetite and Tolerance Statement, and clearly defined management responsibilities for the identification, evaluation and control of significant risks. We hold annual Risk Workshops and then review the risks with each Service Director and their senior managers for inclusion within quarterly reports to the Performance Challenge meetings. The Risk reports are then challenged by the Audit Committee before being reported to Board.
- A Board approved Code of Conduct which applies to all employees, Board and Panel members. Our Code is based on good practice, the National Housing Federation's Excellence in Standards of Conduct Code, and the findings of the Nolan Committee on 'Standards in Public Life'.
- We have formal recruitment, retention, training and development policies, supported by formal induction and a competence-based appraisal framework.
- We have robust strategic and business planning processes, with detailed financial budgets and forecasts. Management Accounts are reported to senior management each month, and quarterly to the Board and Funders.
- We use quarterly Corporate Management Board (CMB) meetings to facilitate peer review and to challenge risk management and assurance, financial and operational performance.
- Formal authorisation and appraisal procedures are in place for all significant new initiatives and commitments.
- We have a sophisticated approach to treasury management, which is subject to external review twice each year, prior to being approved by the Board.
- Loan covenants are monitored monthly, reported at Quarterly Performance Challenge meetings, and reported to Funders quarterly.
- We have a Board approved policy for the Prevention of Fraud and Corruption, stating the Board's zero tolerance, together with sanctions which we will seek to apply.
- We also have a Whistleblowing Code of Practice so that individuals can raise concerns without fear of reprisal.

Our Internal Audit function is performed by an external firm of auditors (BDO) to ensure greater independence, objectivity and assurance. This operates in accordance with the International Standards for the Professional Practice of Internal Audit issued by the Chartered Institute of Internal Auditors (IIA).

We hold annual Fraud Risk workshops with each Service Director and their senior managers to identify and evaluate potential fraud risks and their associated controls. The updated Fraud Risk Map is reported to CMB and Audit Committee and is used by the Auditors to ensure significant risks are addressed.

Report of the Board (continued)

We report any fraud materialisations to the Audit Committee and record them within a Fraud Register. The Register is made available at each Audit Committee and Board Meeting. Details of fraud occurrences are also reported to the Regulator on an annual basis.

We have performed an Assurance Mapping exercise for the Key Strategic Risks. As part of this, we considered the main controls in place to mitigate the risks, and the sources of assurance on the effectiveness of the controls. The outcomes of the exercise were used to inform the Chief Executive's Internal Control Review.

The Audit Committee has received the Chief Executive's Annual Review of the Effectiveness of the System of Internal Control for WDH and the Annual Report of the Internal Auditors. The overall opinion is that adequate systems of internal control existed and operated throughout the year, to ensure the proper management of the significant risks facing the group. No weaknesses were identified which have resulted in material misstatement or loss which would require disclosure in the financial statements.

National Housing Federation Excellence in Governance

Following an annual review, WDH is pleased to report that (except as to the length of board member service) the group complies with the principal recommendations of the NHF Excellence in Governance (revised 2010) and is committed to achieving Excellence in Governance. Following the standing down process at this year's AGM, we will be fully compliant with the Code, a year sooner than previously stated.

Statement of the Responsibilities of the Board for the Report and Financial Statements

The Board is responsible for preparing the Operating and Financial Review and Strategic Report and Report of the Board and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Board to prepare Financial Statements for each financial year. Under that law the Board has elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the Board must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the incoming resources and application of resources including the income and expenditure of the company and Group for that period. In preparing these Financial Statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers Update 2010, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Report of the Board (continued)

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and Group and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Board Member is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the Board has taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Annual General Meeting

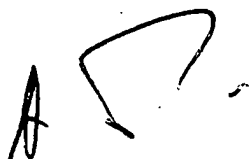
The Annual General Meeting (AGM) will be held on 10 September 2015 at Merefield House, Castleford.

External Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

Approval

The report of the Board was approved by the Board on 23 July 2015 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'A. Wright', with a large, stylized loop at the end.

Andrew Wright
Chair

Operating and Financial Review and Strategic Report

Principal Activities

WDH is a registered provider with charitable objectives. We empower individuals and communities to have the confidence to become self-sustainable through targeted support that delivers value for money (VFM) outcomes through the creation and utilisation of a Social Dividend.

WDH operates three key business imperatives:

- the provision of good quality, well-managed housing for rent, primarily to people who are unable to rent or buy at open market rates;
- the supply of supported housing and care for people who need additional housing related support or care;
- the deployment of resources to deliver additional affordable housing stock and improve the life chances of tenants.

Over the past 12 months, we have continued to make a significant investment in people, property, places, and improved performance. We have utilised our resource capacity and scale to deliver broad ranging social and economic benefits to local communities through our Asset Management and Regeneration strategy, and our VFM strategy.

Investment in achieving the Wakefield and the Decent Homes Standard set by the Government was completed on target and within budget. This transformation of our 31,000 housing properties has had a significant positive impact on the lives of our tenants, local communities, and partner agencies. We have begun to measure the social return from this investment in the fabric of our revenue generating assets. We have a funded, long term plan for the continued investment in new and existing revenue generating housing assets, to be delivered through a programme of external works and roofing replacements.

In March 2015, we celebrated our first ten years as a very successful housing provider, having received numerous accolades for our innovative approaches to customer service delivery, operational efficiency and effectiveness, mobile and new ways of working, and cost effective support functions.

During this period we have spent £720m refurbishing more than 28,000 homes to the Wakefield Standard and carried out nearly one million repairs. We have invested over £60m of disabled person adaptations and more than £31m improving local environments.

We have provided 100 apprenticeships, supported 3,400 people into employment, and have helped 1,500 of the district's young people develop their skills and confidence through our Community Leadership Programme and our Schools Enterprise Challenge. We have also helped 6,500 local people learn basic Internet skills so they can save money, avoid social exclusion and enjoy a better quality of life.

Operating and Financial Review and Strategic Report

We will achieve our next Milestone in 2015: To offer real choice and opportunity by improving homes to modern standards and providing housing solutions that reflect changing modern lifestyles through:

- providing resources to improve access to all forms of housing;
- developing ecological and sustainable homes;
- encouraging people to live independently in their current homes through the use of support technologies; and
- offering a range of housing solutions to prevent accidents and promote individual wellbeing by addressing lifestyle issues.

Business and Financial Review

Financial Highlights

The Group's consolidated Income and Expenditure Account and Balance Sheet are presented on Pages 41 and 45 respectively. Table 1 on Page 12 highlights the Key Performance Indicators (KPIs) of the Group's financial position as at the year ended 31 March 2015.

Group turnover is £148.2m (2014: £137.8m), an increase of 7.5%. Income from social housing lettings increased to £134.4m (2014: £130.2m). Income from other social housing activities has increased by 176% to £9.4m (2014: £3.4m), reflecting an increase in first tranche shared ownership sales, and the turnover generated from the recharge of overheads to NSS. Income from non-social housing activities has increased from £4.3m to £4.4m. Operating costs have increased to £112.8m (2014: £104m). The Group surplus of £19.0m (2014: £17.6m) is consistent with the Business Plan expectations.

The upgrade of our properties to the Wakefield Standard has been completed and investment is now focused on a programme of planned and preventative maintenance, spending £34.3m during the year (2014: £25.4m) to improve the quality of our housing stock.

The pension liability reported relates to the West Yorkshire Pension Fund (WYPF) defined benefit scheme. The net liability of the pension fund at 31 March 2015 is £32m (2014: £12m). The significant increase in this liability is due to the increase in the present value of future defined benefit obligations arising from the adoption of a lower discount rate in the calculation.

Lower than planned interest charges reflect historically low interest rates on variable rate borrowings. As a result of outperforming budget projections and continued receipt of strong cash inflows, funding has not had to be drawn down from the existing facility of £500m during the year. The existing facility has sufficient capacity to support the achievement of our ambitions to 2020.

Operating and Financial Review and Strategic Report

Housing properties are valued independently on the basis of Existing Use Value for Social Housing (EUV-SH). Their valuation on this basis as at 31 March 2015 is £892m (2014: £867m), excluding properties under construction and associated social housing grant. The value of the charged housing stock for the purposes of security against the loan facility is £870m (2014:854m). The market value of our housing stock, assuming vacant possession and excluding properties under shared ownership, is £2.57bn (2014: £2.13bn).

During the year we incurred a net tax liability of £35k (2014: £8k) in respect of the profit of £174K generated through Feed In Tariff income of £317K from the installation of photovoltaic cells in a limited number of housing assets. The parent entity received a Gift Aid donation of £150k (2014: £85k) from WDH Solutions Limited. There were sufficient distributable profits in WDH Solutions to commit to this Gift Aid donation at the year end date.

In July 2014, WDH and Wakefield Council created a joint venture company, Bridge Homes (Yorkshire) LLP, to further expand the social and private housing stock in the district. Wakefield Council has identified the initial suitable plots of land that will be developed with the group to help regenerate local communities. The first scheme is a mix of outright sales and social housing to be completed during the year ending 31 March 2017.

Operating and Financial Review and Strategic Report

Table 1 - Group highlights summary

For the period ended 31 March	2015	2014	2013	2012
Group Income and Expenditure Account (£'000)				
Total turnover	148,238	137,833	130,613	118,206
Income from lettings	134,433	130,170	124,583	113,201
Operating surplus	35,432	34,203	27,063	22,054
Surplus for the year transferred to reserves	19,018	17,622	12,507	9,159
Group Balance Sheet (£'000)				
Housing properties	902,856	879,745	809,696	755,453
Other fixed assets	16,524	5,786	6,461	6,980
Fixed assets	919,380	885,531	816,157	762,433
Investments in JV	84	-	-	-
Net current assets / (liabilities)	21,315	11,493	(9,315)	(11,623)
Total assets less current liabilities	940,779	897,024	806,842	750,810
Loans (due over one year)	(413,900)	(415,000)	(415,000)	(390,000)
Pensions liability	(32,433)	(11,841)	(36,906)	(39,198)
Other long term liabilities	-	-	-	-
Reserves : revaluation	452,593	433,769	370,771	363,459
: revenue	41,853	36,414	(15,835)	(41,847)
: total	494,446	470,183	354,936	321,612
Accommodation Figures				
Social housing stock owned at year end:				
General needs housing	29,033	29,023	29,104	29,159
Supported housing and housing for older people	1,873	1,939	1,943	2,076
Low cost home ownership	141	122	102	67
Total social housing stock owned at year end	31,047	31,084	31,149	31,302
Accommodation in development at the year end	300	102	186	20
Statistics				
Operating surplus for the year as a percentage of turnover	23.9%	24.81%	20.72%	18.66%
Surplus for the year as a percentage of income from lettings	14.15%	13.54%	10.04%	8.09%
Rent losses (voids and bad debts since transfer as % of income from lettings)	1.66%	2.55%	2.68%	2.89%
Current tenant rent arrears (as a percentage of income from lettings)	5.39%	6.76%	6.33%	6.03%
Interest cover surplus before interest	1.85	1.91	1.59	0.44
Liquidity (current assets divided by current liabilities)	2.23	1.73	0.61	0.51
Gearing (total loans as a percentage of capital grants plus reserves)	78.04%	82.46%	107.50%	111.40%

Operating and Financial Review and Strategic Report

Objectives and Strategy

We ensure that our services are improved continuously for the benefit of all stakeholders meeting the needs and aspirations of local people by working closely with tenants and residents, businesses, community organisations, Wakefield Council and other local service providers. Our aim is to make sure that we are at the forefront of delivering positive change that delivers Value for Money (VFM) through the creation and utilisation of a Social Dividend. Our strategic business objectives are:

- to be a landlord of choice by putting the customer first;
- to adopt best practice in good governance to be a well-managed business;
- to be a positive force through leadership and influence to develop the potential of individuals; and
- to be a partner of choice to create better places to live.

These objectives are underpinned through a Performance Management Framework that delivers transformational change through our four programmes: Places, People, Property and Performance.

Vision

Our Vision is to create confident communities. People living in confident communities feel safe where they live, they trust the services they receive, and they are confident about their future prosperity and opportunities.

The vision has three, five year rolling milestones which are:

By 2020: To be an enterprise with social impacts by creating a model for sustainable living in mixed tenure communities through developments that exceed the pace of change of the wider environment through:

- supporting existing and new enterprises to develop their skills and working with partners in the delivery of improved and new homes;
- developing links with businesses to promote new business ideas;
- providing access to ICT in the home directly linked to training and support services;
- creating links with schools through employment and sponsorship initiatives to develop the skills required in a knowledge based economy; and
- developing local capacity and confidence in local communities to promote new forms of enterprise and leadership.

Operating and Financial Review and Strategic Report

Vision (continued)

By 2025: To make real change through social outcomes by working collaboratively and inclusively and developing tenant and user regulation to deliver the services that people want through:

- developing a franchise culture to maximise mutual business benefits;
- embracing new democracy through customer challenge and regulation;
- creatively using assets to maximise investment;
- defining stakeholder targets and working in partnership with other like-minded organisations to deliver shared outcomes; and
- providing targeted support and advice so that local people can maximise the opportunities available and realise their aspirations.

By 2030: To improve lives through social enterprise by promoting self-sufficiency through investment in tenant led business by:

- increasing the number of tenants involved in social enterprise service delivery;
- providing targeted support and advice;
- empowering tenants and residents to deliver the services that are important to them;
- creating economic, social and IT resilient tenants and local communities; and
- leveraging benefits from integrated social housing, health, and social support services.

Mission

Our Mission is to inspire, transform and promote excellence. To do this we are committed to delivering the continuous improvement of our services, ensuring that excellence is embedded in all aspects of our work and that we judge ourselves through the eyes of others.

We work comprehensively to achieve our 'brand' requirements of:

- trying new ways of working;
- opening ourselves to challenge;
- providing local services;
- caring for local communities;
- being honest and transparent in decisions we take; and
- being professional in everything we do.

Values

Our values are to be creative, inclusive and to work with integrity. The adoption of these values promotes the delivery of excellence within our organisation and establishes us as an employer of choice.

Operating and Financial Review and Strategic Report

Value for Money (VFM)

The Vision of WDH to create confident communities is at the core of our business, it is embedded in our VFM strategy in which we set out our comprehensive plans how WDH will achieve the optimum utilisation of our assets and resources to deliver the maximum VFM. Creating confident communities means using resources intelligently:

- in ways that will improve the life chances of tenants and local communities;
- investing in more efficient and effective systems and processes;
- supporting investment in commercial and social benefit opportunities within the risk appetite of the Board;
- investing in new and improved homes to meet existing and future demand; and
- stimulating economic growth and social benefit of our local communities through the generation and utilisation of a Social Dividend.

The Board's aspiration is to deliver VFM for all stakeholders through the continuous improvement of the economy, efficiency and effectiveness of core support and frontline services, and through controlled diversification and growth. The Board scrutinises the value delivered against key financial performance indicators that form a balanced scorecard mapped to our strategic objectives.

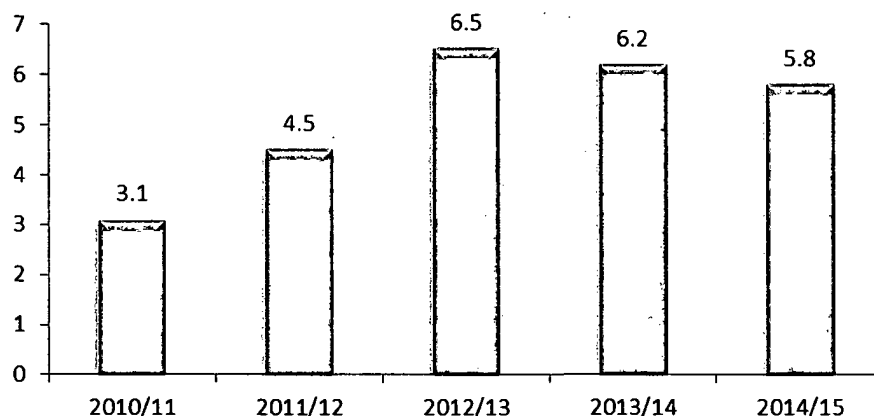
Our VFM strategy sets out how we will create value; how assets and resources will be allocated and used to their fullest capacity within the risk appetite of the Board; how value will be delivered to those in charitable need; and how the value delivered will be measured in objective and auditable ways. Our VFM strategy considers VFM performance from four perspectives:

- **Customer** – how we create VFM for tenants and customers, and other individuals;
- **Corporate** – how we create VFM for employees and the Board;
- **Commercial** – how we create VFM by working in partnership with suppliers and commercial clients;
- **Community** – how we create VFM from our impact on local communities.

In 2014/2015, we secured cashable efficiencies of £5.8m against our business plan. We intend to generate further efficiency savings of at least £1m in 2015/2016. However, we recognise that VFM is not just about reducing costs but about achieving more from our investments, and working smarter to deliver the aspirations of our tenants and customers. To us, VFM is created by maximising the Social Dividend.

Operating and Financial Review and Strategic Report

VFM annual efficiency savings (£m)



The Social Dividend is the return to stakeholders arising from their involvement or investment in, or commitment to, our business. It is the financial capacity remaining after the funding of all core housing functions that is available for discretionary investment in the delivery of additional positive social impacts that strengthen our local communities. The VFM impact WDH has on local communities is measured by the Social Return on Investments (SROI); this social benefit empowers our tenants to create confident communities.

The Social Dividend created in 2014/2015 was in excess of £29.7m. The Net Present Value (NPV) of the SROI identified from our ongoing investment in core revenue generating assets alone is in the region of £700m. It is the attempt at calculating the SROI achieved from the ongoing investment in our core housing assets that identifies, despite the flaws and uncertainties in the methodology adopted, the potential worth to society of the social housing sector.

We consult regularly with all stakeholders: tenants and customers; employees and the Board; suppliers, commercial clients, and partnership agencies including Wakefield Council, West Yorkshire Police, NHS, Jobcentre Plus and the wider Community. This consultation informs and updates our Business Strategy, our strategic planning process and our VFM strategy. It develops our understanding of the VFM priorities of stakeholders.

The Board receives VFM assurance throughout the year through the monthly management accounts that identify performance in respect of efficiencies secured to date and future targets. The Audit Committee receives VFM assurance through the submission of the independent outcome reports of the Internal Audits undertaken. The scope of all internal audits includes a focus on how VFM is delivered.

Our VFM strategy promotes transparency to stakeholders. We publish information on how we deliver VFM for our stakeholders through our annual statement, supplemented by additional information made available on our website, including details of all expenditure over £500.

The Annual Assurance Statement and supporting Case Studies are available on our website at:
<https://www.wdh.co.uk/Documents/pl/Corporate%20documents/Annual%20Assurance%20Statement%202014-2015.pdf>

Operating and Financial Review and Strategic Report

We undertake scenario planning, stress testing, and sensitivity analysis against key variables, to ensure that we continue to have the capacity to deliver VFM under any foreseeable circumstances.

We undertake regular VFM benchmarking to understand our relative performance. Sector benchmarking performance is based on the peer group identified by HouseMark, this consists of 36 other Stock Transfer organisations that have more than 7,500 homes. We compare ourselves to the best customer oriented businesses in the country through adoption of the UK Customer Service Index, and we use Business Connect to learn from acknowledged commercial best practice. We utilise the European Foundation of Quality Management (EFQM) to compare ourselves and our VFM performance against the best performing businesses throughout Europe.

VFM of Revenue Generating Assets

Annual asset management reviews ensure that the full range of our housing stock is delivering VFM from all stakeholder perspectives and that revenue generating assets remain relevant to changing needs and demand. An asset register identifies the future life expectancy and financial viability of our housing stock and that of its major components. An analysis of anticipated repair, maintenance, and replacement costs identifies future investment needs and prioritises resources to maximise VFM.

We have strengthened our VFM analysis of the revenue generating potential of our housing stock through a consideration of the Net Present Value (NPV) of each unit in terms of demand and sustainability. We have developed a detailed and robust understanding of the relative returns from different assets, and the existing use and potential viability of all of our housing stock, to improve investment or disinvestment decisions. Red rated properties generally have negative NPVs, this being an indicator of potential disposal or rationalisation; Amber rated properties have relatively low positive NPVs indicating that remedial intervention is required to deliver VFM through a bespoke action plan. Green rated properties have strong positive NPV indicating existing and future viability.

The average NPV of all housing stock is £28,731. The frequency and spread of average NPVs per property within our three management areas are detailed below:

NPV and Distribution of Properties by Area						
Area	Green		Amber		Red	
	Number of properties	Average NPV	Number of properties	Average NPV	Number of properties	Average NPV
East	7,880	£31,170	1,237	£13,485	155	-£25,711
Central	6,006	£38,894	2,421	£13,417	496	-£36,998
West	11,878	£30,574	811	£11,755	163	-£54,962
Total:	25,764		4,469		814	

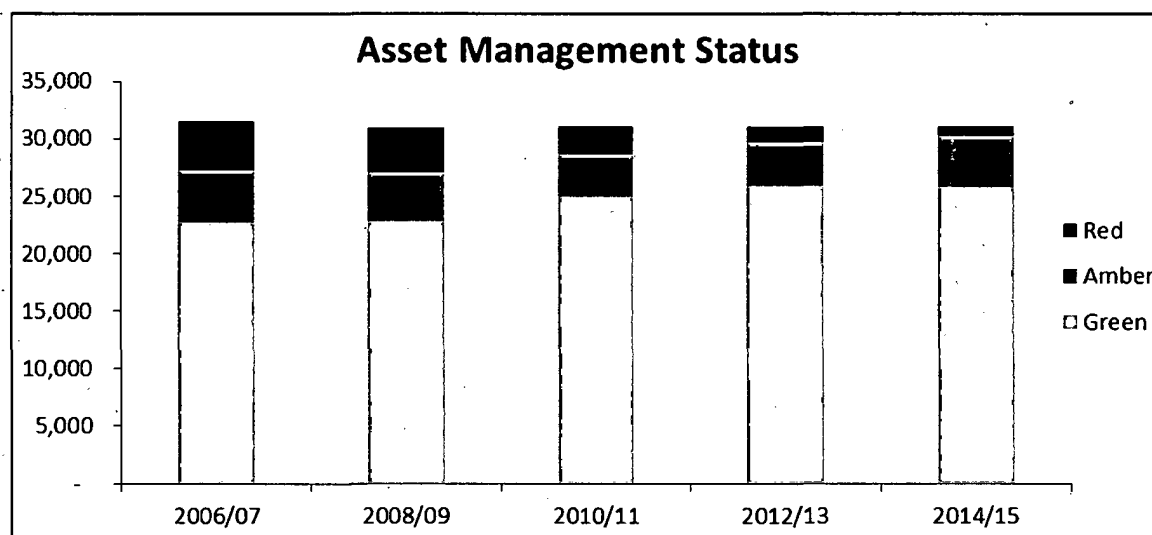
The vast majority of our housing stock is currently deemed to be viable (Green), with 83% of these assets generating strong positive average NPVs ranging from £30,574 to £38,894. Amber rated properties have lower but positive NPVs and represent 14.4% of housing assets, with only 2.6% of houses having negative NPVs.

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Investment in Existing Stock

Completion of our 'Wakefield Standard' Improvement Programme in 2012 delivered a key promise to tenants that rents would deliver VFM through significant investment in improved homes and improved lives. Continued annual investment to maintain stock that is fit for purpose is supplemented through an environmental improvement programme to deliver the integrated regeneration of estates to achieve a 'WDH Estate Standard' to leverage further VFM.

This Table demonstrates how the stock profile has improved over time in its ability to deliver VFM, resulting from sustained targeted investment in, and the rationalisation of, under-performing assets. The marginal increase in Amber stock reflects the continued redundancy of legacy Independent Living Schemes (ILS) that are no longer suitable, or improvable, for 21st Century living.



We have invested £23m to date modernising viable ILS, providing high standards of design and comfortable surroundings to promote independence. This investment generates high demand for these assets, maintaining the long term viability of this accommodation. Previous reviews identified that some ILS were either in the wrong location or their size was no longer fit for purpose. Subject to consultation with affected tenants, these sites are being redeveloped to build new homes that are in demand as part of our Affordable Homes development programme.

Building New Homes

In 2014/2015, we invested £16.5m in building, and acquiring 142 new homes across the Wakefield district. We have developed the capacity and expertise to build new homes ourselves with lower grant support and securing cost savings that will ultimately reduce the need for grant. This gives us greater cost control as pressures on the housing market increase as the economy improves. Investing in our own teams also has a significant VFM impact on the local economy, with over 80% of our programmes delivered by people living in the district.

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Our New Build Investment Strategy 2015 to 2020 outlines our commitment to deliver up to 3,000 new homes by 2020, partly to replace those categorised as Red and where intervention will not succeed, but also to ensure stock replenishment to combat the removal of social housing properties under the Government's proposed expansion of Right to Buy.

We intend to increase the Social Dividend through the provision of additional new homes through an innovative Joint Venture Company formed with Wakefield Council. This project aims to maximise VFM for both organisations in the delivery of new homes in Wakefield for outright sale and for social rent. This growth will be achieved without the need for grant. Surpluses will be recycled, enabling the development of more and larger sites supporting the delivery of much needed, good quality VFM homes to meet the existing and future demand in the district.

Maintenance of existing housing stock

The following table identifies how we compare to our HouseMark peer group in terms of the maintenance of existing revenue generating housing assets.

Major Works and Cyclical Maintenance Benchmarking						
Performance Measure	Benchmark 2013/2014			WDH 2013/2014		
	Upper	Median	Lower	Result	Rank	Quartile
Cost per property of major works and cyclical maintenance	1,320.04	1,923.49	2,330.60	1,324.22	10	Median
% of respondents very or fairly satisfied with the overall quality of their home	88.60	85.90	82.30	87.30	13	Median
Average SAP rating of self-contained dwellings	72.1	70.0	69.0	70.0	18	Median

Our cost per property for maintenance and improvement works is slightly higher than the upper quartile, reflecting our on-going commitment to deliver VFM through continued investment in revenue generating assets. Over 87% of tenants were happy with the quality of their home in 2014, better than the peer group average. Whilst the average Standard Assessment Procedure (SAP) rating, reflecting energy efficiency, was average at 70; this increased to 71, by March 2015.

VFM Customer Perspective

We continually develop our customer service to meet the needs and aspirations of our tenants and deliver VFM. We have placed our customers at the heart of all our services and have developed processes to ensure that the foundation of all service development and improvement is rooted in genuine dialogue with customers. We have supplemented this approach by seeking out best practice and innovation in other sectors and by inviting external scrutiny and challenge from prestigious national and international organisations.

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We have again secured the British Customer Service Excellence award of 'Compliance Plus', joining a handful of organisations from all sectors that are able to demonstrate the highest possible standard of commitment to customers and delivery of customer service.

Internationally, the value we create for customers was recognised by the European Foundation for Quality in Management (EFQM) in 2013 when we received the award for 'Adding value for customers'. The principles and concepts of the EFQM model are embedded in how we do business and this was crucial in being awarded the European Small Contact Centre of the Year in 2014.

Although tenant satisfaction with WDH remains high, the trend had begun to show a marginal decline. To reverse this trend a number of VFM priorities were identified following consultation with our tenants:

- Introduced the UK Customer Service Index (UKCSI) to better understand what our customers want from us;
- Extended our same day repairs service to include all key repair categories;
- Further enhanced our digital channels to make it easier for our customers to contact us the way they prefer.

These measures have succeeded in reversing the decline in customer satisfaction, with performance as at March 2015 at its highest recorded level of 90%.

VFM for Tenants' Rent

As household incomes continue to be squeezed, our tenants are rightly demanding more from us in return. We have maintained tenant satisfaction with the VFM of rents over the past five years, by improving our service offer and ensuring we respond to tenant priorities.

From consultation we know that VFM to our tenants means:

- A quality repairs service, at a time to suit the tenant and completed 'right first time';
- A high quality personalised service, as and when needed; and
- Maintaining a good quality environment, both in the home and across neighbourhoods.

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Quality Repairs Service

HouseMark benchmarking illustrates how we achieve top quartile performance for all elements of the Responsive Repairs Service, with the exception of repairs completed at the first time. We remain committed to improving our first time fix rate to our target of 90% through improved multi-skilling of operatives. We are ranked third amongst our peers in low responsive repair costs relative to stock numbers, and are ranked in second place having reduced the average number days taken to complete down to four.

WDH is within the top quartile for all elements of the Responsive Repairs Service, with the exception of the cost per properties for repairs management, and percentage of repairs completed at the first visit. The relatively high cost of repairs management, ranked 27 to March 2014, is due to the inclusion of supervisory overheads that are not included by peer organisations. This ranking will improve next year when this direct cost will be excluded.

The percentage of repairs completed first time is explained by our innovative approach which links different trades to complex repairs, keeping it simple for the customer and reducing costs. This approach differs to most housing associations. We remain committed to improving our first time fix rate to our target of 90%, which will be achieved by multi-skilling our operatives.

This is also reflected in the feedback from our customers as satisfaction with repairs remains high and has increased again in 2014/2015 to 89% from 87% in 2013/2014.

Performance Measure	Responsive Repairs Benchmarking					
	Benchmark 2013/2014			WDH 2013/2014		
	Upper	Median	Lower	Result	Rank	Quartile
Average number of calendar days taken to complete repairs	6.47	8.09	10.71	4.00	2	Upper
Cost per property of responsive repairs (service provision)	360.59	448.36	536.63	301.18	3	Upper
Average cost of a responsive repair	107.70	121.99	134.39	100.04	6	Upper
Cost per property of responsive repairs	456.10	553.55	699.41	425.86	7	Upper
% of respondents very or fairly satisfied with repairs and maintenance	87.08	82.81	77.30	87.10	9	Upper
Percentage of repairs completed at the first visit	92.3	88.2	83.0	88.0	14	Median
Cost per property of responsive repairs (management)	86.45	105.32	149.12	124.68	27	Median

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High Quality Personalised Service

We are developing our Customer Relationship Management (CRM) system to obtain individual customer insight to ensure we deliver integrated, personalised VFM services to our customers, with fewer service failures. The number of complaints has reduced in consecutive years, from 149 in 2010/2011 to 39 in 2014/2015; evidence that we are delivering value by reducing the number of service failures year on year. The proportion of complaints escalating through our complaints procedure is also reducing, indicating that we are quickly resolving any problems that do occur.

Maintaining a Good Quality Neighbourhood Environment

Investment in estate management continues to generate VFM, with 89% of tenants saying that they were either satisfied or very satisfied with their neighbourhood as a place to live, this is a 4% improvement based on the previous year's survey. This improvement moves us from a below-average position in the 2013/2014 HouseMark benchmark exercise to a level in excess of the upper quartile position at 88.7%.

Anti Social Behaviour (ASB) Benchmarking						
Performance Measure	Benchmark 2013/2014			WDH 2013/2014		
	Upper	Median	Lower	Result	Rank	Quartile
Direct cost per case of ASB	464.25	579.96	814.30	223.19	2	Upper
Percentage of ASB cases successfully resolved	96.22	88.12	79.17	99.00	3	Upper
Cost per property of ASB	50.32	65.16	77.78	83.37	30	Lower

The comparatively high cost of our ASB service, being ranked 30th against peers as benchmarked by HouseMark, is justified by the value our tenants place on ASB management and the effectiveness of the service we offer having the second lowest cost per case and achieving a very high resolution rate, being ranked third.

We have engaged in a joint Service Review with the West Yorkshire Police and Wakefield Council to further VFM through improved tackling of ASB, the outcomes of which will be measured in 2015/2016.

VFM Corporate Perspective

Net Assets have increased to £494.4m, our resource capacity and scale being utilised to deliver broad ranging social and economic benefits to local communities. In 2014/2015, over £112.7m was spent on operating activities. Of this, over £41m was with local businesses, helping to support, grow and sustain the local economy. Efficiencies have been achieved by reducing the time properties are left empty; investing in the improved management of rent arrears; reducing incidental employee sickness; and identifying new sources of revenue and ways to reduce overhead costs per property.

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Empty Properties

A key measure of organisational efficiency for us is how quickly we are able to place a new tenant within a property once the previous tenancy ends. This minimises the void loss against income, as well as ensuring we are making the most efficient use of our assets to address housing need. However, we also have to ensure that the new tenants are able to sustain their tenancies.

The introduction of the 'bedroom tax' and other welfare reforms in 2013/2014 had the impact of significantly increasing the number of tenancy terminations. The introduction of the Tenancy Ready team has reversed this trend by ensuring that applicants have the ability to successfully manage a tenancy prior to being offered one, subsequently reducing unnecessary void costs and rent arrears.

The introduction of new working practices and investment in new mobile technology improves the efficiency of the allocations process. Average re-let times at 19 days, compares favourably under HouseMark benchmarking, WDH being ranked seventh. Voids rent loss benchmarks less favourably at 1.61% of rent due because we hold a significant proportion of our properties for older people vacant in order to facilitate the ongoing Independent Living Scheme improvement programme.

Lettings Benchmarking						
Performance Measure	Benchmark 2013/2014			WDH 2013/2014		
	Upper	Median	Lower	Result	Rank	Quartile
Cost per property of lettings	56.42	64.46	78.03	34.96	3	Upper
Average re-let time in days (standard re-lets)	21.61	30.50	37.79	19.00	7	Upper
Rent loss due to empty properties (voids) as a percentage of rent due	1.03	1.53	2.20	1.61	20	Median

The cost-effectiveness of our allocations process is highlighted by the total cost per property of lettings benchmark, where we rank third in our peer group at under £35 per property compared to an average of nearly £65. By reducing the number of voids and letting times, we have saved £1.52m compared to our Business Plan for the year to March 2015.

Rent Arrears

Another crucial measure of organisational VFM efficiency is the level of rent arrears owed to WDH by current and former tenants. Welfare reform has put increased pressure on household budgets for many of our tenants, and we have responded by increasing the amount of budgeting and debt advice we offer, as well as implementing new mobile technology and business processes to enable the Debt Team to work more efficiently, keeping the cost of collecting rent to a minimum, and maximising the percentage of rent collected.

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The cost of collecting rents to March 2014, at £79.73 per property, is the lowest achieved against peer organisations. We now benchmark strongly against our peer group for arrears' collection and the percentage of rent collected, with a significant number of other housing associations engaging us to advise them on how to improve their own arrears processes.

Rent Arrears and Collection Benchmarking						
Performance Measure	Benchmark 2013/2014			WDH 2013/2014		
	Upper	Median	Lower	Result	Rank	Quartile
Cost per property of rent arrears and collection	108.71	121.74	144.91	79.73	1	Upper
Percentage of rent collected (excluding current arrears brought forward)	99.6	99.0	98.6	101.6	2	Upper
Gross arrears written off as % of rent due	0.21	0.37	0.74	0.22	11	Median
Current tenant rent arrears as % of rent due (excluding voids)	2.26	2.94	4.00	2.98	19	Median
Former tenant rent arrears as % of rent due (excluding voids)	0.93	1.20	2.26	2.94	34	Lower

We recognise that our comparative performance in relation to current and former tenant arrears does not compare favourably to our peers. Historically, there has been a policy of keeping debts live, as opposed to writing them off. The policy has been updated in line with other providers and will improve this relative performance measure. We believe our performance in relation to current arrears reflects an optimum balance between the level of resources required to manage debt, and support tenants to manage their finances to tackle financial exclusion and sustain tenancies.

Sickness Absence

Reducing sickness absence increases overall productivity ensuring there is capacity, at predictable cost, to deliver services. By proactively managing absence, we have halved the annual number of days lost to sickness per employee over the past ten years. This reduction has increased our available workforce capacity by the equivalent of 10 posts, driving VFM from existing resources. Sickness has increased in recent months, largely due to winter viruses, but remains low in historical terms.

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New Sources of Revenue and Reduced Overheads

Performance Measure	Overhead Cost Benchmarking			WDH 2013/2014		
	Upper	Median	Lower	Result	Rank	Quartile
Total overhead as % adjusted turnover	9.68	10.51	12.71	7.45	1	Upper
Cost per property of housing management	389.85	416.42	474.43	288.61	1	Upper
Finance as % adjusted turnover	1.20	1.45	1.81	0.70	2	Upper
Central and other overheads as % adjusted turnover	4.19	4.98	6.17	3.72	4	Upper
IT and communications as % adjusted turnover	2.28	2.63	3.19	2.03	6	Upper
Office premises as % adjusted turnover	1.18	1.46	1.79	1.00	6	Upper

Consistent efficiencies achieved over several years have resulted in the lowest overhead costs as a percentage of turnover against our HouseMark peer group. Our total housing management cost per property for 2013/2014 was ranked first at £288.61, compared to the mid cost average of £416.42.

We have achieved a downward trend in reducing overheads as a percentage of turnover since we transferred from Wakefield council, contributing towards an increased operating surplus of £35m in 2014/2015. This surplus is part of the WDH Social Dividend that is reinvested for the benefit of tenants and the communities we serve. In 2014/2015, our total overheads increased as a result of investment in additional support services to create greater social returns. The effectiveness of our VFM strategy allows us to make this investment whilst achieving top performance against our peer group.

VFM Commercial Perspective

Commercial VFM is delivered through robust management of the supply chain and by offering in house services to other organisations as a way to reduce overheads and improve economies of scale.

Northern Shared Services (NSS) Financial Performance

Year	NSS Generated Revenue	Contribution to WDH trading surplus
2013/2014	£1.5m	£150K
2014/2015	£5.95m	£776K

The NSS GSG surpassed its 2014/2015 target (£4.9m) for generating revenue by 21%, and it has become the most successful Cost Sharing Group of scale established to date within the sector, reflecting the respective VFM savings benefitting participating organisations.

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Recent procurement efficiencies delivered include:

- Tenant feedback tells us that grounds maintenance is an essential service that needs to deliver VFM; we have successfully developed our Geographical Information System to provide a more effective service that delivers VFM. We use the GIS system to map our 2.2m square metres of grass, 112k square metres of planting beds, 17k metres of hedges and 31k trees. This has optimised our working knowledge of our land, providing the full specification for the contract, allowing resources to be effectively planned and prioritised to deliver VFM, and allowing work to be programmed seasonally.
- Purchased Utility Management Software called TEAM Energy that validates the invoices for our 530 sites comprising of offices, multi story blocks and staircase lighting. Savings for the past year exceed £50,000.
- The procurement of the electrical works contract to rewire 1,800 of our properties over a three year period will save £850k.
- A phased fleet renewal programme has achieved £150k saving for the past year.

VFM through Cost Sharing

Our established subsidiary company, Northern Shared Services Limited (NSS) is an innovative Cost Sharing Group (CSG) that has delivered significant VFM through a reduction in overhead costs per property. We now maintain and repair an additional 1,700 properties within the Wakefield district to the same standard as the homes we own, as well as to a further 10,000 properties across Yorkshire and Humberside. This successful diversification increases our capacity to create confident communities within our estates.

The costs of delivering gas servicing, voids and a responsive repairs service, all provided by highly skilled operatives who are sensitive to the needs of customers' wellbeing and safeguarding, are shared between member organisations.

Phased implementation across Yorkshire has ensured that service provision to existing tenants is not compromised. This year we have completed 26,000 repair and maintenance jobs for 11,700 NSS properties. We have benefited indirectly from economies of scale that have delivered VFM through additional efficiency savings. All members of the CSG are receiving improved customer satisfaction for repairs and maintenance. Comparatively, our efficient and effective repairs service maintains this high level of satisfaction at significantly lower repair costs than our peers. To further improve the delivery of VFM, all Team Leaders are undertaking an Institute of Customer Service qualification to improve customer service skills.

Working in partnership with other organisations that have similar strategic objectives is a key means of ensuring the delivery of VFM services in terms of cost, quality, and customer satisfaction.

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VFM Community Perspective

We have a significant impact on the Wakefield economy, managing 21% of all dwellings, providing very good quality, VFM homes for more than 60,000 people. Our properties are a mix of houses, bungalows, maisonettes, and high and low rise apartment blocks. We also manage ILS that provides accommodation and support for older and vulnerable people.

We are one of the UK's largest enterprise and regeneration companies, contributing positively to the economic, social and environmental sustainability of the district. Since our creation in 2005, we have invested over £1bn in the district, and will invest a further £100m in our existing housing stock over the next three years.

We support local communities to improve the life chances of our residents through investing the Social Dividend created in to improved health and wellbeing; increased sustainable employment and employability; and the provision of a broad range life skills and educational opportunities. We work with partners and voluntary organisations to achieve positive and measurable outcomes that improve people's lives.

Measuring Social Impact

We believe that investing in social value activities strengthens local communities, putting customers in a better position to sustain their tenancies. We are assessing the additional value that we bring by measuring the Social Return on Investment (SROI). We have established a performance baseline for a number of our key initiatives that provide support to tenants.

Social Rate of Return on Investment	
Service	Baseline of Return on each £ Invested
Health Inequality Caseworkers	£ 2.70
Community Employment Advisors	£ 24.00
Care Link	£ 9.90
Debt Team	£ 1.18
Cash Wise	£ 2.30
Training for Employment Programme	£ 2.88

Health Inequality Caseworkers

This was the first project in the UK to deliver additional social value through the integration of a housing provider and health commissioner, in order to support individuals and families in the most disadvantaged communities. The project works towards reducing health inequalities; promoting well-being and independent living; and developing health and wellbeing skills. The team provided support to 351 people during 2014/2015 and have a target to provide 1,850 health interventions by 2020.

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Community Employment Advisors

WDH's Community Employment Advisors assist tenants and their families into employment, and reduce their reliance upon Welfare benefits. The Advisors help individuals develop their CV and job applications, and assist them to search for jobs. Over the past 3 years they have helped almost 4,000 tenants, referring over 1,700 to employment related training, and assisted over 1,100 into employment.

Care Link

Care Link is our telecare and emergency response service, enabling 15,000 older and vulnerable people to live safely and independently in the community whilst also supporting their carers.

Debt, Financial Inclusion and Cash Wise Teams

These three teams work together to help tenants manage their money, and to ensure that they sustain their tenancies. We were awarded £585k funding from the Big Lottery to deliver a financial capability programme to social housing tenants within the Wakefield district. Delivery commenced in April 2013, with the programme due to last three years. The programme assists vulnerable people to minimise their outgoings and maximise their income through a series of workshops and one to one sessions covering areas such as budgeting, healthy eating, affordable credit, and bank accounts.

The success of the programme led to the appointment of two financial inclusion officers, and further support being delivered to tenants in receipt of transitional housing benefit as a result of Welfare reform. We will continue this VFM support following completion of the Big Lottery funded programme through our Cash Wise website.

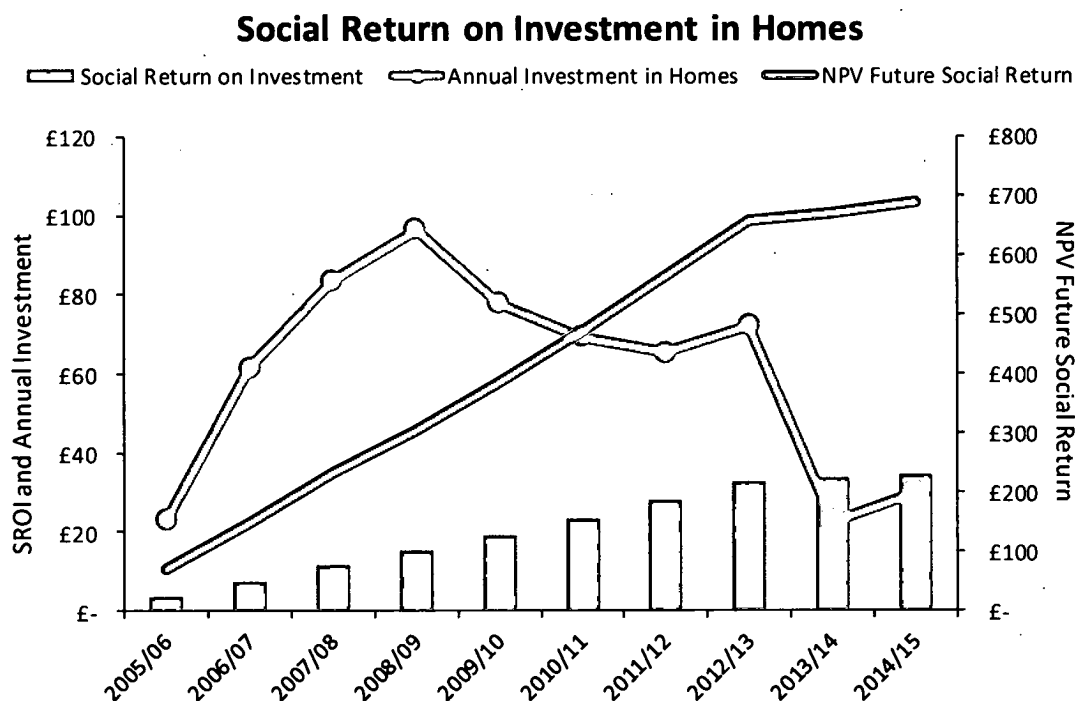
Measuring the Social Impact of our Investment Programme

Our investment programme is our biggest area of expenditure, with a cumulative investment of £720m. A SROI exercise has been performed on the social impacts of the Investment Programme using an adaptation of the methodology developed by Nottingham City Homes (NCH) and Nottingham Business School ('Decent Homes Impact Study: the effects of Secure Warm Modern Homes in Nottingham' - March 2012). We have attempted to identify the social return from this investment, over and above direct returns derived from maintaining the lettable value of our stock. The methodology considered the social return using an estimate of financial impact where this can be quantified through the application of a robust methodology; or by using 'financial proxies' and considered estimations based upon the NCH study. The exercise considered the contribution of WDH towards the net positive VFM benefits to tenants, the health and emergency services, and the environment, in relation to:

- Homes being more secure, with fewer burglaries, and people feeling safe.
- Lower heating costs, and less worry and stress about bills.
- Better home conditions, warmer homes with less damp, and fewer hazards.
- Reduced carbon emissions as a result of energy efficiency improvements.
- The benefits to the community provided by our strategic partners, including apprenticeships.

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The annual SROI generated each year has been identified, as well as the anticipated NPV of future social returns generated from this significant and sustained investment.



In 2014/2015, the investment in existing stock to secure future income streams was circa £32m and the value of social benefit to our tenants and communities in the year is calculated at some £34m. However, further tentative analysis suggests that the NPV of the future social return of existing investment could generate, as a minimum, in the region of £700m.

In practice, the SROI will be higher, as the exercise did not include the positive impacts associated with providing a better start to life for children living in our homes, or the impact of the investment programme upon the local economy. These social returns will be the focus for the development of further VFM measures over the next few years. We intend to refine our approach to take account of these and other factors, to determine the overall impact of our activities on our tenants, and the measurement of the achievement of our vision to create confident communities.

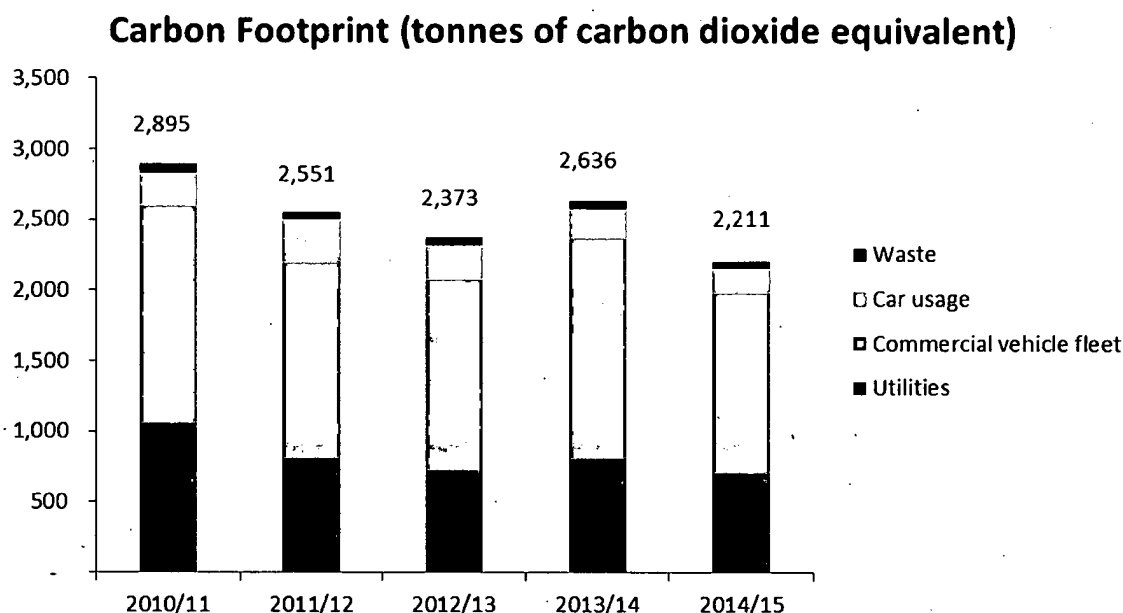
Delivering a Sustainable Business

We maintained our ISO 14001 accreditation during 2014, achieving full compliance. This environmental management standard is internationally recognised, demonstrating how we generate VFM through implementing sound environmental management practices.

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Carbon Footprint

Our Carbon Footprint for 2014/2015 has been independently verified by the Carbon Trust.



The Carbon Footprint graph shows how, with the exception of 2013/14, we have achieved year-on-year reductions in the adverse environmental impact of our operations. Office accommodation energy audits, supported by the baseline identified by the Carbon Trust, are used within a Carbon Management Plan to 2020 that identifies the actions required to achieve our aspiration to become a 'carbon neutral' business by 2020.

We will also work with the Carbon Trust to identify and train 'Sustainability Champions' across the business, and utilise our Tenant Sustainability Officers to monitor the outcomes and impacts of the energy efficiency measures we are undertaking that deliver VFM.

SAP Rating of Homes

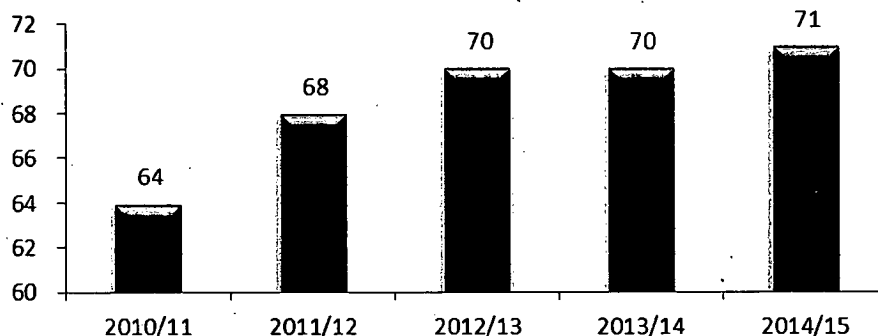
One of our priorities is to improve VFM for tenants by reducing fuel poverty, and create improved health and wellbeing through the provision of warm, energy efficient homes.

Following completion of the 'Wakefield Standard' improvement programme, we have continued to improve the average Standard Assessment Procedure (SAP) of our residential dwellings through our on-going advanced retrofit programme. During 2014/2015 we completed installations to 369 properties, and will complete a further 140 in 2015/2016.

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As we have a large proportion of older accommodation it is unlikely that the average SAP rating will improve much further. We are now researching whether setting a minimum Energy Performance Certificate rating for every property would provide an effective method for improving VFM for tenants and addressing fuel poverty.

Average SAP rating



In addition to achieving physical energy efficiencies, we also engage with tenants to educate and raise awareness of how they are able to deliver VFM through being more energy efficient in their home. To help reduce our tenant's fuel bills and strive to alleviate fuel poverty in the Wakefield District, we support tenants to switch energy providers. We have provided one to one support to more than 60 tenants in their own homes, at events and at Service Access Points (SAPs) across the district.

We launched our dedicated energy switching service, Switch and Save, a WDH branded energy comparison website and phone service available to tenants and residents across the Wakefield District and beyond. We have helped more than 80 people switch energy provider, with an average VFM dual fuel bill saving of £295. We have provided training on energy awareness, energy switching and pre-payment meters to more than 45 frontline workers; this provides our employees with the tools to provide a better service and added value to tenants.

In January 2015, we established a Knowledge Transfer Partnership with Leeds Beckett University. This two-year project, part funded by both Innovate UK and WDH, sees a Building Energy Analyst seconded from the university into WDH's Homebuilder team. The Building Energy Analyst will be identifying ways of improving the thermal efficiency of our in-house new build product, reduce tenant fuel bills and reduce build costs. This information will inform our future new build programme.

As part of our commitment to creating confident communities, on estates where we are insulating our own properties, we have offered people who live in privately owned properties the opportunity to have External Wall Insulation (EWI) installed on their properties, reducing carbon emissions, reducing fuel bills and improving the street scene, as well as potentially increasing the value of their properties.

During 2014/2015 we externally insulated a significant number of privately owned properties including identifying sources of funding to reduce the capital cost to occupiers.

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Community Leadership Programme and WDH Academy

Our Community Leadership Programme is our flagship development programme for young people, providing a life changing experience to help them reach their full potential and play a positive part in their communities, through a journey of self-discovery, developing teamwork and leadership skills, and gain the confidence they need to achieve their goals.

The programme was launched in 2006 in partnership with the Outward Bound Trust. Our research has shown that:

- 81% of past participants went on to achieve GCSEs;
- 30% succeeded at A-Level;
- 7% had completed degrees; and
- 26% had achieved an NVQ.

Every six months, the WDH Academy recruits 10 young unemployed people living in one of our properties. Participants in the scheme receive training, working alongside employees to receive valuable paid work experience and assistance in securing employment. Of the 58 participants, 54 completed the programme. Of these, 42 have moved into further employment, a success rate of 77%. Measurements of SROI are being developed in respect of the returns achievable over the life time of participants.

Training for Employment Programme

The programme has recruited 80 unemployed people over the past two years, providing an employment opportunity for our tenants and their families to develop their employability skills whilst erecting fencing on our estates. Of the 80 participants, 47 went on to further employment, a success rate of 59%, a tremendous success considering some of the issues that many participants experienced in their lives.

The programme has now been integrated with the work of our Community Employment Advisors, recruiting 10 people every 3 months, working in partnership with a Sector Based Work Academy delivered by Wakefield College.

By supporting and developing the ability of our customers to manage tenancies we have increased the sustainability of tenancies, reduced homelessness and reduced tenancy failure. Some 92% of tenants surveyed stated that the support provided by WDH has helped them feel more confident in their ability to manage a tenancy. This is another area for the future development of long term measurements of SROI.

VFM Targets for 2015/2016

For the coming year we are maintaining our focus on the four key drivers of VFM that were established in 2014/2015, setting challenging targets to maintain and improve upon performance in the past year:

- Void Properties: To contain rent lost to under £2.35m.
- Rent Arrears: To contain total debt to under £9.5m.
- Sickness: To reduce monthly sickness to 825 days per month.
- New Revenues and Reduced Overheads: A further £1m of recurrent savings.

Operating and Financial Review and Strategic Report

VFM performance against these targets will be reported at each Board meeting, and will be included in next year's Annual Assurance Statement.

In 2015/2016, we are investing £2m in providing a free internet service to all tenants and £1m providing equipment to tenants to get online. We have appointed a supplier and contracts are currently being negotiated. This WiFi will reduce the cost of communicating with tenants and will provide tenants with increased access to VFM through internet access, fast becoming an essential for the promotion of financial inclusion and making it easier for tenants to pay their rent.

Social Dividend Funding of WDH Ambitions to 2020

Strategic plans and resources are focused on our next milestone: 'to be an enterprise with social impacts' by 2020. Following consultation and engagement with our key stakeholders, we have set out four ambitions that will support the achievement of our strategic objectives. This will be achieved through the optimum utilisation of the Social Dividend we generate that will further place VFM for our stakeholders at the heart of everything we do:

- People Programme - Opportunities for all
- Property Programme - Building Better Places
- Place Programme - Health and Wellbeing
- Performance Programme - A Digital Future

The four ambitions to 2020 identify how we will use the Social Dividend we create, through the delivery of VFM, to deliver positive social impacts in our local communities over the next five years by:

- Building up to 3,000 new properties to meet the increasing demand for affordable social housing.
- Creating free WiFi access to our 31,000 properties to address digital inclusion.
- Reducing the number of young people in our tenancies not in education, employment or training (NEETs) from 5% to 3%.
- Establishing structured health interventions to improve the wellbeing of at least 1,850 tenants.

We are developing our analysis of the outputs that have the greatest potential to achieve positive social impacts, and the extent to which they deliver optimum VFM outcomes. Corporate priorities are aligned to support current and future demand and need, focusing on customer care and customer relationship management; environment impact and carbon neutrality; and competency and skill requirements for succession planning. We are doubling our investment in the supply of new homes, customising our tenant offer in response to customer needs; and we have established the financial strength to have the potential to become financially self-sufficient.

Operating and Financial Review and Strategic Report

The focus of our VFM Strategy to the year 2020 will be on the extent to which we are able to deliver increased social dividend from our core housing activities and diversification; how best this dividend may be utilised to deliver social benefits; and how we will develop measurements SROI in order to demonstrate, more objectively, the value to society of our contribution towards delivering increasing social benefits.

We intend to increase the social dividend we create to continue to utilise in future years in order to ensure that the operating surpluses we generate through improved VFM are reinvested to maximise VFM for our stakeholders through strong positive social returns.

Operating and Financial Review and Strategic Report

Risks and uncertainty

We have a well embedded risk management framework, with a Board defined Risk Appetite and Tolerance Statement that sets the tone for risk taking.

The corporate Risk Map details those risks that could prevent WDH from achieving its Strategic Objectives. The business also has a framework for managing the risks associated with its operations and projects. Annual risk workshops are used to refresh the corporate Risk Map. Joint Risk, Performance, and Finance meetings are held with each Service area on a quarterly basis and reported to the quarterly Performance Challenge meetings. The risks are subsequently challenged by the Audit Committee and the Board.

Integrated Risk and Assurance Mapping is performed for the key strategic risks. The exercise considers the main controls which are designed to mitigate the risks, and the sources of assurance on the effectiveness of internal controls. The Audit Committee performs an in-depth review of the sources of assurance for one of the key risks at each Committee meeting.

The Board considers the following to be the Key Strategic Risks to the business:

Key Risk	Comments and risk mitigation
The adverse impact of the economic environment and Welfare Reform upon tenants and our Business Plan.	Further welfare reform announced in the July 2015 budget creates significant adverse pressures arising from the 1% rent reductions imposed for the next four years as part of the £12bn benefit cuts. The key issues are the interruption and uncertainty relating to existing secure and predictable business cash inflows, the increased cost of funding, and the ability of tenants to survive greater financial constraints. These constraints make the achievement of our business strategy and strategic objectives more difficult and more costly. Direct payments to tenants under the Universal Credit scheme, is increasing the transaction cost of collecting rents. Proactive participation in the national Demonstration Project provided a valuable insight into the challenges faced by the sector. Investment in financial inclusion and supporting people into work in partnership with other businesses and agencies mitigates this key risk. Routine updates are provided for the Corporate Management Board on key performance measures and emerging trends, and action being taken to manage the impact on tenants and the business. Monitoring of the external environment informs stress testing under different challenging scenarios to identify Business Plan sensitivities and break points and develop mitigation and exit strategies.
Ineffective governance arrangements.	Effective governance is key to organisational viability: robust recruitment and selection, development and standing-down arrangements are in place to ensure an effective Board. The Board and Committees have access to independent external advice and training. Board Away Days are used to review strategic direction of the company in accordance with Strategic Framework and milestone strategy model. We have a Code of Conduct and supporting documents such as the Protocol on Conflicts of Interest. Individual training is provided for new Board Members as part of their induction, and the Code of Conduct is reviewed annually to ensure it remains fit for purpose.

Key Risk	Comments and risk mitigation
Non-compliance with the New Regulatory Standards, and the increased emphasis placed on governance, VFM and strong financial viability.	<p>Robust governance, internal control and risk management arrangements in place, and reviewed annually by internal audit.</p> <p>The Treasury Strategy is developed by an external consultant, who also provides periodic updates and awareness training to the Board.</p> <p>Scenario and stress testing is performed on the Business Plan, and reported to the Board.</p> <p>VFM targets and achievements are overseen by the VFM Group, and reported within the VFM Annual Assurance Statement.</p>
Failing to have an appropriate employee base with the necessary skills and competencies to deliver the high standards of service for both now and into the future.	<p>An appropriately skilled workforce with the right competencies is essential to successful implementation of our Vision and Business Strategy.</p> <p>Effective recruitment and selection arrangements ensure a fair, consistent, and inclusive approach, and recruitment campaigns target people with the skills required. A three stage approach is used to ensure learning and development needs are identified and met, using annual appraisals, review and challenge, and impact evaluation of learning and development activities.</p> <p>Effective support arrangements are in place, including disciplinary, grievance, capability and sickness absence processes. An annual review of succession arrangements is performed.</p>
The impact of a major unforeseen event affecting the business, its customers and other stakeholders.	<p>An IT Resilience Framework and Business Continuity (BC) framework is in place, with 24/7 arrangements to ensure an appropriate response to out of hours incidents.</p> <p>The plans are reviewed at least annually, and after a major incident or disruption to services to ensure that lessons are learned.</p> <p>We also participate in the district's Emergency Planning arrangements, ensuring a co-ordinated response to large-scale emergencies. BC is tested in a live environment under different scenarios.</p>
Health and Safety risks to our employees, tenants, members of the public, and other stakeholders.	<p>Effective communication and an appropriate culture are fundamental to success, starting with induction for new employees. Employee briefings and training reinforce key messages and ensure employees have the skills and knowledge they require.</p> <p>We have a dedicated Health and Safety Team who lead, monitor and report on Health and Safety across the business. We have effective governance arrangements, with a Health and Safety Committee, who oversee the Health and Safety Management System and report to the Board.</p> <p>The Health and Safety Team monitor compliance with inspection and servicing programmes (such as Legionella, Electrical and Gas Servicing).</p> <p>We also have a Fire Safety Concordat with West Yorkshire Fire Service in relation to fire risks within multi-storey properties.</p>
Factors impacting upon our ability to provide additional affordable homes to meet people's needs and aspirations.	<p>Further Welfare reform will limit our ability to maximise investment in new build development. We have received an allocation from the HCA for 220 new homes under the Affordable Homes Programme 2 (2015 to 2018) and are progressing sites for submission under the HCA's Continuous Market Engagement Programme.</p> <p>We have developed the capacity and expertise to build new homes ourselves with lower Grant support, securing cost savings that will ultimately reduce the need for grant. This gives us greater cost control as pressures on the housing market increase as the economy improves.</p>

Operating and Financial Review and Strategic Report

Capital Structure and Treasury Policy

Our Board has appointed suitably qualified treasury professionals who advise on treasury strategy matters in order to facilitate the most efficient and effective use of financial resources in the delivery of VFM services to tenants. Liquidity is maintained at minimal cost through the application of an appropriate mix of fixed and variable borrowings.

At the year end, our total borrowings were £415m (2014: £415m) from an overall syndicated facility of £500m led by the Royal Bank of Scotland (RBS); this includes a £200m facility provided by the European Investment Bank and a £150m facility from Santander. Drawings are always in sterling and are at fixed and floating rates of interest; there is no exposure to currency risk.

The current split between fixed and floating rates is £330m and £85m respectively, this is consistent with our Treasury Policy. The current level of hedging in place for existing borrowings is sufficient given the favourable variable rates currently available and the anticipated timing of movements in the Base Rate. Our position remains under constant review, with consideration of any increased hedging being triggered by increases in fixed market lending. We made no additional drawings during the year. The application of robust treasury controls has ensured strong, positive operational cash flows, and that the overall cost of borrowing is maintained well within Business Plan tolerances. Our weighted average cost of capital at 4.55% is competitive and delivers good VFM.

We undertake rigorous periodic reviews of loan funding covenant compliance. The principal covenant relates to the ratio of Net Operating Cash Flow to Total Funding Costs. No breaches of the covenant occurred during the year and none are forecast.

Our Board has approved plans to spend approximately £60m during the next year (2014: £60m) to deliver improved housing stock, and for the development or purchase of additional stock. Our continued investment in properties and communities is forecast to be funded from cash receipts for the foreseeable future.

Undrawn loan facilities of £85m are available under existing funding arrangements and are supported by a £2.5m overdraft facility. To protect the strong liquidity position, an alternative counterparty has been identified to hold monies on short term deposit. Such deposits require up to 95 days notice prior to withdrawal.

Operating and Financial Review and Strategic Report

Cash Flows

Cash outflows from operating activities and capital investments during the period are shown in the consolidated cash flow statement on Page 47. The net cash inflow from operating activities is £64m (2014: £54m). During the year, WDH benefited from the retention of £2m of net funds generated from its VAT Shelter.

Sufficient liquidity to achieve current and planned strategic objectives is provided through the headroom in our existing loan facilities and the reliability of existing cash inflows that arise from our trading activities. Welfare reforms introduced by the Government have increased the transactional cost of rent collection but to date they have not had any significant adverse impact on cash inflows. Sufficient resources have been allocated to mitigate the risk of increased arrears in the short term. However, it is recognised that tenants will need to be provided with additional support in order to manage their finances once significant numbers begin to migrate towards 'Universal Credit' for the receipt of welfare benefits.

Joint Venture

We have established a joint venture company, Bridge Homes (Yorkshire) Limited, in partnership with Wakefield Council to further expand the social and private housing stock in the district. Wakefield Council has identified the initial suitable plots of land that will be developed with us to help regenerate local communities. The first scheme is a mix of outright sales and social housing to be completed during the year ending 31 March 2017.

Financial Reporting Standards (FRS)


The potential impact of the introduction of FRS 102 is being assessed. The introduction of this new accounting standard, which will be fully effective for the year ending 31 March 2016, will result in additional disclosures being required in our annual Financial Statements. The key financial covenant is the interest cover ratio, and it is not anticipated to be significantly affected by FRS 102.

Statement of Compliance

In preparing this operating and financial review and strategic report and the Report of the Board, the Board has followed the principles set out in Part 2 of the SORP update 2010.

The Board, in making their decisions about public benefit and what has been done to achieve the entity's purpose have had due regard to the public benefit guidance when exercising any powers or duties to which the guidance is relevant.

The Operating and financial review and the Strategic Report were approved by the board on 23 July 2015 and signed on its behalf by:



Andrew Wright
Chair

Operating and Financial Review and Strategic Report

Report of the Independent Auditors to the members of Wakefield and District Housing Limited

We have audited the Financial Statements of Wakefield and District Housing Limited for the year ended 31 March 2015 which comprise the Group and company income and expenditure account, the Group and company statement of total recognised surpluses and deficits, the Group and company note of historical surpluses and deficits, reconciliation of movement in Group and company funds, the Group and company balance sheet, the Group cash flow statement, and the related notes. 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company'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 7 and 8, 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 Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2015 and of the Group's and of the parent company's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Report of the Independent Auditor to the members of Wakefield and District Housing Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Board and the Operating Financial Review and Strategic Report for the financial year for which the financial statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Graham Nunns
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
Leeds

27 July 2015

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**For the year ended 31 March 2015**

	Note	31 March 2015 £'000	31 March 2014 £'000
Turnover	3	148,238	137,833
Operating costs	3	(112,780)	(103,630)
Operating surplus	5	35,458	34,203
Share of operating loss in joint venture		(26)	-
Operating surplus including share of joint venture		35,432	34,203
(Loss) on sale of fixed assets	6	(1,037)	(541)
Interest receivable and other income	7	126	35
Interest payable and similar charges	8	(19,165)	(17,889)
Other finance gain	9	3,697	1,822
Surplus on ordinary activities before taxation		19,053	17,630
Tax on surplus on ordinary activities	11	(35)	(8)
Surplus for the financial year	25	19,018	17,622
Amounts attributable to minority interests	15	-	-

The consolidated results relate wholly to continuing activities.

The notes on Pages 48 to 85 form part of these Financial Statements.

COMPANY INCOME AND EXPENDITURE ACCOUNT**For the year ended 31 March 2015**

	Note	31 March 2015 £'000	31 March 2014 £'000
Turnover	3	148,189	137,534
Operating costs	3	(112,731)	(103,331)
Operating surplus	3/5	35,458	34,203
Share of operating loss in joint venture		(26)	-
Operating surplus including share of Joint Venture		35,432	34,203
(Loss) on sale of fixed assets	6	(1,037)	(541)
Interest receivable and other income	7	126	35
Interest payable and similar charges	8	(19,165)	(17,889)
Other finance gain	9	3,697	1,822
Surplus on ordinary activities before taxation		19,053	17,630
Tax on surplus on ordinary activities	11	(35)	(8)
Surplus for the financial year	25	19,018	17,622

The Company's results relate wholly to continuing activities.

The notes on Pages 48 to 85 form part of these Financial Statements.

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS**For the year ended 31 March 2015**

	Group		Company	
	31 March 2015 £'000	31 March 2014 £'000	31 March 2015 £'000	31 March 2014 £'000
Surplus for the financial year excluding joint venture	19,044	17,622	19,044	17,622
Deficit for the financial year (share of joint venture)	(26)	-	(26)	-
Unrealised surplus on revaluation of housing properties	27,094	70,690	27,094	70,690
Actuarial (loss) / gain relating to pension scheme	(21,849)	26,935	(21,849)	26,935
Total recognised surpluses since last report	<u>24,263</u>	<u>115,247</u>	<u>24,263</u>	<u>115,247</u>

NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS**For the year ended 31 March 2015**

	Group		Company	
	31 March 2015 £'000	31 March 2014 £'000	31 March 2015 £'000	31 March 2014 £'000
Reported surplus on ordinary activities before taxation	19,053	17,630	19,053	17,630
Excess of actual depreciation over historical cost depreciation charge	4,773	3,921	4,773	3,921
Excess of actual impairment over historical impairment charge	1,522	1,163	1,522	1,163
Excess of actual disposal over historical cost disposal charge	1,975	2,608	1,975	2,608
Historical cost surplus on ordinary activities before taxation	<u>27,323</u>	<u>25,322</u>	<u>27,323</u>	<u>25,322</u>
Historical cost retained surplus	<u>27,323</u>	<u>25,322</u>	<u>27,323</u>	<u>25,322</u>

The notes on Pages 48 to 85 form part of these Financial Statements.

RECONCILIATION OF MOVEMENTS IN GROUP AND COMPANY FUNDS

For the year ended 31 March 2015

	Group		Company	
	31 March 2015 £'000	31 March 2014 £'000	31 March 2015 £'000	31 March 2014 £'000
Opening total funds	470,183	354,936	470,183	354,936
Total recognised surpluses relating to the year	24,263	115,247	24,263	115,247
Closing total funds	494,446	470,183	494,446	470,183

The notes on Pages 48 to 85 form part of these Financial Statements.

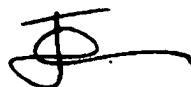
CONSOLIDATED BALANCE SHEET**At 31 March 2015**

	Note	2015 £ '000	2014 £ '000
Tangible fixed assets			
Housing properties	12	902,856	879,745
Other tangible fixed assets	13	16,524	5,786
		<u>919,380</u>	<u>885,531</u>
Investment in Joint Venture			
Share of gross assets	15	107	-
Share of gross liabilities	15	(23)	-
		<u>84</u>	<u>-</u>
Current assets			
Properties held for sale	14	909	1,018
Homebuy and other loans	16	233	233
Stock	18	388	285
Debtors	17	9,874	10,945
Cash on term deposit		10,000	-
Cash at bank and in hand		17,199	14,777
		<u>38,603</u>	<u>27,258</u>
Creditors: Amounts falling due within one year	19	(17,288)	(15,765)
Net current assets		<u>21,315</u>	<u>11,493</u>
Total assets less current liabilities		<u>940,779</u>	<u>897,024</u>
Creditors: Amounts falling due after more than one year	20	413,900	415,000
Provisions for liabilities			
Net pension liability	9	32,433	11,841
		<u>446,333</u>	<u>426,841</u>
Capital and reserves			
Housing property revaluation reserve	25	452,593	433,769
Revenue reserve	25	41,853	36,414
Consolidated funds	25	<u>494,446</u>	<u>470,183</u>
Amounts attributable to minority interests	15	<u>-</u>	<u>-</u>
		<u>940,779</u>	<u>897,024</u>

The Financial Statements were approved by the Board on 23 July 2015 and signed on its behalf by:



Andrew Wright, Chair



Juliet Craven, Company Secretary

The notes on Pages 48 to 85 form part of these Financial Statements.

Company number 4948519

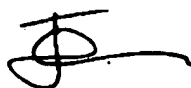
COMPANY BALANCE SHEET**At 31 March 2015**

	Note	2015 £'000	2014 £'000
Tangible fixed assets			
Housing properties	12	902,856	879,745
Other tangible fixed assets	13	16,524	5,786
Investment in Joint Venture	15	84	-
		<u>919,464</u>	<u>885,531</u>
Current assets			
Properties held for sale	14	909	1,018
HomeBuy and other loans	16	233	233
Stock	18	386	285
Debtors	17	10,090	10,953
Cash on term deposit		10,000	-
Cash at bank and in hand		16,935	14,540
		<u>38,553</u>	<u>27,029</u>
Creditors: Amounts falling due within one year	19	(17,238)	(15,536)
Net current assets		<u>21,315</u>	<u>11,493</u>
Total assets less current liabilities		<u>940,779</u>	<u>897,024</u>
Creditors: Amounts falling due after more than one year	20	413,900	415,000
Provisions for liabilities			
Net pension liability	9	32,433	11,841
		<u>446,333</u>	<u>426,841</u>
Capital and reserves			
Housing property revaluation reserve	25	452,593	433,769
Revenue reserve	25	41,853	36,414
WDH's funds	25	<u>494,446</u>	<u>470,183</u>
		<u>940,779</u>	<u>897,024</u>

The Financial Statements were approved by the Board on 23 July 2015 and signed on its behalf by:



Andrew Wright, Chair



Juliet Craven, Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2015

	Note	31 March 2015 £'000	31 March 2014 £'000
Net cash inflow from operating activities	27	63,761	53,591
Returns on investments and servicing of finance			
Interest received		126	35
Interest paid		(19,165)	(17,889)
Net cash outflow from returns on investments and servicing of finance		(19,039)	(17,854)
Taxation			
Corporation tax paid		(8)	-
Capital expenditure and financial investment			
Purchase and refurbishment of housing properties		(25,846)	(19,925)
Construction of housing properties		(1,436)	(7,212)
Social housing grant – received		4,115	1,895
Purchase of other fixed assets		(11,921)	(988)
Sales of fixed assets		2,906	3,417
Net cash outflow from capital expenditure		(32,182)	(22,813)
Acquisitions and Disposals			
Investment in joint venture	15	(110)	-
		(110)	-
Management of liquid resources			
Cash held on term deposit		(10,000)	-
		(10,000)	-
Increase in cash	28	2,422	12,924

The notes on Pages 48 to 85 form part of these Financial Statements.

Notes to the Financial Statements

1. Legal status

WDH is a registered provider incorporated under the Companies Act 2006 as a Private Limited Company limited by guarantee. WDH is registered as a charity in accordance with the Charities Act 2011. WDH is registered with the Homes and Communities Agency (HCA) as a registered provider as defined by the Housing Act 1996.

WDH Solutions Limited (WDHS) is a trading subsidiary of WDH and is incorporated under the Companies Act 2006 as a Private Limited Company limited by guarantee. The main activity of WDHS is the provision of repairs, maintenance and installations, predominantly outside of the social housing sector.

Northern Shared Services Limited (NSS) a subsidiary company incorporated under the Companies Act 2006 as a private company that is limited by shares. In March 2013, WDH and Pennine Housing incorporated a cost sharing group, Northern Shared Services Limited (NSS). WDH holds 51% share and members of the Pennine Housing 2000 Limited holds 49% of the share. The company has been established to provide repairs and maintenance, void repairs, and gas maintenance services.

Bridge Homes (Yorkshire) LLP a partnership incorporated under the Companies Act 2006 as a Limited Liability Partnership. During the year WDH and Wakefield Council incorporated a joint venture, Bridge Homes (Yorkshire) LLP. WDH has a 50% interest and Wakefield Council has a 50% interest. The Joint venture has been established to build homes for sale.

2. Accounting policies

Basis of Accounting

The Financial Statements of the Group and company are prepared following the historical cost convention, amended for valuation of housing properties, and in accordance with applicable United Kingdom Accounting and Financial Reporting Standards and the Statement of Recommended Practice (SORP): Accounting by Registered Social Housing Providers Update 2010. The Financial Statements are in accordance with the Charities Act 2011, Housing and Regeneration Act 2008, and comply with Accounting Direction for Private Registered Providers of Social Housing 2012.

A true and fair override of the Companies Act 2006 has been made in respect of the treatment of capital grants. Further details as to the reason for this are provided below.

The accounting policies applied to the financial statements are unchanged from the prior year.

Going Concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Operating and Financial Review. The Group has in place long term debt facilities, which provide adequate resources to finance committed reinvestment and development programmes, along with the

Notes to the Financial Statements

2. Accounting Policies (continued)

Group's day to day operations. The Group also has a long term Business Plan which shows that it is able to service these debt facilities whilst continuing to comply with the lenders' covenants.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of 12 months at least after the date on which the Report and Financial Statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Basis of consolidation

The Group accounts consolidate the accounts of WDH and its subsidiary companies, WDHS and NSS at 31 March, using acquisition accounting. Inter-group transactions are eliminated and consistent accounting policies are applied across the group.

The joint venture has been accounted for in the consolidated financial statements using the equity method. In the Company (WDH) balance sheet the investment has been brought in initially at cost. The carrying amount of the investment is adjusted in each period by the Company's share of the results of the joint venture less the Company's share of any relevant gains or losses, and any other changes in the joint venture's net assets including distributions to its owners. The Company's share of the joint venture's results is recognised in the Income and Expenditure account.

Turnover

Turnover comprises of rental income receivable in the year, income from shared ownership first tranche sales, and other services included at the invoiced value (excluding VAT where recoverable) of goods and services supplied in the year and revenue grants receivable in the year.

Revenue Recognition

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting net of voids. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with the Administering Authority.

Stock and Work in Progress

Stock is stated at the lower of cost and net realisable value. Work in progress is stated at the lower of cost and net realisable value.

Notes to the Financial Statements

2. Accounting Policies (continued)

Capital Reserve – Housing Property Revaluation

The difference between the Existing Use Valuation - Social Housing (EUV-SH) carrying value of housing properties and the historical cost carrying value (net of depreciation), arising from the adoption of an accounting policy to include property assets at a valuation in the Balance Sheet is, debited or credited to the revaluation reserve unless.

Housing Properties

Housing properties are properties available for rent and properties subject to shared ownership leases. Completed housing properties, with the exception of HomeSpace which are measured at historic cost, are stated at EUV-SH. Revaluations of the properties are undertaken every year. WDH has a reinvestment programme to improve the condition of its housing stock. Improvements are works which result in an increase in the net income, such as an increase in rental income, a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business. Improvements to housing properties undergoing major refurbishment are stated at valuation.

Housing properties under construction are stated at cost less related Social Housing Grant (SHG). Cost includes the cost of acquiring land and buildings and development costs.

Works to existing properties that replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset. Related sales proceeds are included in turnover, and the remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Social Housing Grant

SHG is receivable from the HCA and is utilised to reduce the capital costs of housing properties. It is allocated to the land and structure components of the individual asset in proportion to their cost. SHG due from the HCA or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with the HCA. SHG released on sale of a property may be repayable but is normally available to be recycled and would be credited to a Recycled Capital Grant Fund and included in the Balance Sheet in creditors.

Notes to the Financial Statements

2. Accounting Policies (continued)

Other Grants

Capital grants are receivable from the local authority in respect of HomeSpace properties and are utilised to reduce the capital costs. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

Capitalisation of development salary costs

Salary costs of staff directly attributable to developing new build schemes have been capitalised based on the time spent on each scheme.

Supporting People

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with the administering authority.

HomeSpace Properties

WDH has an agreement with the local authority to purchase properties at market value subject to the receipt of a capital grant from the local authority, the intended social benefit being a reduction in homelessness. These properties are classified as social housing properties as they are available for rent by those deemed by the local authority to be homeless. HomeSpace properties are capitalised at the cost of acquisition, their carrying value being reduced by the value of the capital grant received from Wakefield Council. It is intended that these properties are to be sold on the open market at a future date in agreement with the local authority. The HomeSpace properties are different to other social housing properties in terms of their function and use in the business. Unlike other properties, tenants are nominated by the local authority as they would otherwise be homeless due to their circumstances or complex needs. Rents for these properties are also charged on a different basis. As a result, they are a separate class of asset and have not been included in the revaluation.

Commuted Sum Properties

WDH has an agreement with the local authority to purchase properties at market value, subject to the receipt of a contribution from the local authority. These properties are classified as social housing properties as they are available to rent at affordable rent. The contribution received from Wakefield Council for Commuted sum properties, has been treated as capital grant and included under SHG and other grants.

Depreciation of Housing Properties

HomeSpace properties are classified separately and are stated at cost less related grant. These assets are depreciated on a straight-line basis over 50 years.

The retained proportion of shared ownership properties is depreciated over the estimated useful life of the property as a complete unit.

Notes to the Financial Statements

2. Accounting Policies (continued)

Depreciation of Housing Properties continued

The Group separately identifies the major components which comprise its housing for letting properties, and charges depreciation, so as to write down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

Where SHG has been allocated to a component: the depreciable amount is arrived at on the basis of original cost, less the proportion of SHG and other grants attributable to the component, less residual value.

The Group depreciates the major components of its freehold and leasehold housing properties at the following annual rates:

	Existing Properties	New Build
Structure	50 years	100 years
Roofs	50 years	70 years
Flat roofs	30 years	30 years
Kitchens	20 years	20 years
Bathrooms	30 years	30 years
Windows and doors	30 years	30 years
Heating	30 years	30 years
Electrical	30 years	30 years

Freehold land is not depreciated.

Schemes Under Construction

Under construction will include completed schemes for which no final account has been received and schemes that are under construction. These schemes will not be depreciated until the final account has been received but the depreciation will be back dated from the date of completion.

Land

Where there is no specific scheme, or the scheme has not had approval of the Board to proceed before the Balance Sheet date, the land is treated as a fixed asset.

Impairment

Existing housing properties are reviewed for impairment on an annual basis. Other fixed assets are reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, fixed assets are written down to the recoverable amount. Any such write down is charged to operating surplus unless it is a reversal of a past revaluation surplus in which case it is taken to the revaluation reserve.

Properties for Sale

Shared ownership first tranche sales and properties under construction are valued at the lower of cost and net realisable value. Properties developed for outright sale and shared ownership first tranche sales are included in current assets as they are intended to be sold.

Notes to the Financial Statements

2. Accounting Policies (continued)

Home Buy Direct and Home Owner Loan

Loans up to 15% of the purchase price are provided to individuals to assist in purchasing a WDH property built for outright sale. The loan is a secured loan and is due to be repaid after five years after which interest will be charged on any outstanding loan balance.

Home Buy Direct and Home Owner Loan continued

WDH have provided a loan secured against equity to tenants allowing them to buy into the improvement programme. Loan is provided up to the value of works required.

Interest Payable

Interest payable is charged to the income and expenditure account in the current period. Interest is not capitalised on borrowings to finance the Improvement and New Build Programmes. Interest payable on loans funding properties that are under construction is not capitalised.

Cyclical Maintenance and Internal Decoration

The cost of cyclical maintenance and internal decorations are taken to the income and expenditure account when the work is performed.

Software Development Costs

WDH continues to develop its operating software which is used to support the Group's activities and as a management tool for monitoring and evaluating performance. Design and content development costs are capitalised to the extent that they deliver demonstrable benefits to the Group and are amortised over five years. Ongoing costs of maintaining and operating the software are charged as other operating costs as incurred.

Other Tangible Fixed Assets measured at cost

Depreciation is provided on a straight-line basis on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful life. No depreciation is provided on freehold land.

The principal annual rates used for other assets are:

Freehold buildings	2%
Plant and equipment	20%
Plant and equipment racking	25%
Furniture, fixtures and fittings	10%
Computers and office equipment	20%
Motor vehicles	20%
Leasehold fixtures and fittings	Over life of the lease

Impairment of other tangible assets beyond the residual value is written off to the income and expenditure account.

Notes to the Financial Statements

2. Accounting Policies (continued)

Leased Assets

All of the Group's lease obligations are operating leases. Rentals paid under operating leases are charged to the income and expenditure account, on a straight-line basis over the lease term.

Taxation

WDH has charitable status and therefore is not subject to corporation tax on surpluses derived from charitable activities.

Any surplus on non-charitable activities is taxed.

WDHS, NSS and Bridge Homes are subject to corporation tax. WDH Solutions gift aid any profits to WDH, and there are no residual profit for NSS as it is a cost sharing entity. Bridge Homes, a 50% share of any tax liability will be incorporated into WDH, where losses are made these will be offset against any tax charge in WDH.

Value Added Tax

The Group is registered for VAT. In respect of major refurbishment expenditure works undertaken there is a VAT Shelter Agreement, approved by HM Revenue & Customs (HMRC), against which WDH is able to recover the VAT incurred on qualifying expenditure. VAT recoverable under the VAT Shelter and retained is treated as a windfall receipt annually and credited against revenue expenditure. HMRC have approved the implementation of a Special Method Partial Exemption Scheme from the date of Transfer. Under the VAT Shelter agreement, a proportion of the receipts from HMRC is payable to Wakefield Council as part of the Transfer Agreement. Any amounts due from HMRC under the VAT Shelter Agreement are shown as other debtors, and any amounts payable to Wakefield Council are shown as creditors.

Pensions

Disclosures are given as required under FRS 17 (Revised) 'Retirement Benefits'. Pension costs are assessed in accordance with the advice of an independent qualified actuary. The operating costs of providing retirement benefits to participating employees are recognised in the accounting period in which the benefits are earned. The related finance costs, expected return on assets, and any other changes in fair value of the assets and liabilities, are recognised in the period in which they arise. The current and past service costs, finance costs, and expected return on assets are recognised in the income and expenditure account with any actuarial gains and losses being recognised in the statement of total recognised surpluses and deficits.

For the WYPF, scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality bond rates. The net deficit is presented separately from other net assets on the balance sheet.

Notes to the Financial Statements

2. Accounting Policies (continued)

Pensions continued

WDH participates in the LGPS, a defined benefit scheme. The LGPS is a multi-employer scheme with more than one participating employer; the scheme is administered by the WYPF under the regulations governing the LGPS. Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary, using the projected unit method.

True and Fair Override

Under the requirements of the SORP, capital grants are shown as a deduction from the cost of housing properties on the Balance Sheet (see note 12). This is a departure from the rules under the Companies Act 2006, which does not permit income to be off set against assets. In the opinion of the Board it is a relevant accounting policy, reflecting the subsidised costs of the assets and is comparable to that adopted by other registered social landlords. It has been adopted in order to present a true and fair view.

Notes to the Financial Statements**3. Turnover, cost of sales, operating costs and operating surplus****Group – continuing activities**

Year ended 31 March 2015				
	Turnover	Cost of Sales	Operating costs	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000
Social housing lettings	134,433	-	(99,708)	34,725
Other social housing activities				
Supporting people	929	-	(929)	-
Current Asset Property Sales	1,843	(1,899)	(123)	(179)
Development costs not capitalised	-	-	(395)	(395)
Other	6,632	-	(6,309)	323
	<u>9,404</u>	<u>(1,899)</u>	<u>(7,756)</u>	<u>(251)</u>
Non-social housing activities	4,401	-	(3,417)	984
	<u>4,401</u>	<u>-</u>	<u>(3,417)</u>	<u>984</u>
	<u>148,238</u>	<u>(1,899)</u>	<u>(110,881)</u>	<u>35,458</u>
Year ended 31 March 2014				
	Turnover	Cost of Sales	Operating costs	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000
Social housing lettings	130,170	-	(95,418)	34,752
Other social housing activities				
Supporting people	742	-	(742)	-
Current Asset Property Sales	917	(918)	(90)	(91)
Development costs not capitalised	-	-	(561)	(561)
Other	1,726	-	(2,644)	(918)
	<u>3,385</u>	<u>(918)</u>	<u>(4,037)</u>	<u>(1,570)</u>
Non-social housing activities	4,278	-	(3,257)	1,021
	<u>4,278</u>	<u>-</u>	<u>(3,257)</u>	<u>1,021</u>
	<u>137,833</u>	<u>(918)</u>	<u>(102,712)</u>	<u>34,203</u>

Notes to the Financial Statements**3. Turnover, cost of sales, operating costs and operating surplus (continued)**

Company – continuing activities

Year ended 31 March 2015				
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
Social housing lettings	134,433	-	(99,708)	34,725
Other social housing activities				
Supporting people	929	-	(929)	-
Current Asset Property Sales	1,843	(1,899)	(123)	(179)
Development costs not capitalised	-	-	(395)	(395)
Other	6,602	-	(6,280)	322
	<u>9,374</u>	<u>(1,899)</u>	<u>(7,727)</u>	<u>(252)</u>
Non-social housing activities	4,382	-	(3,397)	985
	<u>4,382</u>	<u>-</u>	<u>(3,397)</u>	<u>985</u>
	<u>148,189</u>	<u>(1,899)</u>	<u>(110,832)</u>	<u>35,458</u>
Year ended 31 March 2014				
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
Social housing lettings	130,170	-	(95,418)	34,752
Other social housing activities				
Supporting people	742	-	(742)	-
Current Asset Property Sales	917	(918)	(90)	(91)
Development costs not capitalised	-	-	(561)	(561)
Other	1,488	-	(2,406)	(918)
	<u>3,147</u>	<u>(918)</u>	<u>(3,799)</u>	<u>(1,570)</u>
Non-social housing activities	4,217	-	(3,196)	1,021
	<u>4,217</u>	<u>-</u>	<u>(3,196)</u>	<u>1,021</u>
	<u>137,534</u>	<u>(918)</u>	<u>(102,413)</u>	<u>34,203</u>

Notes to the Financial Statements**3. Turnover, cost of sales, operating costs and operating surplus (continued)****Particulars of income and expenditure from social housing lettings****Group and Company**

	General Needs Housing £'000	Supported Housing And Housing for Older People £'000	Low Cost Home Ownership £'000	2015 £'000	2014 £'000
Turnover from social housing lettings					
Rent receivable net of identifiable service charges	124,907	5,915	193	131,015	124,996
Service charge income	1,050	2,352	16	3,418	3,261
Net rental income	125,957	8,267	209	134,433	128,257
Other revenue grants	-	-	-	-	1,913
Turnover from social housing lettings	125,957	8,267	209	134,433	130,170
Expenditure on social housing lettings					
Management	(27,082)	(2,972)	(15)	(30,069)	(31,032)
Services	(1,624)	(3,684)	(1)	(5,309)	(5,158)
Routine maintenance	(13,686)	(489)	(14)	(14,189)	(14,662)
Planned maintenance	(3,179)	(43)	(1)	(3,223)	(5,247)
Major repairs expenditure	(19,873)	(2,718)	-	(22,591)	(15,530)
Bad debts	(132)	9	2	(121)	(1,020)
Impairment of housing properties	-	(1,475)	-	(1,475)	(949)
Depreciation of housing properties	(20,526)	(1,037)	(27)	(21,590)	(20,337)
Depreciation of other fixed assets	(1,052)	(89)	-	(1,141)	(1,483)
Operating costs on social housing lettings	(87,154)	(12,498)	(56)	(99,708)	(95,418)
Operating surplus / (deficit) on social housing lettings	38,803	(4,231)	153	34,725	34,752
Void losses	982	1,122	1	2,105	2,298

Notes to the Financial Statements**4. Accommodation in management and development****Group and Company**

At the end of the year accommodation in management for each class of accommodation was as follows:

	2015 No.	2014 No.
Social housing		
General needs housing		
Social rent	28,288	28,472
Affordable rent	745	551
Supported housing and housing for older people	1,873	1,939
Low cost home ownership	141	122
Total owned	<u>31,047</u>	<u>31,084</u>
Accommodation managed for others	52	52
Total managed	<u>31,099</u>	<u>31,136</u>
Accommodation in development at the year end	<u><u>300</u></u>	<u><u>102</u></u>

WDH manages 45 units (2014: 45 units) to alleviate homelessness;
4 Alms Houses for Wrays Homes (2014: 4 units), a registered charity;
and 3 properties for the Megson Trust (2014: 3 units)

Notes to the Financial Statements**5. Operating Surplus**

This is arrived at after charging:

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Depreciation of housing properties	21,673	20,480	21,673	20,480
Depreciation of other tangible fixed assets	1,183	1,499	1,183	1,499
Impairment of fixed assets	1,475	949	1,475	949
Operating lease rentals:				
• Land and buildings	699	788	699	788
• Office equipment and computers	63	-	63	-
• Motor vehicles	1,880	1,470	1,880	1,470
Auditor's remuneration (including VAT)				
For audit services	45	37	35	32
For non-audit services:				
• RTB certification	1	1	1	1
• Loan covenant work	1	1	1	1
• VAT sharing agreement	1	1	1	1
• Tax compliance services	1	1	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

6. Sale of fixed assets**Group and Company**

	2015	2014
	£'000	£'000
Disposal proceeds – housing properties	2,901	3,424
Carrying value of fixed assets at valuation	(3,968)	(4,032)
	<u>(1,067)</u>	<u>(608)</u>
Surplus on sale of other assets	30	67
(Deficit) on sale of fixed assets	<u>(1,037)</u>	<u>(541)</u>

Notes to the Financial Statements**7. Interest receivable and other income****Group and Company**

	2015	2014
	£'000	£'000
Interest receivable and similar income	126	35
	<u>126</u>	<u>35</u>

8 Interest payable and similar charges**Group and Company**

	2015	2014
	£'000	£'000
Loan interest	19,165	17,889
	<u>19,165</u>	<u>17,889</u>

9. Employees

Average monthly number of employees expressed based on 37 hours a week in full time equivalents:

Group and Company

	2015	2014
	No	No
Administration	399	397
Technical services	626	605
Housing, support and care	290	279
	<u>1,315</u>	<u>1,281</u>

Employee costs:**Group and Company**

	2015	2014
	£'000	£'000
Wages and salaries	36,398	35,156
Social security costs	2,594	2,518
Other pension costs	4,524	4,272
	<u>43,516</u>	<u>41,946</u>

Notes to the Financial Statements**9. Employees (continued)**

WDH's employees are entitled to be members of the Local Government Pension Scheme (LGPS).

The LGPS is a multi-employer scheme with more than one participating employer. The scheme is administered by the West Yorkshire Pension Fund (WYPF) under the regulations governing the LGPS. It is a defined benefit scheme. Triennial and FRS 17 actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The most recent triennial actuarial valuation was completed as at 31 March 2013, another valuation will be undertaken as at 31 March 2016 and the most recent FRS 17 valuation was at 31 March 2015.

The market value of the scheme's assets at the Balance Sheet date was £206.44m against scheme liabilities of £238.87m, a deficit of £32.43m.

Member contributions vary between 5.5% and 11.4%. The cost to the company during the year was £6.93m and employer's contributions to the LGPS by WDH for the year ended 31 March 2015 were £4.5m (2014: £4.37m). The employer's contribution rate was set at 12.9% of pensionable salaries as from 1 April 2014. Employer contributions rate for the next year has been set at 13.1% which will be in the region of £4.37m.

Financial assumptions

	31 March 2015 % per annum	31 March 2014 % per annum
Discount rate	3.30	4.40
Future salary increases	3.40	3.90
Future pension increases	1.90	2.40
Inflation assumption	3.00	3.40

Mortality assumptions

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements.

Assumed life expectations on retirement at age 65 are:

	2015 No. of years	2014 No. of years
Retiring today:		
Males	22.6	22.5
Females	25.5	25.4
Retiring in 20 years:		
Males	24.8	24.7
Females	27.8	27.7

Notes to the Financial Statements**9. Employees (continued)****Expected return on assets**

The expected return on assets is based on data supplied by the Fund Administering Authority. The table below shows the expected return in each of the last three years.

	1 April 2014		1 April 2013		1 April 2012	
	% pa	Asset Split	% pa	Asset Split	% pa	Asset Split
Equities	7.60	76.4	7.80	70.9	8.10	70.1
Property	6.90	4.2	7.30	3.3	7.60	3.8
Government Bonds	3.40	10.5	2.80	12.4	3.10	13.5
Corporate Bonds	4.00	4.6	3.80	6.0	3.70	5.2
Cash	0.90	2.1	0.90	2.9	1.80	1.9
Other*	7.60	2.2	7.80	4.5	8.10	5.5
		100		100		100

* Other holdings include hedge funds, currency holding, asset allocation futures and other. The return assumed is in line with equities.

Analysis of the amount charged to the income and expenditure account:

	2015 £ '000	2014 £ '000
Current service cost	6,928	7,792
Past service cost	15	266
	<hr/>	<hr/>
Amounts charged to operating costs	6,943	8,058
	<hr/>	<hr/>
	2015 £ '000	2014 £ '000
Expected return on pension scheme assets	(12,388)	(11,626)
Interest on pension scheme liabilities	8,691	9,804
	<hr/>	<hr/>
Amounts credited to other finance gain	3,697	1,822
	<hr/>	<hr/>

Notes to the Financial Statements**9. Employees (continued)**

In 2015 the current service cost of providing future pension benefits for existing personnel of £6,928k was charged to the operating surplus (2014: £7,792k) and £3,697k was credited to interest payable (2014: £1,822k). Included within the income and expenditure account is a debit of £15k which relates to past service costs (2014: £266k).

Actual return on plan assets

	2015	2014
	£ '000	£ '000
Actual return on plan assets	20,400	7,049

Statement of total recognised surpluses and deficits (STRSD)

Year ended 31 March	2015	2014
	£ '000	£ '000
Actuarial (loss) / gain in pension scheme recognised in STRSD	(21,849)	26,935
Cumulative actuarial (loss) recognised in STRSD	(39,789)	(17,940)

Notes to the Financial Statements**9. Employees (continued)****Amounts recognised in the Balance Sheet**

	2015 £'000	2014 £'000
Present value of funded obligations	238,868	194,849
Fair value of plan assets	(206,435)	(183,008)
	<u>32,433</u>	<u>11,841</u>
Present value of unfunded obligations	-	-
Unrecognised past service cost	-	-
Deficit	<u>32,433</u>	<u>11,841</u>
Related deferred tax asset	-	-
Net liability	<u>32,433</u>	<u>11,841</u>
Amounts in balance sheet		
Liabilities	32,433	11,841
Assets	-	-
Net liability recognised in balance sheet	<u>32,433</u>	<u>11,841</u>

Reconciliation of opening and closing balance of the present value of scheme liabilities

	2015 £ '000	2014 £ '000
Opening defined benefit obligation	194,849	209,782
Current service cost	6,928	7,792
Interest cost	8,691	9,804
Actuarial loss / (gain)	29,861	(31,512)
Past service cost	15	266
Contributions by scheme participants	2,299	2,143
Benefits paid	(3,775)	(3,426)
Closing defined benefit obligation	<u>238,868</u>	<u>194,849</u>

Notes to the Financial Statements**9. Employees (continued)****Reconciliation of opening and closing balances of the fair value of scheme assets**

	2015	2014
	£ '000	£ '000
Opening fair value of assets	183,008	172,876
Expected return on scheme assets	12,388	11,626
Actuarial gain / (loss)	8,012	(4,577)
Contribution by employer	4,503	4,366
Contributions by scheme participants	2,299	2,143
Benefits paid	(3,775)	(3,426)
Closing fair value of scheme assets	<u>206,435</u>	<u>183,008</u>

Amounts for the current and previous four periods are as follows:

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	238,868	194,849	209,782	187,033	156,811
Fair value of scheme assets	(206,435)	(183,008)	(172,876)	(147,835)	(141,799)
Deficit on scheme	32,433	11,841	36,906	39,198	15,012

Notes to the Financial Statements**10. Board Members and Executive Directors****Executive Directors emoluments**

	2015	2014
	£'000	£'000
Aggregate emoluments of Executive Directors	452	394
Aggregate value of company pension contributions	57	49
Number of directors accruing retirement benefits under defined benefit scheme as at year end	4	3
Highest paid director		
Aggregate emoluments	163	161
Pension contributions	21	20

The full time equivalent number of employees who received remuneration:

	2015	2014
	No.	No.
£60,001 to £70,000	8	5
£70,001 to £80,000	-	2
£80,001 to £90,000	3	1
£90,001 to £100,000	1	-
£100,001 to £110,000	-	1
£110,001 to £120,000	1	2
£160,001 to £170,000	1	1

The Chief Executive is a member of the LGPS. The Chief Executive is an ordinary member of the pension scheme and no enhanced or special terms apply. The Group does not make any further contribution to an individual pension arrangement for the Chief Executive or any other Director.

Board Members do not receive emoluments. There was no compensation payable to Directors or past Directors other than redundancy payments. There was no consideration payable to third parties for making available the services of any person to perform the role of Director.

During the year nil redundancy payment was made (2014: £85k).

Notes to the Financial Statements**11. Tax on Deficit on Ordinary Activities****(a) Analysis of charge in year**

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Current Tax				
UK Corporation Tax on result for the period	35	8	35	8
Adjustments in respect of prior periods	-	-	-	-
Total Current Tax (note 11b)	35	8	35	8
Deferred Tax				
Origination and reversal of timing differences	-	-	-	-
Total Deferred Tax	-	-	-	-
Tax on surplus	35	8	35	8

(b) Factors affecting tax charge for the year

The tax assessed differs from the standard rate of Corporation Tax in the UK (20%). The differences are explained below:

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Surplus on ordinary activities before tax	19,054	17,630	19,079	17,630
Adjustment in respect of charitable activities	(18,880)	(17,590)	(18,880)	(17,590)
Surplus on ordinary activities subject to tax	174	40	174	40
Surplus on ordinary activities subject to tax multiplied by the standard rate of corporation tax in the UK of 20%	35	8	35	8
Effects of:				
Adjustments to tax charge in respect of prior periods	-	-	-	-
Current tax charge for period (note 11a)	35	8	35	8

Notes to the Financial Statements**12. Tangible Fixed Assets - Properties**

Group and Company – Housing properties	Social Housing Properties held for letting £'000	Social Housing properties under refurbishment £'000	Social housing Properties Under construction £'000	Shared Ownership Properties held for letting £'000	Shared Ownership Properties Under construction £'000	HomeSpace Properties £'000	Total properties £'000
Cost or valuation							
At 1 April 2014	809,807	53,769	11,697	3,251	-	4,774	883,298
Additions	296	13,492	14,202	-	12	-	28,002
Transfer to shared from rented	(557)	-	-	557	-	-	-
Transfer to current assets	(613)	-	-	(107)	-	-	(720)
Schemes completed	32,250	(17,201)	(15,649)	600	-	-	-
Disposals	(4,231)	-	-	(162)	-	-	(4,393)
Valuation adjustment	501	-	-	368	-	-	869
At 31 March 2015	837,453	50,060	10,250	4,507	12	4,774	907,056
Depreciation and impairment							
At 1 April 2014	-	-	-	-	-	311	311
Depreciation charged in year	21,591	-	-	27	-	55	21,673
Released on disposal	(385)	-	-	(1)	-	-	(386)
Impairment	1,475	-	-	-	-	-	1,475
Valuation adjustment	(22,681)	-	-	(26)	-	-	(22,707)
At 31 March 2015	-	-	-	-	-	366	366
Depreciated cost or valuation							
At 31 March 2015	837,453	50,060	10,250	4,507	12	4,408	906,690
At 31 March 2014	809,807	53,769	11,697	3,251	-	4,463	882,987

Notes to the Financial Statements**12. Tangible Fixed Assets – Properties (continued)**

Group and Company – Housing properties	Social Housing Properties held for letting £'000	Social housing properties under refurbishment £'000	Social housing properties under construction £'000	Shared Ownership Properties held for letting £'000	Shared Ownership Properties Under construction £'000	HomeSpace properties £'000	Total Properties £'000
Social Housing and other Grant							
At 1 April 2014	-	-	2,139	-	-	1,103	3,242
Additions	(42)	-	4,089	68	-	-	4,115
Transfer of Grant	3,158	-	(3,497)	339	-	-	-
Valuation adjustment	(3,116)	-	-	(407)	-	-	(3,523)
At 31 March 2015	-	-	2,731	-	-	1,103	3,834
Net book value							
At 31 March 2015	837,453	50,060	7,519	4,507	12	3,305	902,856
At 31 March 2014	809,807	53,769	9,558	3,251	-	3,360	879,745

Notes to the Financial Statements**12. Tangible Fixed Assets – Properties (continued)****Valuation**

Completed housing properties, with the exception of HomeSpace properties are stated at EUV-SH with special assumptions, including notional directly attributable material acquisition costs. WDH's housing properties have been valued by professional external valuers, Savills (L and P) Limited, a general practice firm providing surveying and valuation services. The latest valuation was performed on 31 March 2015. The full valuation of the properties was undertaken in accordance with the Appraisal and Valuation Standards sixth Edition of the Royal Institution of Chartered Surveyors and incorporates the regulatory requirements of the HCA. Properties at valuation under EUV-SH have a carrying value of £892m (2014: £866.8m). In valuing the housing properties, discounted cash flow methodology was adopted with a real discount rate of 6% (2014: 6%).

The valuation assumes that annual rent increases are in line with WDH's Rent Plan in accordance with the requirements of the Homes and Communities Agency (HCA). The annual rate of CPI adopted for the valuation is 1.2% for year one, 1.1% for year 2, 2% for year 3 onwards.

The carrying value of the housing properties that would have been included in the Financial Statements had the assets been carried at historical cost less SHG, depreciation and impairment is as follows:

Group and Company

	2015	2014
	£'000	£'000
Housing properties at historical cost	578,631	553,642
Social Housing and Other Grants	(37,315)	(33,080)
Depreciation and impairment	(89,317)	(72,851)
	<u>451,998</u>	<u>447,771</u>

Notes to the Financial Statements**12. Tangible Fixed Assets – Properties (continued)****Social Housing and Other Grants****Group and Company**

	2015	2014
	£'000	£'000
Total accumulated Social Housing and Other Grants receivable at 31 March:		
Capital grant	37,315	33,080
Revenue grant	-	-
	<u>37,315</u>	<u>33,080</u>

Housing properties book value, net of depreciation and grants comprises:**Group and Company**

	2015	2014
	£'000	£'000
Freehold land and buildings	902,462	879,571
Long leasehold land and buildings	394	174
Short leasehold land and buildings	-	-
	<u>902,856</u>	<u>879,745</u>

At the Balance Sheet date the Group and WDH have ten (2014: five) social housing properties held for letting and two (2014: two) low cost shared ownership properties on long leaseholds.

Expenditure on works to existing properties**Group and Company**

	2015	2014
	£ '000	£ '000
Improvement works capitalised	13,492	9,498
Amounts charged to income and expenditure account	20,787	15,922
	<u>34,279</u>	<u>25,420</u>

Impairment

There was an impairment charge during the year ended 31 March 2015 of £1,475k in relation to properties that are awaiting demolition (2014: £949k).

Notes to the Financial Statements**13.- Tangible Fixed Assets - Other****Group and Company**

	Freehold offices	Plant and Equipment	Furniture fixtures and fittings	Computers, software and office equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2014	1,356	273	4,705	8,628	16	14,978
Additions	11,250	298	182	168	23	11,921
At 31 March 2015	12,606	571	4,887	8,796	39	26,899
Depreciation						
At 1 April 2014	174	258	2,410	6,334	16	9,192
Depreciation charged in year	102	36	658	385	2	1,183
At 31 March 2015	276	294	3,068	6,719	18	10,375
Net book value						
At 31 March 2015	12,330	277	1,819	2,077	21	16,524
At 31 March 2014	1,182	15	2,295	2,294	-	5,786

There are no tangible fixed assets purchased under finance leases.

Notes to the Financial Statements**14. Properties for sale**

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Properties held for sale	897	1,010	897	1,010
Shared ownership properties under construction	12	8	12	8
	<u>909</u>	<u>1,018</u>	<u>909</u>	<u>1,018</u>

Notes to the Financial Statements**15. Investment in Subsidiaries and Joint Venture**

As required by statute, the financial statements consolidate the result of WDH Solutions and Northern Shared Services, which were subsidiaries of WDH at the end of the year. WDH has the right to appoint members to the Board of the subsidiaries and thereby exercises control over them. WDH is the ultimate parent undertaking.

During the year WDH had the following intra-group transactions with WDH these subsidiary companies:

	2015 £'000	2014 £'000	Allocation Basis
Management Services WDHS	22	17	The charge is based on directly attributable labour costs.
Management Services NSS	305	63	The charge is based on directly attributable labour costs.
	<u>327</u>	<u>80</u>	

Subsidiary and Joint Venture undertakings

The following are subsidiary and Joint Venture undertakings of the company. The main activity of WDHS is the provision of repairs, maintenance and installations, predominantly outside of the social housing sector. The main activity of NSS is to provide repairs and maintenance, void repairs, and gas maintenance services to social housing. Bridge Homes is a Joint venture, whose main activity is to build and sell homes.

Name	Holding
WDH Solutions	100%
Northern Shared Services	51%
Bridge Homes (Yorkshire) LLP	50%

NSS is a subsidiary created in March 2013, which is a cost sharing entity and has nil residual profits. The consolidated Income and Expenditure and Balance Sheet include nil profits.

Bridge Homes is a Joint Venture created in July 2014, which is a Limited Liability Partnership. WDH has a 50% interest in Bridge Homes, it is considered to be a joint venture on the basis of joint control.

Notes to the Financial Statements**16. Home Buy and Other Loans**

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
HomeBuy loans: Falling due after more than one year	233	233	233	233
	<u>233</u>	<u>233</u>	<u>233</u>	<u>233</u>

Under the scheme individuals are provided with a loan of up to 15% of the purchase price of the property. Under the equity release scheme a loan is provided to tenants allowing them to buy into the improvement programme. Loans are provided up to the value of works required. The loan is repayable if the property is sold, and becomes interest bearing after five years of the loan commencing.

17. Debtors

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charges receivable	11,305	12,424	11,305	12,424
Less: Provision for bad and doubtful debts	(5,664)	(6,108)	(5,664)	(6,108)
	<u>5,641</u>	<u>6,316</u>	<u>5,641</u>	<u>6,316</u>
Sundry Debtors				
Less: Provision for bad and doubtful debts.	1,843	2,567	1,798	2,452
	(1,236)	(1,648)	(1,234)	(1,647)
	<u>607</u>	<u>919</u>	<u>564</u>	<u>805</u>
	<u>6,248</u>	<u>7,235</u>	<u>6,205</u>	<u>7,121</u>
Other debtors				
Prepayments and accrued income	1,970	2,351	1,970	2,351
Amount due from WDH Solutions and NSS	1,656	1,359	853	857
	-	-	1,062	624
	<u>9,874</u>	<u>10,945</u>	<u>10,090</u>	<u>10,953</u>

Notes to the Financial Statements**18. Stock and Work in Progress**

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Stock – building materials	388	285	386	285
	<u>388</u>	<u>285</u>	<u>386</u>	<u>285</u>

19. Creditors: Amounts Falling Due Within One Year

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Trade creditors	4,474	3,288	4,474	3,120
Rent and service charges received in advance	1,008	1,672	1,008	1,672
Other creditors	2,456	3,115	2,454	3,115
Accruals and deferred income	7,426	6,796	7,378	6,735
Other tax and social security	797	758	797	758
SHG received in advance	-	134	-	134
Recycled Capital Grant Fund (note 21)	27	2	27	2
Loan Repayment	1,100	-	1,100	-
	<u>17,288</u>	<u>15,765</u>	<u>17,238</u>	<u>15,536</u>

20. Creditors: Amounts Falling Due After More Than One Year

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Debt (note 23)	413,900	415,000	413,900	415,000
	<u>413,900</u>	<u>415,000</u>	<u>413,900</u>	<u>415,000</u>

21. Recycled Capital Grant Fund

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
At 1 April	2	-	2	-
Grants Recycled	25	2	25	2
	<u>27</u>	<u>2</u>	<u>27</u>	<u>2</u>
At 31 March	27	2	27	2
	<u>27</u>	<u>2</u>	<u>27</u>	<u>2</u>
Amount of grant due for repayment greater than one year	27	2	27	2

Notes to the Financial Statements

22. Advance Receipts and Payments

Immediately prior to entering into the Stock Transfer Agreement between Wakefield Council and WDH at March 2005, Wakefield Council and WDH entered into a contract for WDH to perform the improvement works required to bring the properties into an agreed state. The contract was for a fixed sum equal to the expected cost of the works, that is £672m. At transfer WDH contracted with Wakefield Council to acquire the benefit of the agreed refurbishment works (£672m) plus the housing properties at a price equal to the agreed value of the properties in their unenhanced condition (£15m). The nature of the works under the initial agreement has not been specified and a right of set off exists between the contracts. These contracts have enabled WDH to recover VAT on repair and improvement costs that would otherwise have been expensed.

At the time of transfer WDH paid over a net cash amount of £15m to Wakefield Council, representing the acquisition of the properties in their unenhanced condition (£15m) and the value of Wakefield Council's obligation to carry out the improvements works (£672m), less the amount due to be incurred by WDH under the Development Agreement in relation to the anticipated cost of the repairs and improvements (£672m).

The impact of these two transactions is that whilst Wakefield Council has a legal obligation to WDH to complete the improvement works; this work has been contracted back to WDH who are also legally obligated. The underlying substance of the transaction is therefore that WDH has acquired the housing properties in their existing condition at their agreed value, and will complete certain repairs and improvements in line with guarantees to tenants of not less than £672m. In the opinion of the Directors, the commercial effect of these transactions when viewed as a whole does not, in practice, create separate assets and liabilities for reporting purposes. Therefore, in accordance with FRS 5 the resulting debit and credit balances, relating to the legal obligation of Wakefield Council to complete the improvement works for WDH and the equal and opposite legal obligation of WDH to perform the improvement works for Wakefield Council, have been offset and are not recorded in the Balance Sheet. At 31 March 2015, £720m (2014: £686m) inclusive of VAT of the improvement works had been undertaken including adaptation works. To date £91m has been reclaimed under the VAT shelter, the remaining £9m is anticipated to be claimed in line with the improvement works.

Notes to the Financial Statements**23. Debt Analysis**

Group and Company	2015 £'000	2014 £'000
Due after more than one year		
Bank loans	413,900	415,000
	<u>413,900</u>	<u>415,000</u>
 Group and WDH	 2015 £'000	 2014 £'000
Within one year	1,100	-
Between one and two years	1,100	1,100
Between two and five years	30,500	29,400
After five years	382,300	384,500
	<u>415,000</u>	<u>415,000</u>

The bank loans are secured by a floating charge over the assets of WDH and by fixed charges on individual properties. The bank loans are repaid in variable instalments at fixed and floating rates of interest ranging from 0.64% to 6.73%. The final instalments of current loans fall to be repaid by 15 March 2036. At 31 March 2015, WDH had undrawn loan facilities of £85m (2014: £85m).

24. Non Equity Share Capital

There are no issued shares.

Notes to the Financial Statements**25. Reserves**

Group	Revaluation Reserve	Revenue Reserve	Total Reserves
	£'000	£'000	£'000
At 1 April 2014	433,769	36,414	470,183
Surplus for the year	-	19,044	19,044
Group share of loss in joint venture	-	(26)	(26)
Unrealised surplus on revaluation of properties	27,094	-	27,094
Actuarial loss relating to pension scheme	-	(21,849)	(21,849)
Transfer in respect of depreciation and impairment on revalued properties	(6,295)	6,295	-
Transfer in respect of realised gain on disposal of revalued properties	(1,975)	1,975	-
	<hr/>	<hr/>	<hr/>
At 31 March 2015	452,593	41,853	494,446
	<hr/>	<hr/>	<hr/>

At 31 March 2015 the revenue reserve included £32,433k defined benefit pensions liability (2014: £11,841k).

Company	Revaluation Reserve	Revenue Reserve	Total Reserves
	£'000	£'000	£'000
At 1 April 2014	433,769	36,414	470,183
Group share of loss in joint venture	-	(26)	(26)
Surplus for the year	-	19,044	19,044
Unrealised surplus on revaluation of properties	27,094	-	27,094
Actuarial loss relating to pension scheme	-	(21,849)	(21,849)
Transfer in respect of depreciation and impairment on revalued properties	(6,295)	6,295	-
Transfer in respect of realised gain on disposal of revalued properties	(1,975)	1,975	-
	<hr/>	<hr/>	<hr/>
At 31 March 2015	452,593	41,853	494,446
	<hr/>	<hr/>	<hr/>

At 31 March 2015 the revenue reserve included £32,433k defined benefit pensions liability (2014: £11,841k).

Notes to the Financial Statements**26. Financial Commitments**

Capital expenditure commitments were as follows:

Group and Company	2015 £'000	2014 £'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	37,705	31,532
Expenditure authorised by the Board, but not contracted	35,903	36,608
	<u>73,608</u>	<u>68,140</u>

Commitments will be financed primarily through operating cash flows and, if required, through borrowings from the existing undrawn loan facility.

Operating Leases

The payments that WDH is committed to make in the next year under operating leases are as follows:

	2015 £'000	2014 £'000
(i) Land and buildings, leases expiring		
Within one year	109	216
One to five years	138	219
Beyond five years	242	361
	<u>489</u>	<u>796</u>
(ii) Office equipment and computers expiring		
Within one year	-	-
One to five years	63	54
Beyond five years	-	-
	<u>63</u>	<u>54</u>
(iii) Motor vehicles expiring		
Within one year	259	582
One to five years	1,487	566
Beyond five years	-	-
	<u>1,746</u>	<u>1,148</u>

Notes to the Financial Statements**27. Reconciliation of Operating surplus to Net Cash Inflow from Operating Activities**

	2015	2014
	£'000	£'000
Operating surplus	35,432	34,203
Share of joint venture loss	26	-
Depreciation	22,856	21,979
Impairment	1,475	949
Valuation Disposal	40	643
Pension defined benefit operating charge	6,943	8,058
Pension defined benefit contributions paid	(4,503)	(4,366)
	<hr/> 62,269	<hr/> 61,466
Working capital movements		
Stock	(103)	(91)
Debtors	1,071	1,591
Properties held for sale	101	(529)
Creditors	423	(8,846)
	<hr/> 63,761	<hr/> 53,591
Net cash inflow from operating activities	<hr/> <hr/>	<hr/> <hr/>

28. Reconciliation of Net Cash Flow to Movement in Net Debt

	2015	2014
	£'000	£'000
Increase in cash	2,422	12,924
Cash on term deposit	10,000	-
Cash inflow from increase in debt and lease finance	-	-
	<hr/> 12,422	<hr/> 12,924
Increase in net debt from cash flows	<hr/>	<hr/>
Net debt at 1 April	(400,223)	(413,147)
	<hr/> (387,801)	<hr/> (400,223)
Net debt at 31 March	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements**29. Analysis of Net Debt**

Group and Company	1 April 2014 £'000	Cash Flow £'000	31 March 2015 £'000
Cash at bank and in hand	14,777	2,422	17,199
Changes in cash	14,777	2,422	17,199
Current asset investment			
Loans due within one year	(1,100)	-	(1,100)
Loans due after more than one year	(413,900)	-	(413,900)
Cash on term deposit	-	10,000	10,000
Total	(415,000)	10,000	(405,000)
Net debt	(400,223)	12,422	(387,801)

30. Financial Assets and Liabilities**Financial Assets**

Other than debtors, financial assets held are overnight cash deposits of £16,461k (2014: £13,914k) at 31 March 2015 and are held at call, and £10m (2014: Nil) cash on term deposit. They are sterling denominated and attract interest at rates that vary with bank rates.

Financial Liabilities Excluding Trade Creditors – Interest Rate Risk Profile

The Group's financial liabilities are sterling denominated. The interest rate profile of the Group's financial liabilities at 31 March was:

	2015 £'000	2014 £'000
Floating rate	60,000	85,000
Fixed rate	355,000	330,000
Total (note 23)	415,000	415,000

The floating rate financial liabilities comprise bank loans that bear interest at rates based on the three-month London Interbank Offered Rate. In line with the Treasury Strategy of WDH, all fixed rate loans have a defined start date.

Notes to the Financial Statements**30. Financial Assets and Liabilities (continued)****Borrowing Facilities**

The Group has un-drawn committed borrowing facilities. The drawn and undrawn facilities available at 31 March, in respect of which all conditions precedent had been met, were as follows.

	2015 £'000	2014 £'000
Overdraft expiring in one year or less	2,500	2,500
Loan facility expiring in less than one year	1,100	-
Loan facility expiring in more than one year but not more than two years	1,100	-
Loan facility expiring in more than two years	497,800	500,000
	502,500	502,500

31. Related Parties

At the year end there were two members of the Board who were tenants, Elaine Rank and Ann Cuthbert. Their tenancies are on normal commercial terms and they are not able to use their position to their advantage.

At the year end there were three Council Members who are elected members of Wakefield Council: Denise Jeffery, Jack Hemingway and Jacqueline Williams. The Group undertakes transactions with Wakefield Council at arms-length in the normal course of business.

In March 2013, WDH and Pennine Housing incorporated a cost sharing group, Northern Shared Services Limited (NSS). WDH holds 51% share and members of the Pennine Housing 2000 Limited holds 49% of the share. The company has been established to provide repairs and maintenance, void repairs, and gas maintenance services. During the year WDH charged NSS £5,923 (2014: £1,220k), as at 31 March 2015 NSS owed WDH £789k (2014: £320K).

The company has taken advantage of the exemption available under FRS8 'Related Party Disclosures' from disclosing transactions between the Company and its wholly owned subsidiary undertakings.

In July 2014, WDH and Wakefield Council created Bridge Homes (Yorkshire) LLP. WDH has a 50% interest, the joint venture has been established to build homes for outright sale. During the year WDH charged Bridge Homes £32K, as at 31 March 2015 Bridge Homes owed WDH £8k.

Notes to the Financial Statements

32. Post Balance Sheet Event

Non Adjusting

In the Budget, on the 8 July 2015, the Government announced a proposal whereby registered housing providers would be required to reduce rents charged to tenants by 1% in each of the next four years, commencing April 2016. This reduction in rents, if adopted under the relevant legislation, would impact adversely on the reported EUV-SH valuation of housing properties, by £282m, reducing the carrying value of these housing assets from £892m to £610m, based on the valuation as at March 2015. In addition, the proposal, if adopted, will result in reduced rental income receivable by the Company, estimated to be some £18.8m at the end of the period to 2020.